

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 2 August 1978****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE ACTING GOVERNOR (*PRESIDENT*)
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
MR LI FOOK-KOW, CMG, JP

THE HONOURABLE DAVID AKERS-JONES, CMG, JP
SECRETARY FOR THE NEW TERRITORIES

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

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, CMG, JP
DIRECTOR OF EDUCATION

THE HONOURABLE ALAN JAMES SCOTT, JP
SECRETARY FOR HOUSING

THE HONOURABLE GARTH CECIL THRONTON, QC
SOLICITOR GENERAL

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

THE HONOURABLE ERIC PETER HO, JP
SECRETARY FOR SOCIAL SERVICES

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

THE HONOURABLE JOHN MARTIN ROWLANDS, JP
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JAMES NEIL HENDERSON, JP
COMMISSIONER FOR LABOUR

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

THE HONOURABLE DAVID T. K. WONG, JP
SECRETARY FOR ECONOMIC SERVICES (*Acting*)

THE HONOURABLE WILLIAM COLLINS BELL, OBE, JP
DIRECTOR OF PUBLIC WORKS (*Acting*)

THE HONOURABLE JOHN MORRISON RIDDELL-SWAN, JP
DIRECTOR OF AGRICULTURE AND FISHERIES (*Acting*)

THE HONOURABLE JAMES WINDROW SWEETMAN, JP
DIRECTOR OF SOCIAL WELFARE (*Acting*)

DR THE HONOURABLE LAM SIM-FOOK, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES (*Acting*)

THE HONOURABLE SIR SZE-YUEN CHUNG, CBE, JP

THE HONOURABLE LEE QUO-WEI, CBE, JP

THE HONOURABLE PETER GORDON WILLIAMS, OBE, JP

THE HONOURABLE JAMES WU MAN-HON, 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 LO TAK-SHING, OBE, JP

THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

THE HONOURABLE CHEN SHOU-LUM, JP

THE HONOURABLE LYDIA DUNN, OBE, 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, OBE, JP

DR THE HONOURABLE RAYSON LISUNG HUANG, CBE, JP

THE HONOURABLE CHARLES YEUNG SIU-CHO, JP

ABSENT

THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, JP

THE HONOURABLE ROGERIO HYNDMAN LOBO, CBE, JP

THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP

THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

THE REV THE HONOURABLE JOYCE MARY BENNETT, JP

IN ATTENDANCE

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

OATHS

MR SWEETMAN, MR RIDDELL-SWAN and DR LAM took the Oath of Allegiance and assumed their seats as Members of the Council.

HIS EXCELLENCY THE PRESIDENT:—I have the pleasure to welcome Mr SWEETMAN, Mr RIDDELL-SWAN and Dr LAM to Council.

PAPERS

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

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Subsidiary Legislation:	
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Road Traffic Ordinance. Road Traffic (Public Omnibus, Public Light Bus and Public Car) Regulations 1978.....	174
Sessional Papers 1977-78:	
No 49—Statement of Accounts of the Customs and Excise Service Welfare Fund for the year ended 31 March 1978 (published on 2.8.78).	
No 50—Statement of Accounts of the Chinese Recreation Ground and the Public Square Yau Ma Tei Manage Committee Fund for 1977-78 (published on 2.8.78).	
No 51—Statement of Accounts of the Hawker Control Force Welfare Fund for the year ended 31 March 1978 (published on 2.8.78).	
No 52—J.E. Joseph Trust Fund Report for the period 1 April 1977 to 31 March 1978 (published on 2.8.78).	

No 53—Kadoorie Agricultural Aid Loan Fund Report for the year 1977-78 (published on 2.8.78).

No 54—Annual Report by the Commissioner of Independent Commission Against Corruption 1977 (published on 2.8.78).

No 55—Annual Report of the Sir Robert Black Trust Fund for the year 1 April 1977 to 31 March 1978 (published on 2.8.78).

No 56—Statement of Accounts of the General Chinese Charities Fund for the year ended 31 March 1978 (published on 2.8.78).

Damages to public property

1 MR CHEN asked:—*Sir, does Government have adequate means to recover the costs of repairing damages to public property, such as road railings, road partitionings, lamp posts, etc, caused by traffic accidents?*

THE ATTORNEY GENERAL:—Yes, Sir,—provided, of course, that the person from whom damages are legally recoverable can be identified.

MR CHEN:—*Sir, are these costs normally recoverable from the third party insurance?*

THE ATTORNEY GENERAL:—They can be recovered from the insurance, yes.

Routing of Tuen Mun Road and Castle Peak Road

2 MR T. S. LO asked:—*Sir, will Government consider, in the interest of safety, making Tuen Mun Road Stage I one way going east and Castle Peak Road one way going west?*

DIRECTOR OF PUBLIC WORKS:—Sir, this question implies that Tuen Mun Road is inherently unsafe. This is certainly not the case, as the Road has been designed and constructed to the highest standards.

Despite this there have already been a substantial number of accidents, the root causes of which are in the main attributable to excessive speeding and a blatant disregard of the simple rule of not crossing the double white line when over-taking. Although the introduction of a one way system would undoubtedly eliminate accidents involving head-on collisions, there are many disadvantages to the proposal, of which the more important are as follows:

- (a) Public transport would be unable to serve existing development and recreational areas along Castle Peak Road except in a westerly direction.
- (b) Since the inter-change connections between Castle Peak Road and Tuen Mun Road are over 5 km apart, detours of up to 10 km would be necessary for those requiring access to premises in Castle Peak Road.
- (c) Emergency services would also be involved in similar detours.

On balance therefore the Government considers that this proposal should not be adopted.

MR T. S. LO:—*Sir, does the Government consider that the road safe when it has accounted for almost 9% of all road deaths since its opening?*

DIRECTOR OF PUBLIC WORKS:—*Sir, the Government is obviously concerned with the traffic situation on the Tuen Mun Road. However, I feel that the accidents which have occurred should be kept in perspective. For example, the accident rate on the new Tuen Mun Road is one accident per 1 million vehicle—kms per day, the equivalent accident rate for the Castle Peak Road, that is, the existing Castle Peak Road is, 4 per million. The average in 1977 for the Territory as a whole was also 4 per million. As I have stated most of these accidents have been caused by thoughtless, selfish and inconsiderate drivers not following the simple basic rules of the road and the Government feels that many should not be inconvenienced by a few.*

Power supply in public housing estates

3 MR WONG LAM asked in Cantonese dialect:—

閣下，政府可否在目前不准裝置冷氣機的公共屋邨加強電力供應設備，以便所有公共屋邨居民均能裝置冷氣機？

(The following is the interpretation of what Mr WONG Lam asked)

Will Government take the necessary steps to provide an adequate power supply to enable residents to install air-conditioners in those public housing estates where this is not presently permitted?

SECRETARY FOR HOUSING:—*Sir, electric capacity in new estates is designed on the assumption that one in three tenants will at some stage wish to install one air-conditioner of about 1 HP. It would be possible to increase this capacity later on, if demand so required.*

As for the older estates, the Housing Authority has, with the agreement of the power companies concerned, commissioned work to upgrade installations in two estates. If these schemes prove satisfactory—and I think they will—similar improvements can be extended to other estates, if demand warrants it.

The level of applications for the installation of air-conditioners has been below 6% of households in estates, with one notable exception. The Authority will continue to keep a close eye on applications in order to assess future demand and measures which may be needed.

MR WONG LAM asked in Cantonese dialect:—

閣下，請問假如那兩項計劃令人滿意時，需要多少時間才能完成那項計劃？

(The following is the interpretation of what Mr WONG Lam asked)

Your Excellency, if the two schemes are satisfactory then how long will it take before we complete the schemes?

SECRETARY FOR HOUSING:—I can't say exactly, Sir. It will depend on first of all how successful the schemes are, how expensive such conversions may be in other estates and, as I mentioned in the original reply, on the level of demand.

Accidents involving cyclists

4 DR HU asked:—

- (a) *Is Government aware that there has been an increasing number of accidents involving cyclists, and*
- (b) *if so, what measures will be taken to rectify the situation?*

SECRETARY FOR THE ENVIRONMENT:—Sir, the answer to the first part of the question is no. There has been no increase recently in the number of accidents involving cyclists, nor in the number of cyclists injured in traffic accidents. The trend rather is for a slight decrease in accidents and in a definite drop in casualties. Some of the credit for this must go to the Road Safety programme which will continue to train cyclists in the safe use of the highway.

Street lighting for Hoi Pong Village

5 MISS KO asked:—*Is Government aware that there is no street lighting in the vicinity of Hoi Pong Village at the northern slope of Victoria Road in the Western District where meandering footpaths are the only means of access to individual households and, if so, when will it provide this facility for the convenience of the local residents and as a crime prevention measure in the area?*

DIRECTOR OF PUBLIC WORKS:—Sir, Government is aware that there is no street lighting in Hoi Pong Village itself although Victoria Road is fully lit,

as is a 400 metre length of an 'occupation road' which runs roughly parallel with Victoria Road on the seaward side.

Hoi Pong is not an established village, but rather a squatter area comprising some 750 huts in five groups spread over a distance of about 800 metres between the Western Bus Terminus and Mount Davies Road. Whilst Government endeavours to provide adequate lighting for old and established villages, this policy does not cover squatter areas because of their temporary nature and a history of illegal tampering with electricity in such area.

MISS KO:—*Sir, in view that at present there are over a quarter million of people, according to the census 1976, living in squatter areas, it is understood that only 75,000 people have moved to public housing in the past six years, will Government consider to install temporary measures for those who are still living in squatter areas and are waiting to be re-settled?*

DIRECTOR OF PUBLIC WORKS:—*Sir, street lighting programmes are considered by the Public Works Sub-Committee and approved by the Finance Committee of this Council. Any change in policy would have to be considered by Honourable Members. I can arrange for suitable papers to be put to Members, but I doubt whether a change in policy to include squatter areas could be shown to be economically viable, in view of the temporary nature of squatter areas generally, their inaccessibility in many cases and the absence of a properly planned layout.*

MISS KO:—*Sir, would Government consider the points in my previous supplementary question at the Sub-Committee concerned?*

DIRECTOR OF PUBLIC WORKS:—*Sir, I did say that this will involve a change in policy but I can certainly arrange for papers to be put to Members of the Public Works Sub-Committee and the Finance Committee.*

MR WILLIAMS:—*Arising from the question, what is an 'occupation road'?*

DIRECTOR OF PUBLIC WORKS:—*Sir, an 'occupation road' as we describe it, is an unnamed road leading usually to a temporary type of development. There are a lot of them in the New Territories. This is just one small access road with limited width; I think it actually services one or two small factories in the area.*

MR WILLIAMS:—*Thank you.*

Medical services for civil servants

6 MR T. S. LO asked:—*Will Government state:*

- (a) *what is the normal waiting period for civil servants to obtain—*
(i) *referrals to consultants in the medical services;*

- (ii) *dental appointments;*
 (iii) *dental prostheses*
in non-emergency cases;
 (b) *whether it is satisfied with the present arrangements; and*
 (c) *if not, what steps will it take to enable it properly to discharge its contractual obligations?*

SECRETARY FOR THE CIVIL SERVICE:—Sir, the current waiting periods for civil servants to obtain appointments to see Medical Consultants in non-emergency situations are as follows:

<i>Specialties</i>	<i>Queen Mary Hospital</i>	<i>Queen Elizabeth Hospital</i>
Medical	1 week	5-12 weeks
Surgical	2 weeks	1-2 weeks
Gynaecology & Obstetrics	1 week	5-7 weeks
Orthopaedics	1 week	1-2 weeks
Paediatrics	3 days	1 week

For routine dental appointments the average waiting time is 6-7 months.

For dental prostheses the waiting time is about 18 months.

I am generally satisfied with the waiting periods for appointments to see medical consultants, bearing in mind that immediate consultation is always available in emergency cases. However, the Director of Medical & Health Services is considering ways of reducing the waiting times at Queen Elizabeth Hospital, possibly by augmenting the facilities elsewhere.

The present waiting time for dental appointments is acceptable for routine checks and scaling, but there are some non-emergency cases where quicker treatment would be desirable. The Director of Medical & Health Services is monitoring the situation closely and it is hoped that the recently opened evening dental clinics will lead to an improvement.

The waiting time for dental prostheses is far from satisfactory and it is proposed to let out some of the work to private dental laboratories in order to reduce the backlog. Steps are also being taken to increase output from the Government's own dental laboratories.

MR T. S. LO:—*Sir, will Government please make an up-to-date report of this situation in six months' time, when hopefully it will have been improved, either to this Council or to its Finance Committee?*

SECRETARY FOR THE CIVIL SERVICE:—Yes, Sir, we will certainly do so.

Coin shortage (10¢ and 20¢ coins)

7 MR PETER C. WONG asked:—

- (a) *Does Government agree that there is a shortage of 10 cent and 20 cent coins?*
(b) *if so, what action will Government take?*

THE FINANCIAL SECRETARY:—Yes, Sir, the Government *is* aware that there is a shortage of 10 cent and 20 cent coins, which has occurred despite the fact that the value of coins of these denominations put into circulation in 1977 was much larger than in 1976. The shortage of 10 cent coins seemed to develop last year. We erroneously thought this was a somewhat temporary phenomenon and the situation has been further aggravated by the fact that the normal flow of small denomination coins back into banks after the Lunar New Year did not materialize this year. So we immediately ordered additional supplies of 50 million 10 cent coins and 75 million 20 cents coins and the Royal Mint was asked to give absolute priority to the manufacture and supply of these coins over orders for other Hong Kong coins which the Mint had in hand. There is, however, a limit to what can be done in this respect as small coins are not produced by the same equipment as coins of higher denominations and output cannot be increased simply by sacrificing early delivery of other coins. Nevertheless, the Mint has been able to reprogramme production with greater emphasis on 10 and 20 cent coins and the first deliveries are expected later this month. The first consignment of 20 cent coins was actually scheduled to arrive on 26 July but, regrettably, the ship on which they were being carried was damaged while passing through the Suez Canal and the consignment is not now expected to arrive until later this month.

MR PETER C. WONG:—*Has Government any idea why there is such a shortage?*

THE FINANCIAL SECRETARY:—We do not really know, Sir. It is more than usually difficult to forecast the demand for coins when denominations are being changed. Nonetheless, as I think I said last December it is surprising that the demand for 10¢ coins has continued so large despite the fact that we have put into circulation already some 150 million 20¢ coins and that number compares with 460 million 10¢ coins presently in circulation.

Air-conditioning in Government hospitals

8 MR PETER C. WONG asked:—*Will Government consider air-conditioning third class wards in Government hospitals?*

SECRETARY FOR SOCIAL SERVICES:—Yes, Sir.

MR PETER C. WONG:—*Sir, will Government inform this Council of its decision by letter in due course?*

SECRETARY FOR SOCIAL SERVICES:—Yes, Sir.

Air-conditioning ambulances

9 MR PETER C. WONG asked:—*Will Government consider air-conditioning its fleet of ambulances?*

SECRETARY FOR SOCIAL SERVICES:—Sir, the Director of Fire Services is presently considering this matter.

MR PETER C. WONG:—*Sir, will Government also inform this Council by letter of the Director's decision?*

SECRETARY FOR SOCIAL SERVICES:—Sir, the Director's proposals will be considered by the Government in due course when they are received.

MR PETER C. WONG:—*Sir, will this Council be informed by letter of Government's decision?*

SECRETARY FOR SOCIAL SERVICES:—Yes, Sir.

Redevelopment of factory sites

10 MR LEUNG asked:—

- (a) *Is Government aware of a general concern by trade unions over redevelopment of factory sites into multi-storey domestic tenements;*
- (b) *is Government aware that this creates redundancy among industrial workers;*
- (c) *if so, will Government take any measures to intervene in such cases of redevelopment?*

SECRETARY FOR THE ENVIRONMENT:—Sir, the Government is certainly aware that there is concern in the community, which is not just confined to trade unions, about these developments and the redundancies which they cause. As far as I am aware, however, the number of jobs which have been lost as a result of schemes to redevelop factory lots for residential purposes are relatively few. And, because of the tight labour market situation, it has generally not been difficult for the workers affected to obtain other jobs. Furthermore, some of the new developments have been for industrial rather than residential purposes and, to the extent that the land released is used more efficiently after redevelopment, the shift is generally beneficial to the economy.

I can, however, promise that, where Government permission has to be obtained for a redevelopment, the Government will consider the effect on

employment in the area affected before deciding whether or not to grant such permission.

Employment of redundant textile workers

11 MR LEUNG asked:—*In view of the recent instances of redundancy of textile industry workers, what can Government do to help to find employment for these redundant workers?*

COMMISSIONER FOR LABOUR:—The Local Employment Service of the Labour Department is available to assist any redundant worker to find employment. In view of a recent large redundancy of textile workers, the Local Employment Service with the ready co-operation of the Hong Kong Cotton Spinners Association has made a special effort to register textile industry vacancies. As a result the Service now has at least 700-odd such vacancies and more may be found if necessary. So far however only 25 of its redundant textile workers have registered with the Service.

Princess Margaret Hospital

12 DR FANG asked:—

- (a) *Is it true that extreme discomfort is being caused to the patients in the wards located at the lower ground level of the special infectious diseases and geriatric block of Princess Margaret Hospital due to poor ventilation and the heat generated from the boiler room immediately below these wards, and*
- (b) *if so, will Government inform this Council what steps it proposes to take to rectify the situation?*

SECRETARY FOR SOCIAL SERVICES:—Sir, I believe what Dr FANG has in mind are the 3 medical and 1 surgical wards at lower ground level at Princess Margaret Hospital where the temperature may be 3 to 4°C warmer than elsewhere in the hospital. This is due to the location of the boiler, autoclave and incinerators on the floor immediately below, coupled with the existence of a retaining wall near the building which reduces through ventilation.

When this condition was noted in 1977 after the wards were brought into use, an additional insulated ceiling over the heat generating area was built. This remedial work was completed in March 1978, but experience this summer has shown that any improvement in the situation has only been marginal.

The Director of Medical and Health Services considers that the only effective remedy is to air-condition these wards. An estimate for this work is being prepared by the Director of Building Development with a view to the creation of an item in the Public Works Programme.

DR FANG:—*Sir, can the air-conditioning of these wards be given some priority in view of the extreme discomfort caused to the patients?*

SECRETARY FOR SOCIAL SERVICES:—*Sir, I am sure the Honourable Members of the Public Works Sub-Committee will give this matter their due consideration.*

Bus services from Central District

13 MR YEUNG asked:—*Will Government take steps to secure an increase in the frequency of bus services from Central during evening rush hours and/or an increase in the carrying capacity of buses used on evening services from Central?*

SECRETARY FOR THE ENVIRONMENT:—*Sir, the Commissioner for Transport and his staff are in continuous touch with the bus companies about the routing and frequency of their services and he has powers under the Public Omnibus Services Ordinance to require changes to be made where he considers these to be necessary. The heavy demand for buses and other public transport during peak hours is, however, always difficult to meet and waiting times for passengers in these periods must inevitably be longer. So, in the short run, to direct yet more buses to Central during evening rush hours will only lead to shortages on other routes.*

The China Motor Bus Company operates 23 Island Services to Central District plus six cross-harbour services in conjunction with KMB. Over the past twelve months the Company's fleet of buses has increased from 708 to 759 and their carrying capacity has risen from about 68,000 to 75,000. A further 127 new buses are on order and some older buses are being rebuilt and modernized. All of the new buses on order are high capacity, and are capable of carrying up to 120 passengers each. As they arrive the new vehicles will be used to improve frequencies and capacity on those routes with the greatest demand, including those serving Central District.

At the present time I am satisfied that the Company is doing all it can to provide adequate services to and from Central District in peak hours.

Sha Tin Lutheran Primary School (1)

14 MISS DUNN asked:—*Will the Government state:*

- (a) the events surrounding the closure of the Sha Tin Lutheran Primary School, and*
- (b) the causes of the students and parents' discontent?*

DIRECTOR OF EDUCATION:—Sir,

(a) The events surrounding the closure of the Sha Tin Lutheran Primary School

The clearance of Sha Tin market area as part of the development of the new town centre is scheduled to take place shortly after the Chinese New Year holiday in 1979. The Sha Tin Lutheran Primary School premises will thus need to be demolished at that time. To minimise disruption of the children's education after consulting the school supervisor and the sponsoring body it was decided that the children should be placed in other new schools in the area in September 1978, the beginning of the school year. This timing would also enable the teachers to find alternative posts through the Education Department's placement service. Once assured that both these aims could be achieved, the Government informed the school supervisor in March that the subsidy for its 10 aided classes would cease at the end of August, 1978. No closure order has, in fact, been served on the school.

(b) The causes of the parents' and students' discontent

A group of parents stated dissatisfaction that the present school would not continue. They asked for a new school building to which the present pupils and staff could move when their present premises were demolished, or for monetary compensation for expenses incurred in buying new school uniforms.

MISS DUNN:—*Sir, what advance notice was given to parents and students of the intended closure and the alternative arrangements made for them?*

DIRECTOR OF EDUCATION:—Sir, in November 1977 the District Officer, Sha Tin, did make it public knowledge that the Sha Tin market which included the school premises would be demolished in March 1979 to make way for Sha Tin New Town. In January of this year the area officers of the Education Department discussed with the school supervisor the proposed withdrawal of subsidy and the other alternative arrangements and in letters in early March the supervisor was officially informed that teachers would be helped to find alternative posts and arrangements would be made to find places for pupils in other schools. The supervisor was also asked to inform teachers, pupils and parents as early as possible.

Sha Tin Lutheran Primary School (2)

15 MISS DUNN asked:—*Why did the Government allow the situation to deteriorate to the point of a confrontation?*

DIRECTOR OF EDUCATION:—Sir, the arrangements to provide alternative posts for teachers and places for the children in neighbouring schools were thought to be reasonable and fair and acceptable to nearly everyone, including the

school's sponsoring body. However, by mid-May, urged to do so by some parents, the sponsoring body made an application to be allocated one of the two new schools to be opened in Wo Che, but there appeared to be no sufficiently strong reason to advance the planned date of the opening of one of the 2 new schools *ie* September 1979. The majority of parents appeared to have accepted the placement of their children and it was not obvious that the sponsoring body, the Evangelical Lutheran Church, should be the subject of immediate and special arrangements. A petition was presented to the Governor on the occasion of his visit to Sha Tin in late May by a small number of parents but it was not appreciated how much support they had come to command until early July when they resorted to demonstrations. Recognising the strength of the resistance to the earlier arrangements which had now developed and the sentiment of loyalty to the school and its staff which was now being expressed, the Government decided to offer to the Evangelical Lutheran Church the premises which could be made available ahead of the scheduled date.

MISS DUNN:—*Sir, would the Government agree that the history of this case is yet a further indication of a lack of communication between the Government department and school managements and, if so, what steps are the Government taking to make this second instance of breakdown, the last?*

DIRECTOR OF EDUCATION: — I would agree, Sir, that it illustrates difficulties of communication and difficulties also of gaining and maintaining an agreement when changes are afoot.

Carrying capacity of buses

16 MISS KO asked:—

- (a) *Does Government agree that there is an increase in passengers standing on the upper deck of double-deck buses;*
- (b) *if so, will Government take steps to tighten control over the carrying capacity of buses so as to protect public safety?*

SECRETARY FOR THE ENVIRONMENT:—*Sir, the Government has no evidence that there has been any noticeable increase in the numbers of passengers standing on the upper decks of buses.*

To stand on the upper deck is an offence under the Road Traffic Ordinance. The bus companies are of course aware of this and they are primarily responsible for preventing it, with the Transport Department monitoring their performance.

If standing occurs, it is mainly during peak hours, when the driver of a one-man bus is very fully occupied with checking fares. The reintroduction

of conductors would doubtless improve matters but this would increase costs and lead to higher fares.

The police also take action against the over-crowding of buses, but they very often find it difficult to persuade passengers who have paid their fares to leave the bus.

MISS KO:—*Sir, in view of some complaints from the public, would Government ask the Bus Companies to pay more attention to this point?*

SECRETARY FOR THE ENVIRONMENT:—Yes, Sir, Government will certainly do so. I might add that there are somewhere around 250 bus stops which are controlled by queue regulators and these also help to prevent this practice.

Government Business

Motions

SCHEDULE OF WRITE-OFF FOR THE FINANCIAL YEAR 1977-78

THE FINANCIAL SECRETARY moved the following motion:—That the Write-off for the financial year 1977-78, as set out in the Schedule, be approved.

SCHEDULE

SCHEDULE OF WRITE-OFF AUTHORIZED BY FINANCIAL COMMITTEE IN THE FINANCIAL YEAR 1977-78

<i>Amount</i>	<i>Date of</i>		<i>Remarks</i>
<i>\$</i>	<i>meeting</i>	<i>Category</i>	
Unknown	26.10.77	Fees	Write-off of an unknown amount of irrecoverable court fees incurred in respect of tax claims written off before 31 March 1977.

He said:—Sir, I rise to move the motion standing in my name in the Order Paper.

The purpose of this motion is to seek the covering approval of this Council to a write-off approved by the Finance Committee during the financial year 1977-78 and which is listed in the schedule.

Sir, I beg to move.

Question put and agreed to.

PENSIONS (INCREASE) ORDINANCE

THE SECRETARY FOR THE CIVIL SERVICE moved the following motion:—That the Second Schedule to the Pensions (Increase) Ordinance be amended with effect from the 1 October 1978—

- (a) in Part I by adding the following—

‘11. The adjusted pension under paragraph 10 may be further increased by 5 *per cent.*’;
- (b) in Part II by adding the following—

‘10. The adjusted pension under paragraph 9 may be further increased by 5 *per cent.*’;
- (c) in Part III by adding the following—

‘10. The adjusted pension under paragraph 9 may be further increased by 5 *per cent.*’;
- (d) in Part IV by adding the following—

‘9. The adjusted pension under paragraph 8 may be further increased by 5 *per cent.*’;
- (e) in Part V by adding the following—

‘8. The adjusted pension under paragraph 7 may be further increased by 5 *per cent.*’;
- (f) in Part VI by adding the following—

‘7. The adjusted pension under paragraph 6 may be further increased by 5 *per cent.*’;
- (g) in Part VII by adding the following—

‘6. The adjusted pension under paragraph 5 may be further increased by 5 *per cent.*’;
- (h) in Part VIII by adding the following—

‘5. The adjusted pension under paragraph 4 may be further increased by 5 *per cent.*’;
- (i) in Part IX by adding the following—

‘3. The adjusted pension under paragraph 2 may be further increased by 5 *per cent.*’;
- (j) in Part X by adding the following—

‘2. The adjusted pension under paragraph 1 may be further increased by 5 *per cent.*’;
- (k) by adding the following—

‘PART XI

*Applicable to a basic pension based on a salary in force
from the 1 July 1977 to the 30 June 1978 inclusive*

1. The basic pension may be increased by *5 per cent.*’.

He said:—Sir, I move the first motion standing in my name on the Order Paper.

In December 1975, the Government undertook to maintain the original purchasing power of civil service pensions, including Widows and Orphans pensions, by making periodic adjustments to reflect changes in the cost of living.

During the period from 1 July 1977 to 30 June 1978 the Moving Annual Average of the Consumer Price Index (A) rose by 5.8 points, or 5.05%. In the light of this movement, it is proposed that pensions, including previous increases already approved, of eligible pensioners in payment on 1 July 1978 should be increased by 5% with effect from 1 October 1978.

The cost of the increase is estimated to be \$3.6 million for the remainder of the current financial year and \$7.2 million in a full year.

Sir, I beg to move.

Question put and agreed to.

WIDOWS AND ORPHANS PENSION (INCREASE) ORDINANCE

THE SECRETARY FOR THE CIVIL SERVICE moved the following motion:—That the Schedule to the Widows and Orphans Pension (Increase) Ordinance be amended by adding the following—

24. The pension calculated on the total contributions up to 30 June 1977 inclusive plus the total increase in pension up to 30 September 1978 may be increased by *5 per cent* with effect from 1 October 1978.
25. The pension calculated on contributions from 1 July 1977 to 30 June 1978 inclusive may be increased by *5 per cent* with effect from 1 October 1978.

He said:—Sir, my speech on the first motion standing in my name on the Order Paper covers also the subject of the second motion standing in my name. I therefore beg to move.

Question put and agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

THE COMMISSIONER FOR LABOUR moved the following motion:—That the Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) (Amendment) Regulations 1978, made by the Commissioner for Labour on the 14 July 1978 be approved.

He said:—Sir, I move the motion standing in my name on the Order Paper for the approval of the Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) (Amendment) Regulations 1978. These regulations were made by me on 14 July 1978 and have been submitted to Your Excellency in accordance with the provisions of section 7(3) of the Factories and Industrial Undertakings Ordinance.

The Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations came into force on 1 November 1973. These regulations are intended to provide for the safe operation of lifting appliance and lifting gear used for loading, unloading or handling of goods or cargo in industrial undertakings other than construction work, that is to include any dock, quay, wharf or warehouse.

The amendment regulations introduce into the principal regulations new safety requirements in the operation of lifting appliances and lifting gear in use in industrial undertakings other than construction work. These requirements include that competent persons must be in charge when a load is suspended from a lifting appliance, that operators of lifting appliances must be trained persons or persons undergoing training and under supervision, that signalling arrangements must be used when a lift is in operation and that steam emanating from a crane must not obscure a workplace where workmen are employed. Regulation 18 of the principal regulations is also amended to provide for the inspection by a competent person of chains, ropes and lifting gear and for the special treatment of chains. Additional detail is added to the procedure for testing sheave pulley blocks by appropriate amendment to the First Schedule.

Enforcement of these additional safety requirements will not give rise to additional financial or staffing commitment on the part of the Labour Department. The Labour Advisory Board was consulted on 14 July 1978 when members recommended that these amendments should be made.

Motion made. That the debate on this motion be adjourned—THE COMMISSIONER FOR LABOUR.

COMPANIES ORDINANCE

THE SECRETARY FOR ECONOMIC SERVICES moved the following motion:—Under section 296(1) of the Companies Ordinance that the Companies (Winding-up) (Amendment) Rules 1978 made by the Chief Justice on the 18 July 1978 receive concurrence.

He said:—Sir, I move the motion standing in my name on the Order Paper.

The Companies (Winding-up) (Amendment) Rules 1978, which were made by the Chief Justice on 18 July, deal with a number of amendments to the Companies (Winding-up) Rules.

The main amendments have the effect of extending the Rules to proceedings relating to minority shareholders under the newly enacted section 168 of the Companies Ordinance, laying down the procedure to be followed in petitions under section 168A, and prescribing the form of petitions and advertisements by minority shareholders.

Sir, I beg to move.

Question put and agreed to.

First read of bill

PROBATE AND ADMINISTRATION (AMENDMENT) BILL 1978

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

Second reading of bills

PROBATE AND ADMINISTRATION (AMENDMENT) BILL 1978

THE SOLICITOR GENERAL moved the second reading of:—‘A bill to amend the Probate and Administration Ordinance’.

He said:—Sir, one of the less well-known functions performed by the Registrar of the Supreme Court is that of Official Administrator, which is an office established by the Probate and Administration Ordinance. The duties of the Official Administrator, speaking very generally, are to administer the estates in Hong Kong of persons who die without leaving a will and where there is no next of kin in Hong Kong ready and able to act.

The Official Administrator administers summarily and quickly very many small estates under \$20,000 in value. Last year 840 estates were administered in this way.

Over the last 30 years, an accumulation has arisen of small amounts of interest which were not apportioned to particular estates and as a result of audit queries and the Director of Audit’s advice that such moneys should be paid to general revenue, this Bill is intended to regulate the disposal of interest fairly and clearly.

Clause 3 amends section 72 of the Ordinance to empower the Chief Justice to make rules regulating the payment of interest on moneys in any of the accounts of the Official Administrator.

If the Bill is enacted, the Chief Justice intends to make rules to the following effect:—

- (1) in the case of estates of over \$20,000 in value, all interest accruing shall be credited to the estate;
- (2) in the case of estates under \$20,000 in value where administration is completed within 3 months, no interest shall be credited to the estate. If administration is not completed within 3 months then interest shall be credited on moneys in his possession at the current savings bank rate.

Clause 2 of the Bill contains a new section 23D which provides for the payment to general revenue of interest other than that to be credited to particular estates under the proposed rules.

Motion made. That the debate on the second reading of the Bill be adjourned—THE SOLICITOR GENERAL.

PREVENTION OF BRIBERY (AMENDMENT) BILL 1978

Resumption of debate on second reading (19 July 1978)

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 1978

Question proposed.

MR LO:—Sir, the proper administration of the criminal law requires the judiciary to have in addition to a sure knowledge of the law, the ability to tell truth from falsehood, and the expertise to place a particular case accurately within the general framework of a cohesive sentencing policy thus gaining the respect and the confidence of the people.

Over 90% of the cases which come before the Courts are dealt with by our Magistracies. Any loss of confidence in them by the people must lead to a general disrespect of the rule of law. Thus the importance of the role of our magistracies cannot be exaggerated.

The present Bill is designed to strengthen the ability of the Bench to arrive at the truth, to pass proper sentences and thereby to increase the confidence of the people in the law that is administered.

For a number of years I have spoken from time to time in this Council of the need for the Bench to be fluent in the local language. It is obviously easier to decide whether or not a person is telling the truth when what he is saying is not filtered through interpretation, even if that interpretation is absolutely accurate. Those of us who have practised in the Magistracies will know too well that the interpretation there is not always accurate and indeed sometimes it can be quite misleading or simply wrong. To seek to arrive at the truth through that kind of filter will defeat the ablest of men.

I have also over the years spoken of the need for the Bench to be knowledgeable in local customs. This is necessary to get an insight into the truth. It is necessary also for the passing of a proper sentence. Over twenty years ago, when I was doing some research relating to the death penalty, I came across a reference to a very old case where the Privy Council excused a self confessed murderer, who was Chinese and whose father had been killed by the victim, on the ground that he had committed the murder to avenge his father in accordance with the Chinese precepts of filial piety. I hasten to add that I do not suggest that today it will be quite as easy to establish a person's belief in filial piety. I make the point merely to illustrate the necessity to take into account the mores of a people, their customs and beliefs before a sentence can be properly passed. However, such customs and beliefs should only be taken into account within the framework of the law and hence within the general framework of a cohesive sentencing policy.

In this connection, Sir, I have, in December 1976, prepared a brief for UMELCO on the United Kingdom principles of sentencing and sought to analyze and compare local sentences in 1974 and 1975 in the Supreme Court and the District Court, an edited version of which I now table (see appendix). I think it provides a sound starting point from which an overall policy can be structured in Hong Kong.

Sir, two weeks ago my honourable Friends, James Wu, Hilton CHEONG-LEEN and WONG Lam spoke on the Bill, and two of them referred to the Bill as a compromise. It is doubtless a compromise of the dilemma of having on the Bench either local persons with no legal training or expatriate lawyers with no local knowledge. It is nonetheless a solution. However, not only will care have to be taken to ensure the high quality of the assessors chosen, and even more care will have to be exercised in defining their role.

It is their function to discover truth. It is also their function to evaluate the importance of a local custom and its proper mitigating effect for purposes of sentencing. It remains the function of the Magistrate to set out the law which includes the proper range of the sentence for a particular case. This is an important point because whilst it is desirable to have the law more finely tuned by knowledge of local mores, it would be disastrous if the law is supplanted by them or by the teachings of Confucius.

I warmly support the Bill and in so doing may I look forward to the brave new world, hopefully before 1984, when a number of our Magistracies will be interpreter-free. Although freedom from interpreters may not have been thought necessary by Rousseau, it would be welcomed by the bulk of those who go before our Courts. Besides, it would shorten Court proceedings dramatically and thus reduce the enormous pressure of work.

APPENDIX

PRINCIPLES OF SENTENCING AND AN ANALYSIS OF COURT SENTENCES ON CRIMES OF VIOLENCE 1974-75 (24 MONTHS) IN THE SUPREME COURT AND DISTRICT COURT

Outline of Sentencing Policy

Textbook writers in the United Kingdom usually deal with the considerations which the Courts there have regard to under two broad diversions, namely, Tariff sentencing and Individualized treatment.

Tariff Sentencing: The considerations here are centred on the effect of the particular crime on society. The sentences meted out under the tariff principle are primarily aimed at deterrence and retribution.

Individualized Treatment: The considerations here concentrate not on society but on the criminal himself. Such treatment is primarily intended to rehabilitate the offender.

The Primary Choice: What then are the basic principles involved? When should the Courts choose to apply the tariff principle and when should they permit considerations of individualized treatment? The answer is public policy. To quote Thomas' textbook on the subject, 'public policy may be seen as demanding, or justifying, a deterrent or retributive sentence in certain classes of offence (*eg* robbery), for certain classes of offenders (professional criminals, public officers guilty of breach of trust) or for certain offences in certain localities when a particular offence has suddenly become prevalent'.

The Secondary Choice: Once the primary choice has been made by the judge as to whether the case ought to be dealt with under the tariff principle

or with individualized measures he still has to decide the level of punishment under the former principle or the type of treatment most suitable to the individual offender if the latter principle is adopted.

The Tariff Sentence: The calculation of a tariff sentence is said to involve 3 main stages: 'determining the extent of the range of sentences for a given category of offence, placing the particular offence within the range by reference to its seriousness as an example of its kind, and finally making some allowance for mitigating factors from the position taken in the second stage'.—Thomas.

The Ranges in the United Kingdom

A *Non-fatal Offences of Violence:* In the United Kingdom these range from 3 years to about 14 years.

B *Assaults on Police Officers:* When this is done with the use of potentially lethal weapons the range is from 10 to 12 years.

C *Sexual Offences:*

Rape: the range is somewhere between 2 to 3 years imprisonment and 10 years imprisonment. Where substantial violence is used or cases involving imprisonment of the victim by a group of men, the range is 7 to 10 years. In *MacDonald and Wright* (1967) 51 Crim. App.R.359, three men were convicted of abduction of 2 girls aged 16 and 18. The Court upheld a sentence of 10 years imprisonment on one appellant who was aged only 18. A third category attracting the upper range sentence is rape committed in the home of the victim following a house-breaking offence by the offender. The lower range sentences, in the region of three years imprisonment are usually reserved for cases involving some element of invitation by the victim or what might be termed contributory negligence.

D *Robbery:* Although the maximum sentence is life, a life sentence is generally reserved by the Courts for mentally disturbed cases. The tariff principle normally means a fixed term. The longest term of imprisonment is 30 years—the *Mail Train Robbery* case. However, it is probably fair to say that the usual range has a maximum of 15 years. Dividing the robberies into 5 different categories, the range of sentences in the United Kingdom are as follows:—

(i) *Large scale bank raids and wage snatches*

The principal aggravating factor—The high degree of organization is most frequently found here. The range is 8-10 years to 15-16 years. Even in the total absence of violence the Court only reduced a well-planned 'snatch' to 7 years in the case of *Gardiner* (1962 Crim. L.R. 853).

(ii) *Attacks on Tradesmen and people carrying sums of money in the street*

Unless there is violence used or is highly organised the range is between 3 years and 6 years.

(iii) *Attacks on small shops*

Where there is an absence of substantial violence or high degree of organisation the range is 3 years to 5 years.

(iv) *Housebreaking accompanied by violence against the occupant*

The range is usually 5-8 years where there is no substantial violence. Even where the robbery involves a single offender and a minimum degree of violence, the Court hardly ever reduces the sentence to below 5 years.

(v) *Muggings*

The upper end is around 6 years and the lower is about 3 years in cases where although violence occurred no weapons were used and no serious injury resulted.

E *Blackmail*

(a) Threats to expose discreditable information—up to 10 years where there is an element of professionalism.

(b) Protection rackets: This form of blackmail is rare in the United Kingdom but in one case with no pattern of organisation or repetition a 24 year old youth with no previous convictions was sent to prison for 5 years, with the remark that ‘had this . . . been a full time protection racket, the sentence would of necessity have been a great deal more heavy’.

Mitigation Factors

This factor must not be confused with those factors which influence the Courts in making the primary choice to make use of an individualized measure. The mitigating factor is the factor ‘which’ given the primary decision in favour of a tariff sentence inclines the Court in its discretion to reduce the length of the sentence imposed’. The effect of a factor will vary from one category of offence to another. For example, the good character of a shop lifter will have a critical effect on his sentence, but in a case of a violent robbery it will have at most a marginal effect. Moreover, no matter what the mitigating factor may be it should not have the effect of taking the offence out of the range of the tariff. Barnard (1965) Crim. L.R. 176 is a good example of this. There youth was the mitigating factor. Barnard was only 19 years old when he pleaded guilty to assault with intent to rob being armed. The Court reduced his sentence from 12 years imprisonment to 8 years imprisonment which was the lowest point of the range of the tariff applicable to cases of that kind.

The Hong Kong Position

The United Kingdom position described above may be seen in greater clarity and detail in D.A. THOMAS' 'Principles of Sentencing' (lent to UMELCO by the Legal Department) from which the passages on the UK position in this brief are derived. Unfortunately, no textbook of the Hong Kong position has been written and one can only assume that, broadly speaking, similar principles are followed by our Judiciary. In any event, the UK position sets a valid backdrop against which local sentences may be seen or measured.

PART I

ROBBERY

A The stated policy

From the written judgments the judges in Hong Kong are also seen to emphasize time and again how very serious the crime was and that the sentence that they would impose would be of a deterrent nature, *ie* that the tariff principle would be applied. This must be viewed against the background that the statutory maximum sentence being life imprisonment albeit limited in the District Court to 7 years. Moreover, even though the Court is bound under 109A of the Criminal Procedure Ordinance to try to avoid sending a young offender (*ie* between 16 and 21 years old) to prison it is specifically released from this obligation in respect of a number of excepted offences listed in the Third Schedule. Robbery is one of those exceptions. Consequently it would be right to say that both the legislature and the judiciary appear to consider robbery an extremely serious offence. The question that follows from this is: Do the actual sentences bear this out?

B The actual sentences

These range from 3 months in the District Court to 10 years in the Supreme Court. The average in the District Court was 3.5 years and the average in the Supreme Court was 5 years. The UK position as set out earlier in this brief is from 3 years as a minimum with the serious cases involving either a high degree of organization or substantial violence particularly in another's home ranging from 10 to 14 years. Moreover, youth or other mitigating factors would not have had an effect of taking the offence out of the particular tariff range and consequently the difference in range cannot be explained on the basis of the existence in Hong Kong cases of mitigating factors. However, there is no doubt, as will be shown in the next paragraph, that local judges do take considerable account of mitigating factors.

C *Mitigating factors*

No judgment in the period of review has clearly stated the reducing effect of any mitigating factor. Invariably the Court merely states that the particular factor or factors has or have been taken into account. I list below the number of times each mitigating factor was said to have been taken into account by the Courts in 368 cases, in order of frequency:—

<i>Mitigating factor</i>	<i>No of times out of 368 in which this factor was considered (there is often a combination of several factors)</i>
(a) Offender pleaded guilty	208
(b) First offence (clear record)	104
(c) Offender's youth	90
(d) No injury or only very slight injury committed	55
(e) Co-operation with the Police	45
(f) Offender said to have shown remorse	32
(g) Weapon not used	23
(h) Financial hardship	18
(i) Played minor role	17
(j) Good Probation Officer's report	15
(k) Offender himself injured	12
(l) Past records but kept from crime for a long time	11
(m) Totality of sentence	10
(n) Children to look after	9
(o) Detained for some time before trial	7
(p) Stolen property recovered	7
(q) No parental guidance	7
(r) Reformatory sentence	7
(s) Not premeditated	6
(t) Influence of bad company	5
(u) Stolen property of little value	4
(v) Drug addict	4
(w) Offender unemployed	2
(x) Mentally abnormal	1
(y) Drunk at time of offence	1
(z) Mercy	1
(aa) Sex (female)	1

The first point which requires attention is the *plea of guilt*. This apparently affected the Court in 208 out of 368 cases. The plea of guilt is only considered as a mitigating factor in the UK if it evidences genuine remorse in the offender. Only 32 out of 368 cases were the offenders said to have shown genuine remorse. This leaves 176 cases of guilty pleas which would not have been

taken into consideration by the Courts if UK principles were applied. In Hong Kong the fact that the time of the Court has been saved by a guilty plea appears to weigh heavily on the judges.

The second point which requires attention is the *First Offender*. This apparently affected the Courts in 104 out of 368 cases. In the United Kingdom in the case of Colley Mills and Greenland 20.3.67, 4067/66, 4 young offenders were sentenced to 4 years each, the Court said, 'when deterrent sentences are passed . . . distinction between previous records of individual defendants tend to pass into the background' and accordingly, only reduced the appellant's sentence from 4 years to 3 years for his clear record as against the long records of previous convictions of the other 3 defendants. Suffice it to say that the more serious the offence the less effect on sentence will be the fact that it was a first offence. Robbery is by its very nature a serious offence and hence the factor of a first offender would have in the United Kingdom at most a marginal effect on sentence.

The third point requiring attention is the plea of *financial difficulties*. This apparently affected the Courts in 18 cases out of 368. In the United Kingdom in certain cases of theft or fraud this has certainly been taken into account as a mitigating factor. However, it is normally not in the United Kingdom a mitigating factor in respect of offences of violence such as robbery.

The fourth point is the factor of the *offender himself being injured*. This apparently affected the Courts in 12 cases out of 368. It is not a known mitigating factor in the United Kingdom and no reference thereto can be found.

The fifth point relates to the group of factors which may appropriately be considered where individualised treatment is the primary choice but which is, it is argued, irrelevant to cases such as robberies where the primary choice is the tariff principle. For example, factors such as that the offender had *no parental guidance* (7 cases), that he was *in bad company* (5 cases), or that a *reformatory measure* (7 cases) would be appropriate are not factors for consideration under the tariff principle. Consideration of these factors, it is argued, involves abandonment of the tariff principle. An outstanding example of this group is the plea of *children to look after* (9 cases). The position in the United Kingdom is exemplified in a case (William & Others 21.11.66, 2508/66) where three men were sentenced to 10 years (for 2) and 12 years (for 1) for armed robbery. The Court said, 'In this case as in so many that this Court gets, our attention has been brought to the sad condition in which the appellants' families stand . . . the prospects of these wretched women and children . . . is not one which the Court contemplates lightly; but the public have got to be protected and the criminals who go out on these expeditions will get no sympathy from this Court by saying that . . . their wives and children are in difficulties because of long sentences. They ought to have thought about these difficulties . . . before they ever started out on this kind of criminal enterprise'.

However, in Hong Kong these factors are mentioned as having been taken into account by the Courts notwithstanding the fact that all the cases are robberies when the tariff principle ought properly to have been applied.

PART II

BLACKMAIL

A *The position in the United Kingdom*

Even when the offender had a clear record the average sentence imposed is approximately 5 years, even though there is no evidence of professionalism or organization.

B *The position in Hong Kong*

Of the 2 cases which went before the District Court, the average sentence was 2.1 years for those cases with mixed mitigating and aggravating factors and 2.5 years for those cases with only aggravating factors. Of the 8 cases that went before the Supreme Court the average sentence was 2.7 years for those cases with mixed mitigating and aggravating factors and 4 years for those with only aggravating factors.

Blackmail cases include cases involving extortion rackets hence they are dealt with here under crimes of violence. Extortion forms a substantial part of the fiscal measures of criminal syndicates.

PART III

RAPE

A *The position in the United Kingdom*

Although rape seldom draws a sentence in excess of 10 years in the United Kingdom it is considered by the Courts in the United Kingdom that 7 to 10 years imprisonment is appropriate for:

- (a) Cases involving use of substantial violence, carrying risks of serious injury;
- (b) Cases of abduction and gang rape;
- (c) Cases where rape is accompanied by house-breaking.

B *The position in Hong Kong.*

Except for one case when a criminal was sentenced to 12 years imprisonment the average sentence was 5.5 years. In 10 out of the 13 cases with written

judgments the guilty plea was accepted as a mitigating factor by the Court partly because this spared the victim the ordeal of appearing to give evidence.

CONCLUSION

The difference in the tariff range between Hong Kong and the United Kingdom is so great as regards robbery, blackmail and rape that one can only conclude that United Kingdom principles of sentencing have not found favour in Hong Kong. What principles are in fact adopted here is not easily discoverable. This might become clearer in future years if the Judiciary clearly states in each case:

- (a) whether or not the sentence is based on the tariff principle, and if so,
- (b) the range of sentence appropriate to the particular type of offence and
- (c) the point in such range that the particular case ought to be placed and,
- (d) the effect on the sentence, if any, of any mitigating factor.

* * *

Meanwhile, it seems worthwhile to attempt to point to a few possible causes (there may well be others) for a lower and less consistent scale of sentences in Hong Kong. They are tentatively put forward as follows:

- (1) That local judges accept certain factors as mitigating factors which would not be so accepted in the United Kingdom, for example, as was mentioned earlier in this brief: that the defendant in a violent robbery was in financial difficulties, that he was himself injured or that he pleaded guilty and thus saved the time of the Court.
- (2) That local judges accept certain factors as mitigating factors which would not be so accepted in the United Kingdom for cases under the tariff principle, for example, as was mentioned earlier in this brief: that the defendant had no parental guidance, that he was in bad company, that he needed a reformatory measure or that he had children to look after.
- (3) That local judges allow proper mitigating factors such as youth or a clear record or genuine remorse to reduce a tariff sentence to below the range appropriate for cases of that kind.
- (4) That the statutory limit of the jurisdiction of the District Court to 7 years imprisonment has the ancillary effect of reducing the tariff range of serious crime. One gets an impression, but no more than an impression, that some District Court judges think of the limit of their jurisdiction as the limit of the penalty of the particular crime. If this impression is accurate then naturally the result would be a shrinkage of the whole statutory range of penalties for crime and a corresponding shrinkage of the tariff range, unless, of course, the Attorney General accurately selects the Court to bring the case and never brings a case suitable for the Supreme Court to the District Court. It hardly needs mentioning that the jurisdictional limit on the District Court was intended to have the effect of having the

District Court deal with less serious cases and was not intended to have the effect of having the District Court deal with serious cases more leniently.

- (5) That the tradition of allowing only the defence to argue mitigation but not allowing the prosecution to argue against it may have a greater effect in Hong Kong than in England towards a gradual but sure reduction in sentences. Moreover, the logic of this hallowed tradition appears doubtful in view of the Attorney General's statutory power to apply with leave to the Full Court for the review of any sentence on the grounds that the sentence, *inter alia*, is manifestly inadequate.

December 1976

T. S. LO

THE SOLICITOR GENERAL:—Sir, I am sure that the support which Honourable Members have expressed for the proposal to introduce lay assessors to the magistracies will be a very considerable encouragement to those who are now engaged in planning the introduction of the scheme.

In this connection, I have noted the concern which has been expressed in all four speeches made by Unofficials in this debate that the choice of assessors must ensure, above all, that assessors are men of integrity. I agree also with Mr CHEONG-LEEN and Mr WONG Lam that these men and women must be ready to speak their minds freely and openly. Unless they do, their advice will be of no value and the experiment will be a failure.

Careful consideration has been given to the suggestion that a magistrate should be obliged to record any advice which he does not accept. Such a course would have advantages but it would also have disadvantages. It would slow things down and tend to formalize, perhaps polarize, what is intended to be a flexible and co-operative relationship.

Mr CHEONG-LEEN's suggestion that local persons who are not lawyers be appointed magistrates and be assisted by legally qualified assessors is an interesting one but it does not in my view present a practical or desirable solution. I am of the opinion that the people of Hong Kong are much better served by the more efficient and professional administration of justice which is possible under our present system of professional magistrates.

Mr WONG Lam has pointed out the importance of enlisting the co-operation of employers. I hope that, in the interests of the community as a whole, employers will show their support for the scheme and co-operate in releasing employees on the occasions when they may be scheduled to serve as assessors. I think it is premature to consider legislation at this stage. I trust it will not be necessary.

Mr LO is surely right when he says that the role of the magistrates in the administration of justice cannot be exaggerated. They touch the lives of so many more people than do the higher courts and it is of obvious importance

that the magistracies must be both close and responsive to the people. The assessors scheme is designed to make a contribution in this area. I do not today propose to enlarge this debate to include the principles of sentencing although I am sure that Members will be interested in the study tabled by Mr LO. Suffice it to say that magistrates will certainly benefit from advice on the community's views on sentencing as expressed to them by assessors.

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.

PREVENTION OF BRIBERY (AMENDMENT) BILL 1978

Clauses 1 and 2 were agreed to.

MAGISTRATES (AMENDMENT) BILL 1978

Clauses 1 to 3 were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the

PREVENTION OF BRIBERY (AMENDMENT) BILL and the
MAGISTRATES (AMENDMENT) BILL

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

Question put on each bill and agreed to.

Bills read the third time and passed.

Unofficial Member's Motion**GREEN PAPER—SENIOR SECONDARY AND TERTIARY EDUCATION**

MR Q. W. LEE:—That this Council takes note of the proposals in the Green Paper on 'Senior Secondary and Tertiary Education'.

Resumption of debate on motion (5/6 July 1978)

DIRECTOR OF EDUCATION:—Sir, I wish to thank the Members of the UMELCO Ad Hoc Group for the fullness of the treatment they have accorded the Green Paper on Senior Secondary and Tertiary Education. I believe the Green Paper to be a more than normally important document in that it has attempted not only to make proposals for a further step in our provision of education but also to see our education system as a whole and to shape its proposals to achieve an improvement of the overall structure. It is, therefore, extremely gratifying to see that attempt recognized by Council Members and reflected in the thoroughness with which they have considered the proposals and commented on them. There were certain features of the earlier stages of the public debate which made me fear that the document's main thrust would be ignored.

I am also encouraged by the constructive, positive nature of the comments made by my Unofficial Colleagues who appear to share my own sense of confidence that we are at last in a position to make major advances and improvements to our system and to do so within a satisfactory time-scale.

Such has been the breadth and volume of the comment made, ranging from what might be termed the broad philosophical to the single specific, that it would be quite impossible for me to attempt to deal with it point by point. I shall, however, attempt to cover the main points which have been made, removing any misconceptions which appear to me to be held and outlining current or imminent schemes which appear to meet particular points.

A major issue which has been raised in the speeches made in the Council's sitting in July is the extent to which the planning of our senior secondary and tertiary education provision should take account of Hong Kong's manpower needs, so far as these can be assessed. This was an issue which caused long debate and revealed considerable variations in opinion among the working party which produced the Green Paper. On the one hand there is the school of thought which believes that provisions should be made to enable all to achieve the highest level of education of which they are capable regardless of the economic needs of the society. At the other end of the spectrum is the belief that unless provision of places at the various levels of our education

system is geared to manpower needs serious social problems will arise from the inability of the community to match employment opportunities with educational attainment. The provision rates at the various levels (Form IV, VI and tertiary) proposed in the Green Paper recognized manpower needs but tried to make sufficient provision to meet the demand from those estimated to be able to benefit from the courses offered. It is my impression that most of the Members of the *Ad Hoc* group have accepted the Green Paper approach. At least they accept it as reasonable provided it can be reviewed in the light of experience, and with their proviso that universal senior secondary education (that is, up to Form V) should be our long-term aim.

The view has been expressed by Mr Francis TIEN and Mr S. L. CHEN that too large a provision of senior secondary places will seriously disrupt the manpower supply to industry at the craft and operative levels. This is a situation which will require careful watching, I agree, but as Mr Q. W. LEE has pointed out if senior secondary education continues to affect earning power as it does at present public pressure for it will continue. If this pressure is not catered for in the public sector, the public will turn to the private sector. The solution to this problem, therefore, lies not only with those responsible for educational provision, but with the community at large and with industry in particular. The logic of the situation is that employment and training in industry will have to become more attractive in rewards and in conditions of work. Another way of encouraging an adequate flow of young people into the craft levels of industry and commerce is, as Mr TIEN has proposed, to expand the prevocational stream. This possibility, together with ways of maintaining a high quality of intake to the prevocational schools, perhaps through a limited introduction of senior secondary classes in these schools, is being seriously considered.

Mr Q. W. LEE also poses the question: What kind of training should we plan for our future manpower? The requirements of tomorrow are not easy to forecast with any confidence. This, together with the ever-increasing rapidity of change in a technological world, is apparently fully appreciated by a number of the speakers at the sitting in July. Hence the belief, given its clearest expression by Mr Alex WU, that the basis for a work-force able to cope with the tasks ahead is a full, all-round secondary education for all our young people. Without this we shall not have in our work-force the 'adaptability', the 'flexibility' and the 'innovativeness' to secure our economic survival.

To this debate there is no absolute 'book' answer. All we can strive to do is to find a formula, the mixture of secondary education, vocational and professional training, of inducements in the various sectors of our economy and of opportunities for satisfying leisure pursuits which works for our society. This formula will emerge only from practical trials. The Green Paper, in effect, made certain proposals to this end. A number of Members have made suggestions involving an even richer mixture of ingredients

than envisaged in the Green Paper to satisfy the aspirations of our young people and their parents and the needs of our community. These, together with other comments arising from the public debate on the Green Paper, are being given the fullest consideration in drawing up the White Paper.

I should now like to comment on some (I am afraid not all!) of the more specific suggestions made in last month's speeches. For clarity I have attempted to organize my remarks under the following main headings: senior secondary teacher training, technical institutes, the universities and Polytechnic, the post-secondary colleges and adult education.

Senior Secondary

I have already touched upon the rate of provision of Form IV—V places. The rate proposed (*ie* 50%) appears to be supported by the majority, even if only as a first step. Public demand, however, as expressed in submissions to the Secretary for Social Services and in the media was strongly in favour of a greater provision. Before reaching a final decision on this matter other factors will have to be considered. For example, the Green Paper proposals envisaged a fairly severe degree of asymmetry in the new schools to be built in the new towns and other developing areas. There is a feeling, which I share, that this asymmetry should be reduced. Complete symmetry in our system, however, means the same as full senior secondary education for all. And there are constraints, physical and financial, which would determine the speed at which we could provide for this. We must remember, also, that the call for a broadening and enrichment of the curricula, which again I support, will require a considerable programme of extensions and improvements in facilities. I am confident that the 'package', if I may call it that, which will be presented in the White Paper will allow for a rate of provision of places which will be acceptable to the majority. I can assure Members now that this rate will not be less than 50%. Before I leave this matter of the rate of provision I should like to assure Dr Huang that the changes in population projections and estimated levels of demand and the need for careful and constant monitoring are fully realized. Some 'elbow room', some flexibility will be built into our plans.

Dr FANG raises the question of provision of senior secondary education for disabled students. Education for handicapped pupils at this level is covered in the White Paper on Rehabilitation, in accordance with which provision will be made in special schools for severely handicapped pupils unable to attend normal schools. The less severely handicapped will be integrated into ordinary schools or technical institutes wherever possible. There are already some ordinary schools which are partially accessible to the handicapped and discussions are now being held with the Public Works Department on designing some new schools and adapting some existing schools to make them accessible to the more severely handicapped. The

Kowloon Tong Technical Institute has already been planned to be made accessible to the handicapped.

This is probably a suitable place to speak briefly on the provision of Form VI education. I say briefly because our present planning for the future development of this sector of our system is still at a very early stage. The Board of Education, as some Members will know, has set up a Committee to study the report produced by my working committee. An interim report will be made by the Board's committee towards the end of this year, and its final report will I hope be ready in the spring of next year. This is a very important, complex issue, well worth taking time over. If some Members should think that we are moving rather slowly I would point out that the problem of Sixth Form education has been a matter of intense debate and discussion in Britain for the last 10 years and that the proposals which have finally been formulated (but by no means finding general acceptance) are likely to be implemented in 1986! The comments made by Members on Form Six education, in particular those by Miss Ko and Miss BENNETT, are well taken and will be passed on to the Committee of the Board of Education to assist their deliberations. In the meantime, however, it would appear reasonable to continue with the present rate of provision in the public sector, *ie* one-third of those entering Form IV.

The *Ad Hoc* group have expressed satisfaction that there will not be a public examination at the end of Form III but, although accepting the need for some system of allocation, are afraid that the aptitude tests in English, Chinese, and mathematics will lead to distortion of the curriculum and defeat the purpose of general education. I can assure Members that these dangers were fully seen and thoroughly discussed by the Working Party which produced the report on which the new system is based. No one involved in education and who was familiar with the Secondary Schools Entrance Examination could fail to know these dangers. In fact, the decision to limit the tests to Chinese, English and mathematics was made in the belief that this would be the best way to avoid distortion of the curriculum. In most other subjects the content is less important than the methods of study, the study skills and attitudes fostered and the interest aroused. Public tests, however well constructed, inevitably introduce rigidity into the course and pressure to perform well. The effect, therefore, of introducing tests for all subjects would be to destroy the spirit of the new Junior Secondary curriculum. The main aim in the teaching of Chinese, English and mathematics is to make possible the use of the skills imparted. Provided the public tests concentrate on the use of these tools they will encourage proper learning. We must remember, too, that the Junior Secondary curriculum is the platform for study in Forms IV and V. No sensible school will so distort its teaching that it fails to provide its pupils with this necessary basis for the senior secondary course. I realize, however, that the new system will have to be carefully monitored and in time reviewed. It is my intention to provide for this monitoring by increasing the research capability within

the Education Department. To be effective we must begin our monitoring programme immediately. Without a 'photograph' taken of the situation in our Form I—III teaching now, how can we assess the effect of the new system? This research will become a joint function of my Advisory Inspectorate and the Education Research Establishment and will in my view require the allocation of additional resources to these sections.

Another main issue raised by the *Ad Hoc* group and further stressed by individual speakers is that of uniformity of standards in our provision of public sector places. Specific points mentioned were the need to bring the 'caput' schools onto full aid, reduction in reliance on bought places in the private independent sector and greater control of that sector. I think the last two points are already catered for in our present proposals which I cannot see being altered into the White Paper. By these the number of Form I—III bought places in private independent schools will have been reduced to some 17,000 by the mid-eighties. There is no intention to buy Form IV—V places in the private independent schools. In the meantime supervision of these schools offering bought places will continue and, if necessary, be increased to ensure the maintenance of adequate standards.

I have already mentioned my awareness of the call, and indeed the need for, greater uniformity of standards in our provision of public sector places. This, of course, is not limited to senior secondary places, but covers all secondary school levels. The uniformity sought will be achieved only by bringing on to full subsidy all the non-profit-making schools participating in the caput grant scheme. The Green Paper, being concerned with senior secondary education, referred only to the buying of Form IV—V places in these schools and to the need for a review of the level of assistance to them. This has recently been a matter of discussion within the Government and proposals are now being considered which, if accepted, could achieve uniformity of assistance in all public sector schools within a period of 3 to 5 years after the publication of the White Paper. Whatever the time-scale finally agreed, it is hoped that the first steps will be taken in September 1979.

Before I leave this area of standard of provision I feel I must clear up a misconception held by Mr S. L. CHEN. The 1965 White Paper laid down that expansion, wherever possible, should be through the aided sector, and this policy has been followed. This, however, has been no reflection on the standards of the Government secondary schools whose reputation within the community stands very high indeed.

Members have given full support to the idea of broadening our curriculum at the senior secondary level and, in particular, to the introduction of a greater practical and technical content. They see these as essential both for the welfare of our community and for the healthy lives of our young people in that community. As Mr CHEN has so rightly said it is very important that our young people are made aware of the basis of our society's economy.

Without this they will be unable to recognize its needs if it is to survive in the world or the contribution they can make to its life and growth. In a world becoming increasingly technological all should at school be given some experience of practical and technical activities. With all this I must agree and assure Members that our shared wishes in this will find expression in the White Paper and, what is more important, be implemented in our school courses.

I must advise Members, however, that to introduce a greater practical and technical element will not be without its difficulties. A considerable amount of adapting and extending of premises will be required. The floating class system, upon which we shall have to rely for quite some time ahead, does make it difficult because the specialist rooms quickly become overloaded. Central workshops have been proposed and supported. But they, too, raise problems both of internal management and problems also for the schools they serve. Time-tabling becomes more complicated, more difficult. We shall need to introduce our central workshops gradually and carefully.

I apologise to Mr Alex WU if the Green Paper gave the impression that the authors', and therefore the Government's interests were too utilitarian, more concerned about training a work-force than giving our children an all-round education. It is true that we were concerned that we should not create a system of education which would in time, as has happened elsewhere, damage the fabric of our society. And, as I have already mentioned, some Members still have worries on this. Perhaps this concern did lead to too strong an emphasis on our economic needs. I am sure that the White Paper will redress the balance.

Mr Alex WU and Miss BENNETT have both made strong pleas for more emphasis on the cultural subjects in our schools, particularly for music. I can assure them that schools will continue to be given every encouragement to give the cultural subjects their due places. Music is already encouraged as a general subject and is being included in the recommended Form IV—V curriculum for all students. Art and Design will also be more widely offered. The new instrumental music scheme is certain to create wider interest and participation in music. On this question of the cultural subjects, however, I think we should remember just how much they have burgeoned over the last fifteen years or so. I know that some will charge that this has occurred mainly through our extra-curricular programmes. The fact is, the burgeoning has happened. And let's not over-stress the 'extra' part. They are still school-based activities the success of which has come from dedication and time freely given by our teachers. Perhaps more definite inclusion in the school's timetables, a little more 'compulsion' will be beneficial. But we must not overdo it.

Mr Alex WU (and I apologize if I embarrass him through frequent reference to him—but, after all, he has raised the issues!) also raises the important topic of moral education. It is his contention that Chinese tradition does make it

possible to introduce moral training as a specific subject into our school time-tables. This view is, I can assure Mr WU, respected and provision has been made for the inclusion of Religious/Ethical teaching in the new Form IV—V curriculum. Moral issues are also introduced into general subjects. However, the teaching of morality or ethics is no easy task. We enter areas of deep controversy and if teachers are to teach effective moral standards to questioning pupils they must be given a sound knowledge of the conflicting views and be prepared to deal with such questions as ‘Are there any absolute values or are all values relative?’ This very question is, in fact, at the very heart of the crisis in other countries which do not appear to have so completely abandoned the attempt to instil moral values as Mr WU suggests. Indeed there is real concern in Britain over this issue and valuable work has been done in constructing syllabuses which attempt to encourage pupils to think seriously about moral values without indoctrination. I should like, also, to debate more fully Mr WU’s assertion about the Victorian experience, but think that this is perhaps neither the time nor the place.

I am conscious of having gone on at some length about senior secondary education and realize that I must turn to the other main areas covered in Members’ speeches. Before doing so, however, I would like to make two further points. The Education Department has been aware for a long time of the problems of trying to teach, and to teach in, two languages. The idea of concentrating on either Chinese or English, as suggested by Mr YEUNG, is attractive. However, I cannot really see how we could ever be justified in concentrating on English with children whose first language is Chinese. To adopt the alternative, to use Chinese only would be seen by many as a retrograde step. Hong Kong is an international city whose very survival depends on trade and communication with the rest of the world. English is its means of doing so. I believe, therefore, that we shall have to go on living with our two language problem. What we can do, and are in fact doing, is to study intensively the problem of English teaching to find the most effective and least burdensome methods for our young people. As I say, this is already being done by the Education Department with the assistance of a very experienced English Advisor from the British Council. Finally, and not entirely unrelated, is the question of textbooks in Chinese raised by Mr Hilton CHEONG-LEEN. Lower demand for textbooks in Chinese at the secondary school level has indeed kept the quality of these books inferior to their English counterparts and less choice is available. Again the Education Department is aware of the problem and is doing all it can to improve matters in discussion with publishers who in recent years particularly have proved very helpful.

Teacher Training

The desire of Members for improvement in the quality of our secondary education is also reflected in their comments on teacher training. Again the

points made were sound and the suggestions constructive. There is obviously general agreement that if we are to provide a broader general education to a greater number of our young people we shall require not only more teachers, but also more highly educated and well-trained teachers. Members have, therefore, supported the Green Paper proposal to raise the entry requirements for the Colleges of Education. I think I detect, however, less certainty on whether or not the present two-year course of training should be lengthened. It could well be that to do both is not required in all cases. If so I would consider it more effective to ensure greater content of knowledge in our trainee teachers on entry.

A full scale review of non-graduate teacher education is at present being conducted by the Education Department with particular references to the structure and functions of the Colleges of Education and the Technical Teachers' College. The review will cover length and content of initial courses of training, entry requirements, priorities for refresher/re-training programmes and college staffing requirements. The working parties carrying out this review will certainly take into consideration the points which Members have made. I will comment briefly on these.

Miss BENNETT has criticised the present staffing of the colleges of education: too many non-graduates, too many staff changes and not enough use made of overseas trained staff. The Education Department has recognised for some time that our staff structure in the colleges needed review. This has been done and a new establishment is, I hope, about to be approved. A feature of the new establishment is that the number of graduate or graduate-equivalent posts has been increased to approximately 63% of the total in order to strengthen the academic content of the courses and to reflect the fact that job opportunities for new teachers lie mainly in the secondary sector. However, our colleges also train teachers for our primary schools, so that there will always be a need for non-graduate lecturers with primary school experience. The new staffing arrangements are also expected to ensure greater stability. There is a case for a system which allows short-term transfers from classroom teaching to other areas of education (including teacher training) and vice versa. Finally on the question of staffing, the new structure in the colleges of education will have more posts to which lecturers holding overseas graduate qualifications can be appointed. The effect of this change will be greatest in the subjects Art, Home Economics, Music and Physical Education in which for the first time it will be possible to appoint graduates or graduate equivalents.

Both Mr Q. W. LEE and Dr HUANG have stressed the need to ensure an adequate supply of teachers to meet our secondary education expansion. The Education Department has recently completed a very thorough survey of non-graduate teacher requirements up to 1987 and the projections from this are being used in our forward planning for the colleges of education. A similar survey is being undertaken for graduate teachers which I hope will be

completed by the autumn. I will then consult the two Schools of Education at the Universities.

As I have said, Working Parties are already at work reviewing the whole field of our non-graduate full-time and part-time teacher training programmes. Their main task is undoubtedly the content of the training courses in which school administration and student guidance and counselling will be topics of increasing importance. I can also assure Mr Alex WU that cultural subjects will receive thorough treatment in the review. From his remarks, however, I am concerned that Mr WU under-estimates the attention at present given to cultural subjects, in particular music, in our colleges of education. *All* students are required to spend some time each week in cultural activities to help extend their outlook and interests. Music in this context is an activity available to students other than those who have elected to study music with a view to teaching music in schools. Those wishing to teach music in schools undergo a full, properly structured course in just the same way as those studying any other teaching subject in the curriculum.

Mr James WU has suggested that to raise the standard of teachers of technical subjects the Technical Teachers' College should take into its courses Higher Certificate or Higher Diploma holders from the Polytechnic. Ever since the technical teachers courses began in 1969, we have been admitting Ordinary Diploma and Higher Certificate holders to the one-year course. There are, however, other apparently more attractive avenues open to those with such qualifications. We have never been able to attract Higher Diploma holders.

Teacher training is undoubtedly one of the key areas in the future development of our educational system. It is essential that we secure a well-trained, well-motivated teaching force to staff our schools. This will only be achieved through an attractive career structure and a respected place in the community for our teachers.

Technical Institutes

The Green Paper did not propose any major change in the role of our technical institutes. They would be expanded to meet demand and a credit unit system would be introduced to facilitate greater mobility from course to course and to allow progression to the Polytechnic. The main emphasis in the institutes would continue to be on the provision of part-time day release craft courses with a lesser provision of technician courses. This is very much in line with the recommendations of the Hong Kong Training Council. Through the part-time day release mode of technical education—which is more comprehensive than the evening mode—students are better able to relate their formal training to their actual tasks at work. But, it would appear that the *Ad Hoc* group would prefer to see greater emphasis on full-time and evening class courses and an evaluation of the whole system has been recommended.

I think this suggestion should be taken up, but I would remind Members of the views of the Hong Kong Training Council. I must also point out that part-time day-release places make up only about 30% of the whole and that these courses already require attendance on two evenings per week. The Green Paper has, in fact, proposed a considerable increase in evening only courses.

I am puzzled by the suggestion that there should be central workshops for the technical institutes. All our institutes are already well equipped to provide training in the fields in which they offer courses. The cost of equipping a technical institute is in the region of \$10 m. We must also remember that industrial training is also provided within industry itself. Two industries have already set up well-organised industrial training centres and others are planned. I suggest that this is how we should proceed, not with central workshops.

The *Ad Hoc* group also believe the level of teaching in the institutes to be too low and want more highly qualified staff to be employed. I take it that this is not meant to be a criticism of the present staff or of their performance. Rather it is a statement of the *Ad Hoc* group's belief that emphasis in the institutes should be changed from craft to technician level. Mr Alex WU would, I believe, wish to go even further and inject a greater degree of liberal studies into the courses. This change is, of course, feasible. Before we decide on such changes, we should be very clear in our minds what new targets we are aiming at. The needs we intend to meet should be as real and at least as important as the ones we are now meeting. I should not like to see our technical institutes suffer a sea-change to perform vague, ill-defined roles in our community. Some increase, however, in the technician courses might well be possible.

The Universities and the Polytechnic

The *Ad Hoc* group have made no joint statement on the proposed rates of expansion in the Universities and the Polytechnic. This would appear to suggest satisfaction by the majority. Individual Members have proposed changes in the rates of provision and the methods by which these should be achieved. Mr LO and Mr YEUNG have proposed the encouragement of more degree granting institutions. Mr LO has, in effect, recommended complete relaxation, indeed abandonment, of the rules controlling the granting of degrees to ensure that aspirational demand is fully met. He is confident that standards could be protected by an accrediting system. I should imagine, however, that most Members would not like decisions made on such an extreme proposal without much fuller discussion. I would suggest, therefore, that while this is an issue deserving of further deliberation this should not be done in the context of the forthcoming White Paper.

A number of Members are concerned that there should be an increase in the general opportunities to pursue tertiary education, in particular part-time

degree courses. They see such an increase as a means of avoiding the undesirable social disruption which comes from the frustration of aspirations and as a way to reduce Hong Kong's need to recruit specialist skills from overseas. These are valid points which must be considered in drafting the White Paper.

Post-Secondary Colleges

Both from Mr Q. W. LEE's summary of the Ad Hoc Group's recommendations and from the individual speeches there is strong support for according the post-secondary colleges a clearly defined and financially assisted role in our education system. The Government recognises the service to the community which these colleges are providing and consideration is now being given to an appropriate form of financial assistance which could be offered to the colleges in return for what Mr LEE has described as 'financial, qualitative and quantitative control by the Government both in regard to the content of their courses and the numbers of their students'. Discussions are currently being held with the college authorities with a view to reaching a mutually acceptable role for them which will accord with the Government's approved growth targets for post-Form V education. Dr HUANG's proposals for a two-tiered structure of courses in the post-secondary colleges following on from our five-year secondary course which leads to the Certificate of Education have very real possibilities. The question of degree granting I have already said should be a matter for further much wider deliberation in the future.

Adult Education

The *Ad Hoc* Group have advocated greater emphasis on the development of adult education. They rightly see our adult education programmes as an essential safety valve in our system in the opportunities they offer for retrieval. As some Members have also pointed out adult education can, through provision of practical and vocational courses, assist in our building up of a skilled, adaptable labour force. It can also play an important part in reducing the social problems which can grow among the unoccupied. The case, therefore, for central control or, at least, close liaison among the many different bodies (public and private) involved in adult or continuing education is a strong one. The Education Department has already established a liaison committee on part-time education, with representation of the two universities and the Polytechnic.

Miss KO is concerned that in the Green Paper the voluntary sector has again been neglected. I do not think that this is really so. The Green Paper states that the Government will consider the need to assist the voluntary organizations with selected activities not already covered by the Education Department's own services. In deciding which services the voluntary sector is best placed to carry out, account will be taken of the specific traditions, interests,

and operating standards of the organizations wishing to participate. An important criterion will be their ability to meet real community needs in the field of adult or continuing education.

I realize that I have spoken at greater than normal length for such an occasion. This has, however, been dictated by the fullness and variety of the points raised in the debate. Before I finish, however, there are two matters raised by Mr YEUNG to which I feel I must respond. Mr YEUNG has proposed the enlargement of the Board of Education in size and scope to deal with the full spectrum of educational opportunity from nursery to university. He has also proposed an overall review of our education system. The latter suggestion is one to which consideration is already being given in the Board of Education and in the Government. If this is finally agreed then Mr YEUNG's proposed change in the role of the Board of Education might properly be taken up as part of the review.

With these remarks, Sir, I support the motion.

MR Q. W. LEE:—Your Excellency, on behalf of my Unofficial Colleagues and particularly those who served on the UMELCO Ad Hoc Group formed to consider the proposals in the Green Paper on 'Senior Secondary and Tertiary Education', I should like to express my appreciation to the Director of Education for the great pains he has taken this afternoon to reply to the points raised by Unofficial Members at the opening of this debate last month. That he has been able to do so in the face of other major issues with which he has been preoccupied in recent weeks reflects the importance which he attaches to the Green Paper and the wills of the Unofficials expressed thereon.

He has told us this afternoon that the administration has accepted some of the proposals made by Unofficial Members. This is very encouraging but even more so is his assurance that the fullest consideration will be given to the various points raised by Unofficial Members in the formulation of the forthcoming White Paper.

The point made by the Director that some of the more important issues such as the question of degree granting should be matters for further, much wider deliberation outside the context of the White Paper is well taken and agreed.

Finally, Sir, the Unofficial Members look forward eagerly to the publication of the White Paper on 'Senior Secondary and Tertiary Education' which will offer the community for the first time a fully integrated system of education from secondary to tertiary level. It will probably go down in the history of Hong Kong as one of the most important White Papers ever published as it will affect virtually every citizen since education is so closely linked to social and economic developments.

Sir, I now beg to move.

Question put and agreed to.

Unofficial Member's Bill**GIRL GUIDES ASSOCIATION (HONG KONG BRANCH) (AMENDMENT) BILL
1978****Resumption of debate on second reading (19 July 1978)**

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 bill

Council went into committee.

**GIRL GUIDES ASSOCIATION (HONG KONG BRANCH) (AMENDMENT) BILL
1978**

Clauses 1 to 10 were agreed to.

Clause 11

Mr F. W. LI:—I move that clause 11 be amended as set out in the paper circulated to Honourable Members.

Proposed amendment

Clause 11

That clause 11 be amended in the proposed new section 9 by deleting subsections (2) and (3).

The amendment was agreed to.

Clause 11, as amended, was agreed to.

Clauses 12 to 16 were agreed to.

Council then resumed.

Third reading of bill

Mr F. W. LI reported that the

GIRL GUIDES ASSOCIATION (HONG KONG BRANCH) (AMENDMENT) BILL

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

Question put on the bill and agreed to.

Bill read the third time and passed.

Adjournment

*Motion made, and question proposed. That this Council do now adjourn—*THE ATTORNEY GENERAL.

4.04pm

Taxation of retirement benefits

SIR S. Y. CHUNG:—Your Excellency, in rising to support the Attorney General's motion I would like to take this opportunity to raise one matter which is very dear to my heart. It concerns the provision of retirement benefits for the mass of industrial workers in Hong Kong.

Sir, the Government has done much in recent years to improve the welfare of the working class, particularly the industrial workers, through the introduction of labour legislation. This is commendable as the Government has ensured a reasonably fair distribution of the fruits of Hong Kong's economic success to this important but rather vulnerable segment of the community.

However, with one exception, all the welfare and fringe benefits so far provided for by legislation are short-term in their effect. Even the exception, which is redundancy pay, cannot really be classified as a long-term benefit.

Four years ago I urged the Government to take the initiative and establish a national central provident fund for the one million industrial workers in Hong Kong. Unfortunately, this suggestion did not commend itself to the Government although it was very warmly supported by the industrial workforce.

Despite the Government's apathy towards the proposed central provident fund, there is an increasing number of industrial employers establishing retirement schemes for the benefit of their employees in the light of keen competition for labour. This is, of course, a very welcome development and I urge the Government actively to encourage and promote such progress in the provision of social benefits.

Recently I have heard complaints from some industrial workers who have received monetary benefits on retirement. They had to pay full salaries tax on their retirement benefits despite the fact that they had proved to the satisfaction of the Commissioner of Inland Revenue that these payments were retirement benefits and not redundancy pay. The reason why such retirement benefits attracted salaries tax was because the retirement schemes under which these workers were covered were not approved by the Commissioner of Inland Revenue.

Based on an undated information pamphlet issued by the Inland Revenue Department, the approval of retirement schemes has consequences for both employers and employees. In the case of employers, they are given basic tax relief on annual contributions made to approved retirement schemes subject to a maximum of 15 percent of the total emoluments of the individual employees concerned. As for employees, they are not assessed for salaries tax on sums withdrawn under an approved scheme.

However, unlike the position in many countries, no reduction for tax purposes is granted for contributions made by employees to retirement schemes. This non-deduction of employees' own contributions seems fair as, on the other hand, they do not have a notional amount added to their incomes in respect of the employers' contributions on their behalf.

For any retirement scheme to be approved by the Commissioner, the scheme must fulfil a set of conditions which are stipulated in the Inland Revenue (Retirement Scheme) Rules approved by this Council in 1957. These Rules, in my opinion, are very fair indeed. Nonetheless, the Commissioner of Inland Revenue has imposed, on top of these rules, certain administrative conditions, one of which has caused tremendously unfair suffering to employees.

The Rules, so approved by this Council, do not stipulate that an approved retirement scheme must be funded and administered by trustees or a trustee corporation. Nevertheless, where the funds of a self administered scheme are invested by the management in the company's own business, approval of the scheme will, as the Department's own information pamphlet puts it, 'almost invariably be withheld'. As a result, employees are required to pay salaries tax on benefits paid to them under a scheme which has not been approved.

It is this administrative and discriminatory decision of the Commissioner that I wish to see abolished as soon as possible. Whether or not an employer or management is reliable or trustworthy and whether or not a company has

adequate financial means to meet the liability of its employees' retirement benefits has no direct relevance whatsoever to granting employees exemption from salaries tax on sums paid to them under a retirement scheme.

I therefore respectfully suggest that the Government considers allowing two types of approved retirement schemes. Both types should, first of all, conform with the Inland Revenue (Retirement Scheme) Rules as approved by this Council in 1957. The first type of scheme would be for those that are separately funded and administered by trustees or trustee corporations. Under this type, employers would be given relief on annual and special contributions made to the scheme as permitted at present and employees would not be liable for salaries tax on sums paid to them under such schemes.

The second and the new type of approved scheme would be for those in which the funds are not held separately, are self administered by management and are invested in the companies' own business. Under this type, employers would not as in the present situation be given tax relief on notional contributions or provisions made to finance the scheme and they would have to wait for such relief until the actual payments were made to employees on retirement. However, employees partaking in this type, like those in the first type, should also not be liable for salaries tax on sums paid to them under the scheme.

I sincerely hope that the Government will give serious consideration to this proposed change which will remove a major injustice to wage earners and which in my humble opinion is long overdue.

MR JAMES WU:—Sir, I confirm what the Senior Member, Sir S. Y. CHUNG, has just said that an increasing number of industrial employers are establishing retirement schemes. Where there are no clearly defined established schemes, many more employers are giving retirement benefits, normally in a lump sum, depending upon the length of service and the contribution by the employee during his service.

By and large, most Chinese employers do this to express appreciation of the retiring employee's years of labour, if not to satisfy their conscience on traditional morals, then certainly to help raise the morale of working employees. More over, this paternalistic attitude is what distinguishes the eastern employers from those in the West, including the reluctance on retrenchment if slackening market demands are assessed to be temporary and affordable.

In the interest of social stability and progress, I agree that such welcome moves, particularly by small employers who constitute over 90%, should be encouraged. For reasons that are evident, these employers are normally short in cash capital and personnel management concepts, and particularly seepical of Government involvement. The necessity to have sums of money tied up, coupled with bureaucratic formality and inflexibility have deterred

many small businesses to make the move towards schemes that could meet Government approval. The intente of a 15% tax credit on any amount so appropriate does not seem to help.

Taxing the recipients of benefits under schemes without Government approval would then be most unfair, particularly when the validity or otherwise of a retirement payment is not difficult to ascertain, and the possibility of a national central provident fund or a compulsory retirement benefits scheme seem remote, and may even be considered counter-productive, at the time when industrial investments are fast losing ground to short-term speculative ventures as evidenced in the current state of our economy.

Sir, I agree that Government should move to eliminate the injustice to employees who receive retirement benefits under non-approved schemes.

MR LEUNG:—Sir, in rising to support the motion before Council, I wish to say that I share the views of my learned Senior Colleague, Sir, S. Y. CHUNG that there is an important need for the provision of long-term benefits for the working class in Hong Kong.

Our workforce has been one of the less fortunate groups of our community. Over the past decades our workers have unselfishly contributed their share towards the progress and economic success of Hong Kong. Now that these goals have been reached, they deserve to share some of the fruits of their hard work and their welfare should not be neglected through social apathy.

When workers reach their retirement age they generally lack the financial means necessary to support themselves and their families. There is usually a long gap of 15 years after their retirement before they are eligible for old age allowance. Those who are still able to work usually have to struggle on to maintain their families.

It will be a shame to Hong Kong, with all its achievements in social, economic and industrial fields, to let the world know that its workers are not generally given the benefits of a reasonable retirement or provident fund scheme, despite the fact that these schemes are beneficial to employer/ employee relations in the long run and help develop a sense of belonging to industry on the part of the workers.

I would like to see that such schemes are made obligatory to both the employers and employees. These schemes should be reviewed regularly so as to ensure that the retirement benefits keep pace with the rising costs of living.

I hope that Government, in accord with its policy of protecting the interests of both industry and labour, will soon devise some means of granting tax relief to both employees and employees who take part in retirement schemes, regardless of whether the funds are held and administered by the employers or not. By so doing, more employers will be encouraged to offer retirement

benefits to their workers which will go a long way towards relieving the retired workers of their financial hardship. If there are rules restricting such relaxations under the present legislation, then let the laws be changed to meet the needs of the community.

REV P. T. MCGOVERN:—Sir, I agree with the suggested new type of scheme proposed by Sir S. Y. CHUNG and add my request to his that Government should give serious consideration to the proposed change, and remove the major injustice to wage-earners.

I see the danger that it is possible that a small employer might not be able to meet his obligations when the time came for paying up. But I also see that the small employer with a small number of employees would not be likely to have to meet sudden heavy commitments under the proposed scheme. I can also see that by keeping his limited capital working for his own business he could rightly hope to get a better return on his money than he could, say, from the meagre interest rates available from banks.

While looking at the proposed new scheme I would also strongly suggest as an even better alternative that Government have another look at the 'Report by the Inter-Departmental Working Party to consider certain aspects of Social Security' published in April 1967 and half-heartedly tabled in this Council, after avoidable delay, a year later in April 1968.

I refer particularly to Chapter 20 on Old Age Protection. Having examined the arguments for and against a National Provident Fund the Report comes out in favour of a Pension Insurance Scheme rather than a provident fund payable by a lump sum. I disagree with that finding because I think the arguments in the report itself in favour of a Provident Fund are more cogent than those against. But I do agree wholeheartedly with the main thesis of that chapter. Having pointed out that the aged at that time constituted a small proportion of the whole community, it argues that the proportion of old people in the population will increase significantly year by year. As has happened elsewhere a proportionally smaller number of economically active young people will have to support the ever increasing number of old people who can no longer work. The report states 'We are thus convinced that the time has come when the community as a whole should be persuaded and, if necessary, compelled to begin assisting itself in making provision for its own old age'. I gently point out that the reference to 'the time has come' is now over eleven years ago and the young and middle aged workers of that time are now eleven years nearer the day when they will be dependent on the community for their livelihood and drawing on some other funds instead of the funds to which they and or their employers could have been contributing for the past 11 years.

I suggest that the 1967 Report be traced to its dusty shelf, that Chapter 20 be re-read and updated and that a Central Provident Fund or a better

scheme if such exists be established before many more of our workforce become economically inactive.

MR WONG LAM delivered his speech in Cantonese dialect:—

督憲閣下：目前本港並沒本中央公積金制度，而社會保障制度，對退休人士的幫助，也相當有限，所以對一般僱員退休金，實在是晚年生活最重要的保障，其數目越大，對退休者所提供的保障自然越大；假如政府因為某些與僱員本身無關的原因，而從中抽去一部份作為稅收，對退休者而言，實在是一種沉重的打擊，也違反了政府近年來大力改善勞工福利的精神，所以本人支持鍾爵士的建議，認為任何退休金——無論由信託機構或由僱主公司本身處理及投資的——都應該免稅。

本人同時認為鍾爵士所提的兩種處理退休金的方法，實在可以在同一機構內共存的，僱員應該有權選擇，要求僱主把其個人的退休金，交由信託機構或公司本身處理。在這種安排下，假如僱員對公司沒有信心，則選擇信託機構辦理；相反的話，則選擇投資於公司本身。無論如何，政府對這兩種不同方式的退休金，都應該賦予免稅的方便，使本港勞工的長遠利益，有更佳的保障。

(The following is the interpretation of what Mr Wong Lam said).

Your Excellency, at present, Hong Kong does not have a Central Provident Fund. Our social security system only provides limited assistance to those who retire. Therefore, to the mass of employees, retirement benefits constitute the most important security for their old age. Naturally, the greater the amount of benefit, the greater will be the security provided for them after retirement.

It is indeed a serious blow to retired employees if, for some reason which does not concern the employees themselves, part of their retirement benefits is taken by the Government as tax. It is also contrary to the spirit of the Government's efforts to improve in recent years the welfare of the working class. Therefore, I support Honourable Sir S. Y. CHUNG's suggestion that any retirement benefits—whether the retirement scheme is administered by trustees or the funds of the scheme are administered by the management in the company's own business—should be exempt from tax.

At the same time, I think the two types of retirement schemes suggested by Honourable Sir S. Y. CHUNG can actually co-exist in the same company. Employees should have the option to decide whether the scheme to which they contribute should be administered by a trustee corporation or by the management itself. Under this system, an employee may choose to have his retirement scheme administered by his own company if he has confidence in it; otherwise, he may choose the alternative of a trustee corporation.

In any case, the Government should grant tax exemption to these two different types of retirement schemes in order to protect this long-term benefit of the working class and so provide them with better security.

4.23pm

THE FINANCIAL SECRETARY:—Sir, in fairness both to the Revenue on the one hand, and the views of Unofficial Members that the discretionary powers exercised by the Commissioner of Inland Revenue are illogical, unfair and

unnecessary, on the other I do not propose today to offer a definitive reply to their central proposition, namely, that *all* retirement schemes whether or not properly funded (that is to say, including those which amount to book entries only) should be approved by the Commissioner thereby making both beneficiaries and employers eligible for tax relief.

SIR S. Y. CHUNG:—Sir, may I be permitted to interrupt my honourable Friend on a point of clarification? I want to make it crystal clear that I only suggest to make the beneficiaries and not the employers eligible for tax relief on non-funded and non-separately administered retirement schemes.

THE FINANCIAL SECRETARY (*cont'd*):—I understand the point, Sir, but what I have just said was not in conflict with Sir S. Y. CHUNG's statement.

I shall consider the proposition further during the next few months and confine myself today to explaining the Commissioner of Inland Revenue's approach (or rather, defending it, for it is certainly defensible).

Before doing so I should say that I do not propose to be drawn by Father MCGOVERN's, Mr LEUNG's and Mr WONG Lam's pleas that arrangements to provide for the financial security of retired workers is a matter worthy of urgent consideration for what they had to say goes beyond the ambit of this motion. And just for the record, let me deny any suggestion that the fiscal system bears heavily on retired workers, whether in receipt of lump sum payments or pensions. In so many of our debates on fiscal questions, particularly those which are allegedly concerned with questions of equity, we do tend to forget that the system as a whole bears very lightly, if at all, on the low and lower income groups. I make this parenthetic point for the critical factor determining what Mr LEUNG describes as the 'welfare' of retired workers is the terms of the retirement scheme itself.

Now the relevant paragraph of the undated pamphlet referred to by Sir S. Y. CHUNG reads as follows:

'The Inland Revenue (Retirement Scheme) Rules do not stipulate that the scheme be administered by trustees or trustee corporations, but this Department strongly recommends that this be done. It should be borne in mind that whilst it is possible to obtain approval of a scheme which is not administered by trustees, the Department will not grant any relief to an employer for notional contributions or provisions made to finance the scheme. The employer would have to wait until the actual payments to employees were made on retirement. It is not sufficient to earmark the funds or to make provision in the accounts. It is necessary to establish that the expenditure has actually been incurred and for obvious reasons this is easier to do when payments are made to third parties such as trustees. Where the funds of a self administered scheme are invested by the employer in his own business, approval of the scheme will almost invariably be withheld.'

Frankly, Sir, I am a little surprised that Sir S. Y. CHUNG and other Honourable Members who have spoken should object to the stand taken by the Commissioner of Inland Revenue to withhold approval of those schemes which are self-administered in the sense that funds are invested by the employer in his own business. I say this because the stand taken by the Commissioner stems from his statutory responsibility to safeguard the interests of workers. As Rule (1) states:

‘... the Retirement Scheme shall be exclusively for the benefit of the employee and of the widow, children, surviving dependents, or legal personal representatives of an employee.’

And Rule (2) provides that ‘each employee concerned shall be entitled to *defined* benefits . . .’. In order to give effect to these two Rules it is not difficult to understand the reluctance of the Commissioner to approve self-administered schemes.

Separately funded retirement schemes give workers some assurance that when the date of retirement finally arrives, the financial benefits *due* to him are actually *available* to him. Furthermore, as the schemes must also be properly funded the funds concerned are usually invested in a mixture of local and overseas stocks, bank deposits and bonds and so, risks are spread and a steady return achieved.

I think there was a suggestion running through several Honourable Members’ speeches that it is all very well for large companies to have properly funded schemes (probably, also, administered separately by trustees or trustee corporations) but, for small companies, the effort of organising such schemes for their employees might be beyond their administrative resources. I do not really think this is a valid fear: for small companies there are available off-the-shelf schemes which they can adopt; and a relatively recent innovation enables small companies to pool resources and to contribute to a fund on which there is a guaranteed return. Such schemes are acceptable to the Commissioner of Inland Revenue.

By contrast, in the case of self-administered retirement schemes, funds are invested by employers in their own businesses. Such schemes give a lesser degree of protection to workers in that payments are less assured if the employer’s business runs into difficulty or if it is liquidated; and, even when this is not the case, the return achieved is much less certain.

Further, the Inland Revenue (Retirement Scheme) Rules provide *inter alia* that the employer shall have no lien on any sum or other benefit except to the extent that the employer has suffered a loss due to a dishonest act committed by the employee; or to the extent of a debt acknowledged in writing by the employee as owing to the employer. These rules are strictly enforced and it is noteworthy that they imply that a scheme is not to be used as an instrument of discipline by the employer. Self-administered schemes,

whereby funds are invested in the employer's own business, could be used by the employer to enforce discipline and low wages. So I do not think that Sir S. Y. CHUNG is being his usual logical self when he argues that 'whether or not an employer or manager is reliable or trustworthy and whether a company has adequate financial means to meet the liability of its employees' retirement benefits has no relevance whatsoever to granting employees exemption from salaries tax on sums paid to them under a retirement scheme'. I say Sir S. Y. CHUNG is not being logical because, for the Commissioner of Inland Revenue to approve schemes which are not separately and properly funded, would be contrary both to the spirit and letter of the Rules. That is to say, there are two aspects of the Rules and the taxation treatment of retirement benefits under the Inland Revenue Ordinance. In the first place, they ensure properly constituted retirement schemes in the interests of workers; and, secondly, they encourage the establishment of such schemes by way of granting tax relief to employees and, to a somewhat lesser extent, employers.

Finally, Sir, as Mr James WU seemed to think that it is difficult to get approval for schemes submitted, I should mention that for several years there have been very few cases where approval has had to be withheld because the scheme was not properly funded. Nor has the requirement for proper funding proved to be an obstacle to new schemes being submitted for approval. In fact, the number of approvals is rising every year. For example, the number approved rose from 56 in 1973-74, to 154 in 1975-76 and to 192 in 1977-78.

4.32pm

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders, I adjourn the Council until 2.30pm on Wednesday, the 16 of August.

Adjourned accordingly at thirty-three minutes past four o'clock.