

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 18 October 1978—****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MacLEHOSE, GBE, KCMG, KCVO

THE HONOURABLE THE CHIEF SECRETARY
MR JACK CATER, CBE, JP

THE HONOURABLE THE FINANCIAL SECRETARY
MR CHARLES PHILIP HADDON-CAVE, CMG, JP

THE HONOURABLE THE ATTORNEY GENERAL (*Acting*)
MR GARTH CECIL THORNTON, QC

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

THE HONOURABLE DAVID HAROLD JORDAN, CMG, MBE, JP
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

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 DAVID WYLIE McDONALD, CMG, JP
DIRECTOR OF PUBLIC WORKS

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

THE HONOURABLE DAVID GREGORY JEAFFRESON, JP
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE ALAN JAMES SCOTT, JP
SECRETARY FOR HOUSING

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

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

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

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

THE HONOURABLE ERIC PETER HO, JP
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE 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 OSWALD VICTOR CHEUNG, CBE, QC, JP

THE HONOURABLE ROGERIO HYNDMAN LOBO, CBE, JP

THE HONOURABLE JAMES WU MAN-HON, OBE, JP

THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP

THE HONOURABLE LI FOOK-WO, OBE, JP

THE HONOURABLE JOHN HENRY BREMRIDGE, OBE, JP

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

THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

THE REV. THE HONOURABLE JOYCE MARY BENNETT, JP

THE HONOURABLE LYDIA DUNN, OBE, JP

THE HONOURABLE LEUNG TAT-SHING, JP

THE REV. THE HONOURABLE PATRICK TERENCE McGOVERN, OBE, SJ, JP

THE HONOURABLE WONG LAM, OBE, JP

DR THE HONOURABLE RAYSON LISUNG HUANG, CBE, JP

THE HONOURABLE CHARLES YEUNG SIU-CHO, JP

DR THE HONOURABLE HO KAM-FAI

THE HONOURABLE ALLEN LEE PENG-FEI

THE HONOURABLE DAVID KENNEDY NEWBIGGING, JP

THE HONOURABLE ANDREW SO KWOK-WING

ABSENT

THE HONOURABLE LO TAK-SHING, OBE, JP

THE HONOURABLE CHEN SHOU-LUM, JP

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

THE HONOURABLE PETER C. WONG, JP

IN ATTENDANCE

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

Papers

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

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No 3—Annual Report of the School Medical Service Board for the year ended 31 March 1978 (published on 18.10.78)	
No 4—Annual Report of the Clothing Industry Training Authority for the year 1977 (published on 18.10.78)	
No 5—Annual Report of the Construction Industry Training Authority for the year 1977 (published on 18.10.78)	
No 6—Annual Report of the Hong Kong Industrial Estates Corporation for the year 1977-78 (published on 18.10.78)	
No 7—Annual Report of the Vegetable Marketing Organization Hong Kong for the year 1977-78 (published on 18.10.78)	
No 8—Report of the Administration of the Fire Services Welfare Fund for the year ended 31 March 1978 (published on 18.10.78)	

No 9—Supplementary Provisions for the quarter ended 31 March 1978
(published 18.10.78)

No 10—Statement of Accounts of the Housing Authority for the year ended 31
March 1978 (published on 18.10.78)

No 11—Annual Report of the Hong Kong Housing Authority 1977-78
(published on 18.10.78)

No 12—Annual Report of the Hong Kong Tourist Association 1977-78
(published on 18.10.78)

White Paper—The Development of Senior Secondary and Tertiary Education
(published on 18.10.78)

Oral answers to questions

Archaeological finds

1. REV. JOYCE M. BENNETT asked:—

- (a) *Sir, can Government make a statement on its policy regarding the excavation and preservation of archaeological finds especially those threatened by development?*
- (b) *does Government have the expert staff and sufficient personnel to excavate these historical records of our past?*
- (c) *can Government give an assurance that it will not destroy relics which may provide important information concerning the development of Chinese culture and history?*

SECRETARY FOR HOME AFFAIRS:—Sir, Government's policy on the preservation of archaeological discoveries is to ensure that items of historical interest are preserved for the enjoyment of the community. Suitable clauses are included in all Crown leases and Government contracts on civil engineering works requiring the lessee or the contractor to report any archaeological finds and to avoid any action which may damage such finds. Furthermore, through the Antiquities Advisory Board, a system has been established for declaring suitable places as special sites of archaeological interest and for making them on official land use plans so as to ensure that nothing is done which might injure the sites. All archaeological relics found in Hong Kong belong to the Government and are preserved for public display by the Museum of History.

Government's policy on excavation for the purpose of archaeological discoveries is that none can take place without a licence. Such a licence is

granted only if the Government is satisfied that the applicant has had sufficient scientific training or experience to enable him to carry out the proposed excavation satisfactorily; has at his disposal sufficient staff and financial or other resources to enable him to do the job properly; and is able to conduct, or arrange for, a proper scientific study of any antiquities discovered. However, Government is also anxious that excavations should not take place on a piecemeal basis but should be preceded by a proper survey of the whole territory, to ascertain likely sites and to assess the scope and depth of proposed excavations. Subject to further consultation with the Archaeological Society and other societies, the advice of the Antiquities Advisory Board and the approval of the necessary funds in the context of next year's Estimates, it is intended that such a systematic survey should be conducted next year. In the meantime, ordinary excavations have been curtailed, except where there is an urgent need.

Expert staff, though limited, are employed by both the Government and the Urban Council. In the course of carrying out their work in this field, these staff frequently draw on the knowledge and expertise of the Archaeological Society and the Antiquities Advisory Board.

Sir, I trust that my reply to the first part of Miss BENNETT's question relating to Government's policy on preservation of archaeological finds is a sufficient assurance sought in the third part of her question.

REV. JOYCE M. BENNETT:—*Sir, is it possible that experienced voluntary societies, such as the Hong Kong Archaeological Society, should be given licences for excavation work, up and until or before the survey is completed?*

SECRETARY FOR HOME AFFAIRS:—Sir, as a survey is to be conducted next year, I think only when there is an urgent need that the authority should grant a licence; otherwise I am afraid the authority must hold its line.

REV. JOYCE M. BENNETT:—*Sir, is the Secretary for Home Affairs aware that there are areas which are in danger of being lost?*

SECRETARY FOR HOME AFFAIRS:—I am aware of that possibility, Sir, but I would like to refer to my question on the land-use plans. These plans contain a note that no development may be permitted on or near the site without prior consultation with the Antiquities and Monuments Division of the USD.

MR CHEONG-LEEN:—*Sir, is there a serious shortage of staff within the Government, expert staff I am referring to, and if so could steps be taken to recruit such expert staff as quickly as possible?*

SECRETARY FOR HOME AFFAIRS:—At the present time there is no shortage of expert and professional staff.

MR CHEONG-LEEN:—*Sir, to what extent is expert staff limited? Is it limited in a serious way or limited in a way which would still enable the Government department concerned to carry out its work fully without too much pressure from voluntary societies to have to improve the impetus of its research and findings?*

SECRETARY FOR HOME AFFAIRS:—*Sir, as I said in my earlier reply to the last supplementary, there is no shortage of expert or professional staff.*

Objectionable material publication

2 MR WONG LAM asked in Cantonese dialect:—

自從「不良刊物條例」實施以來，政府認為對不良刊物的管制是否已經奏效？否則，政府將如何加強管制此類刊物？

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

Is Government satisfied that effective control has been established over the publication of objectionable material since the enactment of the Objectionable Publications Ordinance and, if not, what measures will Government take to step up control over such publications?

SECRETARY FOR SECURITY:—Generally speaking, yes, Sir; though there is no ground for complacency or any reduction in counter action. The Government's task continues to be to monitor and respond to the constantly changing activities and tactics of those publishing material which may be objectionable.

The Attorney General gave a progress report to this Council on the 13 October 1976. Since that date control operations have continued to concentrate particularly on publications containing hardcore pornography and depicting acts of excessive violence and cruelty. The publicity resulting from the enactment of the Ordinance and its subsequent implementation appears to have had a deterrent effect on publishers and also importers.

Police efforts are continuous, although in the allocation of manpower the Commissioner has to take into account other competing demands. So far this year there have been seizures of 2,529 books and magazines, 1,495 photographs and slides, and 431 films. 93 charges have been brought under the Ordinance this year, compared with 86 and 92 in 1976 and 1977 respectively.

The Police are keeping the situation under review. Their assessment is that there has been no deterioration generally over the past 2 years.

MR WONG LAM asked in Cantonese dialect:—

閣下，有關有些報紙刊登的黃色廣告，又將如何管制？

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

Sir, what about those objectionable advertisements in some of the news-papers?

SECRETARY FOR SECURITY:—Sir, the question as to whether a particular item is objectionable or not is one, of course, of judgment and ultimately for the courts. I am aware from the Honourable Member's question that concern is expressed about certain advertisements which appear in some newspapers. Each of these is examined. A view is taken by the Director of Public Prosecutions as to whether in all the circumstances a prosecution should proceed. So far no prosecution has in fact been undertaken of the type of advertisement to which Mr WONG Lam refers.

MR WONG LAM asked in Cantonese dialect:—

閣下，不知政府有沒有專人注意這些廣告？

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

Sir, are there any people in the Government responsible for looking at these kinds of advertisements in newspapers?

SECRETARY FOR SECURITY:—The Home Affairs Department, Sir, undertakes a limited monitoring function but the Police in the shape of the CID, throughout all divisions and in Headquarters, are the agency in Government which examines these publications and considers with the Director of Public Prosecutions as to whether further action should be taken.

Telecommunication licences

3 MR LOBO asked:—*What are the criteria adopted by the Postmaster General for the approval of licences for radio links in motor vehicles and pleasure boats and how many such licences have been issued?*

SECRETARY FOR ECONOMIC SERVICES:—Sir, as only a limited number of frequencies can be made available, the main criterion the Postmaster General (as Telecommunications Authority) applies is that a mobile radio service should be an essential requirement for the legitimate business the company is undertaking.

A second criterion is that if the company should require less than 40 mobile stations, the PMG may require it to share a frequency with other companies.

A third criterion, applicable only to registered owners of taxis, is that they must be members of an authorized Taxi Association which provides the radio base station. A modification of this criterion applicable to owners of pleasure boats, is that the Postmaster General will normally grant a licence for them to communicate by radio between their boats and base stations operated by the clubs or associations of which they are members.

Fourth, for a licence to operate a fully fledged ships radio which can contact both shore stations and other vessels, the criteria are that the vessels shall be properly registered and that the ships radio be operated by a qualified operator.

Fifth, the Postmaster General has to be satisfied on a number of technical points.

Now, in answer to the second point in my honourable Friend's question, there are at present 11,070 valid mobile licences issued by the Postmaster General and 1,065 fixed station licences.

MR LOBO:—*May I know if there are ways and means of checking if only cars with such licences to operate are operating them?*

SECRETARY FOR ECONOMIC SERVICE:—The responsibility, Sir, for checking on the illegal use of mobile radios lies with the Postmaster General. He has a radio monitoring unit which is equipped with its own base station and its own mobile vehicles and its task is to find out people who are illegally using radios. Unfortunately it is extremely difficult to detect through this means radios actually on the move, although it has had some success in particular areas where there have been a lot of complaints of TV interference. We are now trying to think up better ways of trying to detect this particular malpractice.

MR LOBO:—*One last question, Sir, as there are over 11,000 such radios in operation may I know if the Postmaster General consults the police and other departments prior to issuing such licences?*

SECRETARY FOR ECONOMIC SERVICES:—No, Sir, he does not.

Telephones in country parks

4 DR FANG asked:—

- (a) *Sir, does Government have plans to install public telephones in strategic positions in country parks for use in emergencies?*
- (b) *will these facilities, when provided, be made free of charge?*

DIRECTOR OF AGRICULTURE AND FISHERIES:—Yes, Sir, the Telephone Company has already been asked to provide public telephones at 16 locations inside Country Parks in addition to those already available in village areas. Two have been installed to date.

Twenty-one Country Parks Management Centres have telephone, and in most cases, radio links with the Agriculture and Fisheries Headquarters. This system is backed by patrolling rangers using 56 mobile radio sets providing rapid report facilities in any emergency situation brought to their notice.

I confirm that these facilities, together with all 999 calls from public call boxes, are free of charge.

DR FANG:—*Sir, may I ask the Director whether he is satisfied with the present arrangement?*

DIRECTOR OF AGRICULTURE AND FISHERIES:—Generally speaking, yes, Sir. For emergency situations we prefer to have a presence on the ground rather than to rely to any great degree upon the public telephone kiosk which is susceptible to vandalism. During peak visitor periods we have, in addition to our own staff, a support from Civil Aid Services who although not provided with radios are mobile with vehicles; and of course, again especially during this period, we have a Police presence, the numbers of which we prefer not to reveal.

Hong Kong/London air services

5 MISS DUNN asked:—*Would the Government:*

- (a) *present this Council with an up-to-date assessment of the adequacy, punctuality and dependability of air services between Hong Kong and London and return;*
- (b) *express a view on this assessment in terms of Hong Kong's own legitimate interests?*

SECRETARY FOR ECONOMIC SERVICES:—Sir, I presume my honourable Friend is referring only to those scheduled flights which carry passengers direct between Hong Kong and London with a same-plane service. If so, then for the reasons I gave when I answered a question on this subject last year, we are to all intents and purposes talking about the services operated by British Airways.

As regards the *adequacy* of these services, there are 10 flights a week, providing about 3,800 seats, from London to Hong Kong, and the same number from Hong Kong to London. All but one are operated with wide-bodied aircraft. The only complaints to the Director of Civil Aviation so far this year, that seats were not available, concerned the Christmas period

which is frantic problem for nearly all airlines the world over; and even in respect of this deficiency, British Airways tell me they are increasing capacity over the holiday.

As regards *punctuality*, the Director of Civil Aviation keeps records of timekeeping in respect of arrivals at and departures from Hong Kong. BA's timekeeping greatly improved during the first half of this year compared with the last half of 1977 and particularly compared with the first half of 1977. But there was a marked deterioration in July and August this year and the subsequent improvement in September still meant longer average delays than were experienced in the first six months of the year. During these three months, that is July, August and September, 63% of the flights actually operated were delayed for over 15 minutes (and that is the internationally accepted standard), the average delay being 4 hours 9 minutes.

My honourable Friend also asks for an up-to-date assessment of the *dependability* of air services between Hong Kong and London. I presume this refers to the extent to which scheduled flights actually take place. The Director of Civil Aviation's records show that since 1 January this year, 36 BA flights out of a total of 1,273 scheduled flights on the Hong Kong- London service were cancelled. Of these 36 cancellations, 16 occurred in the three months July to September, that is 4% of the flights scheduled by this airline during this period.

Turning now to the second part of my honourable Friend's question, I would say that Hong Kong's 'legitimate interests' require that an air service between Hong Kong and London should be adequate, punctual and dependable. The Government's view, that is the HK Government's view, is that the *adequacy* of British Airways' services is generally satisfactory. But the Government considers the *punctuality* of the services in recent months is simply not good enough, and must be improved. As regards their *dependability*, our view is that this aspect ought to be improved too.

MISS DUNN:—*Sir, has the Government taken steps to press the airline to improve its performance? If so, what specific measures are being undertaken by the airline?*

SECRETARY FOR ECONOMIC SERVICES:—*Sir, we have raised this issue repeatedly over the past two years to my personal, and to my certain knowledge, with both the senior management of British Airways and with the Civil Aviation Authority in London which is generally responsible for standards of aviation in Britain and indeed in Hong Kong. We did have good results, as a result of our intervention last year, and these good results were reflected in the generally improved performance in the first half of this year. Since the deterioration started in July, August and September we have again been repeatedly back to British Airways at top management level and back to the Civil Aviation Authority. Now, it is true that the services of British*

Airways in the last three months and particularly in July, were affected by typhoons and there is nothing they can do about that. They also tell me that their services are being badly affected by labour troubles particularly among their engineers, their engineering union; and as a consequence of that union refusing to work overtime, there is a delay in planes being ready to take off. Now, as I said, British Airways can do nothing about typhoons but they have said, and I have had it confirmed by them in writing, that they do consider that they have a particular responsibility for the London/Hong Kong run because it is of course a run of which they have a monopoly. And they are making every effort, if they have to cancel flights, that the Hong Kong route bears the least possible brunt of it. I am confident myself having spoken to the Commercial Director of British Airways that there will be improvements over the next few months and indeed there has been a marked improvement in September. As far as dependability is concerned, well again, if they continue their policy of cancelling flights other than British Airways flights to Hong Kong then we can, I hope, continue to see an improvement in that respect also.

MISS DUNN:—*Sir, will the Government report to this Council in three months whether there has been any improvement in overall performance?*

SECRETARY FOR ECONOMIC SERVICES:—Certainly, Sir.

Keep railway tracks clean

6 MR BREMRIDGE asked:—*Will Government arrange for the KCR to clean and to keep clean the railway tracks and precincts firstly from Lo Wu to the border, and subsequently elsewhere?*

SECRETARY FOR THE ENVIRONMENT:—Sir, the KCR already has staff employed full time in cleaning the railway track and its surrounds up to a radius of 50 metres on each side of the track and their programme of work ensures that the entire track is dealt with once a month. In addition, all stations and their surrounds, where the main accumulations of rubbish occur, are cleaned every day and there is a separate cleaning contract for Hung Hom Station.

I am satisfied that the general standard of cleanliness on the railway is good, but there is no doubt that the task of the staff involved is made more difficult by the anti-social behaviour of certain passengers who throw litter out of trains and on stations, particularly during busy public holidays. To deal with this the regular cleaning staff work overtime after public holidays and extra staff are also put onto cleaning work at those times.

As an additional measure more labourers will be employed for a period on a casual basis further to clean up particular trouble spots, including Lo Wu.

The effectiveness of these measures will be kept under review by the railway management and further steps will be taken if this is shown to be necessary.

MR BREMRIDGE:—*Sir, does Government agree that the impact of the rubbish strewn alongside the railway tracks on visitors, particularly important visitors arriving in Hong Kong from clean China is most unfortunate?*

SECRETARY FOR THE ENVIRONMENT:—Yes, Sir, but if Mr BREMRIDGE is referring to the area near Sheung Shui Station, there has been in recent months a series of squatter clearances carried out in Choy Yuen Chuen and Cheung Pat Long in the course of the summer and the demolished structures and disused materials were placed on the site waiting removal while the clearance was in progress and this inevitably presented a somewhat untidy appearance. The rubbish left in the area has now been cleared and I understand the clearance was finally completed on the 18 August.

Country parks—control over

7 MR LEUNG asked:—*In view of the recent spate of hill fires, will Government consider stepping up control over the use of country parks and other green areas so as to reduce the incidence of such fires?*

DIRECTOR OF AGRICULTURE AND FISHERIES:—Sir, it is considered that the Country Parks Authority has adequate legal powers to control the use of country parks in the events of a high risk fire incidence. Regulation 7(1) of Cap. 208 makes it an offence at any time to use anything likely to cause fire except in designated barbecue or camping sites within a country park. Regulation 7(2) provides the Authority with powers to prohibit the lighting or use of fire in any country park or Special Area or part thereof, including any designated barbecue site or camping site, should he consider it necessary. Additionally, Regulation 13 provides the Authority with power to close a country park or Special Area in part or completely should it be considered necessary in the interests of good management. Section 16 of Cap. 96 provides for an offence being committed elsewhere in any areas of open countryside unless it can be shown that the lighting of a fire in the place in which the fire was lit was reasonable in all circumstances and that all reasonable steps were taken to prevent the fire from damaging or endangering that area.

Honourable Members will appreciate that I am reluctant to use such powers unnecessarily although this may become necessary should there be a danger of the fire problem getting out of hand, in which case the powers will be exercised.

MR LEUNG:—*May I ask the Director of Agriculture and Fisheries to inform this Council whether there has been an increase or decrease of incidence of hill fires during say the Chung Yeung Festival of last year and this year?*

DIRECTOR OF AGRICULTURE AND FISHERIES:—Yes, Sir, but I would point out that superficial examination of statistics can be misleading. For instance, this year on Chung Yeung 174 hectares of country park land was damaged by fire compared with 65 hectares last year. However, in stark contrast to the areas burnt, there was in fact a reduction in the number of trees destroyed. Last year there were approximately 6,000 trees destroyed and this year some 1,600 trees. The reason for this was that with an improved fire control system, linking the resources of the Fire Services, my own Department, Civil Aid Services, and the Forces through a central command, it was possible to hold the grass fires which, generally speaking, came in from outside the country parks in the peripheral grasslands which act as fire absorption zones. Hence the fact that although the total number of hectares of grassland burnt was higher, the actual damage to our tree plantations was lower.

One should also record the fact that there is an additional benefit which accrues from an early burn in these grass areas at this time of year in that this leads to grass regeneration which helps by acting as a supplementary fire barrier in the months immediately ahead. Hopefully the situation should not seriously deteriorate given similar conditions.

Industrial action by Social Welfare staff

8 MR CHEONG-LEEN asked:—*To what extent has industrial action by Social Welfare Department welfare staff affected service to the public, particularly those who are in urgent need of public assistance payments and Old Age Allowances, and what emergency measures have been taken to help those who are in urgent need as a result of such industrial action?*

DIRECTOR OF SOCIAL WELFARE:—Sir, industrial action taken by two groups of social welfare staff last week, one group for one day and the other group for two days, has inevitably affected some of the Department's services to the public particularly those services which are exclusively manned by these two grades of staff. However, arrangements were made for staff in other grades to authorize and effect immediate payments to those in urgent need of public assistance. Appointments for interview in respect of applications for Old Age Allowances previously arranged for the days in question had to be postponed at some inconvenience to the applicants. However, arrangements are being made for these cases to be processed. As Old Age Allowances are not means-tested, this delay in processing applications need not cause financial hardship. Any old person in urgent need will be offered public assistance.

School Medical Service Scheme

9 DR HO asked:—*Will Government state the reasons for the low rate of participation in the School Medical Service Scheme and take steps to raise the participation rate?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, Honourable Members will recall that in answer to a similar question from my honourable Friend, Mr Hilton CHEONG-LEEN, on 7 December 1977, I stated that the main factors influencing the rate of participation in the School Medical Service Scheme were that this is a school-based voluntary and contributory scheme and it is therefore up to the schools concerned to encourage more students to participate and the students themselves to accept. Also, there are other alternative sources of medical care in both the private and public sectors which are easily accessible to the students concerned. The position remains the same today.

In answering the second part of my honourable Friend's question, I must clarify that the School Medical Service Board is a statutory and independent Body which administers the School Medical Service Scheme. I am given to understand that the Board has set up a special working party, the membership of which includes distinguished Unofficial Members of this Council, to consider *inter alia* this very question and that the report of the working party has just been submitted to the Board. I am thus unable to anticipate the Board's decisions pending its consideration of this report and any action that the Board may decide to take later.

DR HO:—*Can the Director of Medical and Health Services influence the School Medical Board to do more to step up their participation rate if he thinks that the School Medical Service plans are too passive?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, as my Department is one of the Government departments represented on the Board, I would certainly make my departmental views known to the Board when appropriate.

Handicapped persons—employment in the Civil Service

10 MR CHEONG-LEEN asked:—*Since I last raised a question on 12.10.77 on the number of disabled citizens employed by Government, how many more disabled persons have since been recruited, and how many more are expected to be recruited before the end of this year?*

SECRETARY FOR THE CIVIL SERVICE:—Sir, on 1 April 1977 there were 402 recorded physically disabled persons employed in the Civil Service. By 1 April 1978 the figure stood at 451, giving a net increase of 49 over the year.

These figures refer to the number of persons recorded as physically disabled on first appointment. The actual number of physically disabled persons employed in the Civil Service is certainly higher if one takes into account the many officers who have suffered impairment since first appointment. I should add that the Civil Service also employs an unknown number of people suffering from minor mental or educational impairment.

I am not in a position to answer the second part of the question as I do not know how many disabled persons will apply for vacancies in the Civil Service in the months ahead.

MR CHEONG-LEEN:—*Sir, how many applications are currently being processed for possible recruitment?*

SECRETARY FOR THE CIVIL SERVICE:—*Sir, I do not have that figure, but if it is obtainable I will provide it to Mr CHEONG-LEEN.*

(THE FOLLOWING WRITTEN REPLY WAS PROVIDED SUBSEQUENTLY)

I have now obtained the relevant information, i.e. there are 42 disabled persons currently referred by the Social Welfare Department to other departments for consideration for appointment to Government vacancies. However, this does not include those disabled persons who have applied direct to departments in response to their recruitment advertisements and whose applications are still under consideration. The number of such applicants is not known because a candidate's disability is not normally readily apparent from his application.

REV. JOYCE M. BENNETT:—*Will the Secretary for the Civil Service take active steps to recruit from voluntary organizations working with handicapped people, people who have undertaken training in those voluntary organizations?*

SECRETARY FOR THE CIVIL SERVICE:—*Yes, Sir, the Social Welfare Department does have a Job Placement Unit and so far as I know, large numbers of disabled persons are on their register, and these people are put in touch with departments who do have vacancies, but I will ask the Director of Social Welfare to look into your point.*

DR FANG:—*Sir, is the Director aware that the British Government figures of recruitment of disabled people is 3% and our figure works out to be about 0.4?*

SECRETARY FOR THE CIVIL SERVICE:—*Yes, Sir, I was aware of that but I don't think that the position of the British Government is strictly comparable with our own in that I suspect that whereas the Police Force is included in the Hong Kong Civil Service together with Fire Services and various other services such as locomotive drivers. In the case of the UK, these people are excluded from the central Civil Service.*

MR CHEONG-LEEN:—*As my honourable Friend has said that the Civil Service employs an unknown number of people suffering from minor mental or educational impairment, could he tell this Council whether he considers this class as being somewhat disabled?* (laughter)

SECRETARY FOR THE CIVIL SERVICE:—Sir, the Social Welfare Department does include on its register a number of people suffering from mental and educational disability. I think, therefore, that the answer to your question is ‘yes’.

Pregnant workers service terms

11 MR SO asked:—*Is Government satisfied that under the present legislation adequate measures have been taken to cater to the needs of young pregnant workers and, if not, will Government take steps to help to improve the conditions and terms of service of these workers?*

COMMISSIONER FOR LABOUR:—Sir, the Government is in general satisfied that the maternity protection provisions under Part III of the Employment Ordinance are adequate. These provide for leave before and after each confinement, for an additional period of leave if illness or disability arises; continuity of service; and prohibiting termination of employment during maternity leave.

Steps to improve conditions and terms of service conferring maternity benefits as opposed to protection should continue to be a matter of negotiation and agreement between employers and their employees.

MR SO:—*Sir, is the maternity leave referred to by the Commissioner for Labour with pay and, if not, will the Government consider providing legislation for paid maternity leave for female industrial workers?*

COMMISSIONER FOR LABOUR:—The leave which I have referred to is not specified in the Ordinance to be paid. In the context of the Employment Ordinance which places obligations on individual employers and employees, it is probably inappropriate to introduce paid maternity leave benefits. It may be of interest to Mr So to be aware that in the International Labour Convention No 103 which provides for maternity protection, it states, among other things, that in no case should the employer be individually liable to pay the cost of maternity leave benefits due to women employed by him.

Child Care Centres Regulations

12 DR HO asked:—*Will Government consider deferring the implementation of the Child Care Centres Regulations from 1979 to 1981 so as to enable*

more workers to acquire the necessary working experience required under the Regulations for registration as child care workers?

DIRECTOR OF SOCIAL WELFARE:—Sir, as the number of child care workers without the required working experience by June 1979 will be very small, it does not seem to be in the public interest to defer the implementation of the Regulations. Under the Child Care Centres Ordinance, the Director of Social Welfare can waive such requirement in appropriate cases so that a child care worker who has not had sufficient experience will be able to continue her service until she has accumulated the required experience to qualify for registration.

DR HO:—*Sir, can the Director of Social Welfare waive such requirements with respect to the supervisors working in the child care centres as well?*

DIRECTOR OF SOCIAL WELFARE:—Yes, Sir, similar arrangements can be made for supervisors.

Immigration Control

13 MISS DUNN asked:—*Has Government any statement to make on the case of Miss Ruby Manalad?*

SECRETARY FOR SECURITY:—Yes, Sir, the procedure where a person requires the permission of an Immigration Officer to land in Hong Kong is for the case to be considered on its merits and for no statement to be issued about an individual case.

However in this case a senior officer in the Department decided that it was in the public interest to answer 3 questions put to the Department by one newspaper on the 26 September.

The questions and answers were as follows:

‘Q *Why were they refused entry?*

A The reason was they were only in possession of a very limited amount of money, entirely insufficient to maintain themselves in Hong Kong for the intended stay.

Q *What are the comments from the Immigration Department concerning allegations of the Philippine women?*

A The allegations were totally unfounded. Our staff have been very polite throughout the whole course of immigration examinations. They were

each given a properly furnished bedroom to stay for the night, plus the usual facilities normally available to persons refused entry at the airport, including distilled drinking water and bathing facilities. They had breakfast in the morning supplied from the airport restaurant and they made a total of 3 telephone calls and received one return call.

Q Has the Hong Kong Government received any protest from the Philippines Government concerning the case?

A The Hong Kong Government has not received any protest from the Philippines Government so far.'

Since this statement was issued a representative of the Consul General for the Philippines has examined the facilities at Kai Tak and the Consul General has been invited to contact the Director of Immigration if he feels a discussion of the present arrangements would be useful.

MISS DUNN:—Sir, what is the total number of people who have been refused entry so far this year and what were the reasons for these refusals?

SECRETARY FOR SECURITY:—I cannot, I am afraid, Sir, provide you with any information in respect of all persons seeking to land in Hong Kong. I have for the information of the Council, information only in regard to ladies coming from the Philippines and Thailand where in 1977, 215 were refused permission to land and so far this year, 427.

MISS DUNN:—Sir, my question also included men coming from other countries too. (laughter) Without wishing to suggest that undesirable should not be kept out of Hong Kong wherever they may come from, is the Government satisfied that the immigration controls at Kai Tak Airport are administered with a degree of sensible discretion so as to avoid embarrassment to innocent people and to protect Hong Kong's liberal image?

SECRETARY FOR SECURITY:—Yes, Sir.

Statements

White Paper—The Development of Senior Secondary and Tertiary Education

DIRECTOR OF EDUCATION:—Sir, you have already referred in Your Address to the White Paper tabled this afternoon: The Development of Senior Secondary and Tertiary Education.

Universal, free and compulsory primary education was achieved in 1971. Now universal, free and compulsory junior secondary education is being launched. The next logical step is to develop senior secondary and tertiary education and to improve its quality and effectiveness.

Nearly one year has elapsed since the Green Paper was published—Senior Secondary and Tertiary Education: a Development Programme for Hong Kong over the Next Decade. The very lively debate generated by the Green Paper proposals produced a number of valuable recommendations which have been accepted by the Government and have led to the consequential modification of many of the proposals in the Green Paper. I must express my gratitude to the many Members of this Council, the Board of Education and other educational bodies and members of the public who have given us their comments and suggestions. I trust that many will find that this White Paper reflects their personal contribution.

The White Paper is a comprehensive document outlining the Government's intentions and plans for the development of education beyond the basic nine-year course. I shall attempt to describe its most important elements.

Education Beyond Form III

The White Paper reaffirms the view that, taking into account the different aptitudes and inclinations of students, the educational opportunities beyond Form III should be as diverse as possible. The White Paper seeks to provide sufficient subsidized places in senior secondary forms (Forms IV—V), in technical institutes and in adult education centres to meet the full extent of demand from suitable students in the early 1980's. It also reaffirms the view that education beyond Form III should not be free, although needy students will be adequately protected through fee remission, student grants and loans and so on.

For planning purposes, the Government will seek to provide, by 1981, about 57,000 subsidized school places for Form III leavers. These places will cater for about 60% of the 15-year-old population in that year compared with the 50% target proposed in the Green Paper.

Capacity for 12,700 places on first-year courses at the post-Form III level will be provided in the technical institutes in 1981 as proposed in the Green Paper. Construction of the sixth technical institute at Tuen Mun, which was only a proposal in the Green Paper, will now also go ahead.

When all subsidized places in Form IV in schools, in the technical institutes, in adult education centres and so on are taken into account, some 75% of the 15-year-old population in 1981 will be catered for either in full-time or in part-time places.

Mainly because of the expected continuing decline in the size of the relevant age-group, the Form IV places provided in 1981 will be able to cater for about 74% of the projected 15-year-old population in 1986 while the overall provision rate of 75% in 1981 will become 97% in 1986.

The increase in the number of senior secondary places will be achieved mainly through the Schools Building Programme which will now include a total of 116 new schools. A number of extensions to existing schools will also

be built and it is intended to change the class structures of a considerable number of schools to enable them to operate more senior secondary forms.

Improving the Quality of Secondary-Education

In line with the Government's concern with the improvement of the quality and effectiveness of education, it is the intention to phase out bought places in Forms I-III in those private independent schools whose operations do not meet the desired standards and to bring on to full aid those private non-profit-making schools which are willing and suitable, either from the outset in the case of new schools or by stages in the case of existing schools.

The Government will also aim to broaden the curriculum in schools, mainly to encourage the teaching of practical and technical subjects. Two pilot central workshops will be provided shortly, one on each side of the harbour.

Various improvements will be made to the support facilities and services available in schools. One such example is the development of school libraries as resource centres under the direction of teacher-librarians.

Teacher training will also be improved, and it has now been decided that those students who enter the Colleges of Education with Certificate of Education qualifications only, will be required to take a three-year training course. So far as graduate teachers are concerned, measures have been taken to provide a strong inducement for them to obtain professional qualifications. As proposed in the Green Paper, systematic retraining of qualified teachers will be introduced. In both pre-service and in-service courses for graduate and non-graduate teachers alike, it will be the aim to improve language and communication skills.

To sum up, as these qualitative plans in the White Paper mature, we can expect to see our future students being educated in better schools, many of which will be built in new centres of population. They will be taught by better qualified teachers, and they will have an opportunity to study new useful subjects with the help of better teaching facilities. All these in the not too distant future.

Sixth-Form Education

As far as sixth-form education is concerned, the Government will continue to provide subsidized sixth-form places for up to one-third of students entering subsidized Form IV places two years previously.

Not all students who enter Form VI will be able to proceed to higher education and in order to cater for the needs of all students, the Board of Education has recently set up a committee which is now active to consider how the sixth-form curriculum should be broadened.

Tertiary Education

Turning now to tertiary education, the annual growth rate of 3% for the

two universities after 1981 proposed in the Green Paper is confirmed in the White Paper. It will be reviewed during the 1980's.

The Government will adopt other measures to increase further the number of students on degree courses. The Universities will be asked to prepare proposals for part-time degree courses designed mainly for mature students, and the Polytechnic will be invited to advise whether it wishes to develop a limited degree programme, and if so, to prepare proposals.

The present expansion programme for the *Polytechnic* will be completed by the early 1980's and to avoid overcrowding, student numbers at about 12,000 full-time and equivalent part-time will be held stable. It is the Government's intention to continue the expansion of technical and commercial education by enabling the Polytechnic to concentrate a greater proportion of its work at the Higher Diploma and Higher Certificate levels, transferring some of its present ordinary Diploma and Certificate courses to the technical institutes.

The *technical institutes* will continue to have as their prime function the provision of craft-level courses, for the planned enrolment of 33,000 envisaged in the Green Paper. They are, however, capable of further and rapid expansion through the building of extensions or additional storeys to meet the additional demand at the technician level. It is intended that the facilities for the Diploma and Certificate courses in the technical institutes should be at the same standard as similar courses in the Polytechnic, and close liaison will be maintained among these institutions in the planning of courses and the development of a common credit-unit system.

With regard to the *Post-secondary Colleges*, the White Paper departs quite radically from the Green Paper in that the Government has now offered to integrate them into the overall tertiary educational system and to provide them with financial support subject to the Colleges restructuring their courses and accepting certain controls by the Government. The Colleges can opt either to accept this offer or to retain their present form. Discussions with the Colleges are proceeding. I should add that Ling Lam College has now been registered as the third approved Post-Secondary College.

Thus in the whole of the tertiary area, the opportunities offered by the White Paper are significantly greater than those described in the Green Paper.

Adult Education

As regards adult education, the White Paper puts forward proposals for improving the Education Department's adult education service and in particular for developing retrieval adult education courses through the voluntary agencies. Non-profit-making bodies will be invited to apply for subvention to be given on a project basis.

Financial Implications

I have summarized briefly the major proposals in the White Paper. Their implementation will require a very large expenditure. A study of Appendix 2 of the White Paper will show that the cumulative additional recurrent expenditure for the whole of the planning period is over \$640 million. I must therefore draw attention to the possibility, however slight, that we may not be able to achieve all our targets on time. Much will depend on Hong Kong's continued prosperity.

I must also draw attention to the fact that the White Paper also proposes that the standard fees in Forms IV to V and VI should be increased by 2 annual stages from \$400 and \$450 p.a. to \$600 and \$800 p.a. respectively, and that the corresponding non-standard fees (mainly in rural schools) should be revised to the new amounts in four annual stages. These fees were last increased in 1965, since when the average annual cost of a place in Forms IV—V in an aided school has risen from under \$800 to about \$3,100. The proposed new fees therefore represent a modest increase in the contribution from parents towards the education of the children after the latter have finished their basic nine-year course of free education. The proposed fee increases will help considerably in the financing of the expansion programme in the present White Paper. Needy families will however continue to be protected by the fee remission scheme.

The Need for Co-operation from Schools and Other Education Institutions

No expansion programme of the size envisaged in the White Paper can be entirely painless. All kinds of difficulties and problems, foreseen or unforeseen, may arise and I must therefore ask schools and other educational institutions concerned for patience and understanding when things do not pan out exactly as proposed or desired. The expansion programme is a joint venture which I believe we all want to succeed because directly the lives of our children and indirectly the future of Hong Kong are at stake.

Overall Review of the Education System

Finally, I should like to stress a point made in the White Paper that no statement of policy should seek to impose a fixed pattern of future development and education policy must be subject to a continuous process of review and be receptive to new ideas. It is for these reasons that the Government has decided to initiate, as a longer term development, an overall review of the education system which will ask broadly whether our arrangements for education are the right ones and which will help us to see whether we are moving in the right direction in each level or sector of the education system, and whether the various levels and sectors are correctly inter-related. It is our intention, however, to ensure that this review does not hold up more immediate plans to expand and to improve educational opportunities which Hong Kong needs and deserves.

Annual Report of the Hong Kong Industrial Estates Corporation for the year 1977-78

MR F. W. LI:—Sir, among the various papers laid on the table of this Council today is the Annual Report of The Hong Kong Industrial Estates Corporation for the year ended 31 March 1978. The year under review constitutes the first full year of the Corporation's existence following its formation on 1 March 1977. The highlights of the year's activities have undoubtedly been the signing of the first Agreements for the leasing of sites at Tai Po, and the decisions of the Executive Council and the Finance Committee of this Council enabling work to commence on the second estate at Yuen Long.

Honourable Members may recall that in January this year, when the Annual Report for the year ended 31 March 1977 was tabled, I stated that the Corporation considered its main task to be the quickest possible formation of the maximum amount of serviced land. This task is still the predominant feature of the Corporation's activities. Industrialists of the calibre regarded by the Corporation as most suitable for sites on the estates may take a long time reaching a decision because of the high level of investment involved, but for the same reason, if they do decide to invest in Hong Kong, the obvious need is to have serviced land immediately available so that once their plans are approved, implementation can proceed without delay.

The present status of land formed by the Corporation is that an area of 21 hectares (2.26 million sq. ft.) providing 15 hectares (1.61 million sq. ft.) of industrial sites has been completed at Tai Po, and reclamation work is proceeding with the second stages of the development and will become progressively available through to the possibly completion in November 1980. On completion the Estate will cover a gross area of 69 hectares (7.43 million sq. ft.) of which, after provision for the infrastructure, some 45 hectares (4.84 million sq. ft.) will be available for factory sites. Work is expected to start at Yuen Long by the end of this year, and formed land will become available progressively from the second half of 1979 through to completion in November 1981. This second estate will cover a total area of 98 hectares (10.55 million sq. ft.) with about 72 hectares (7.75 million sq. ft.) for factory development. The current programme, therefore, of land formation for industrial estates will provide for the next three years an additional net area of actual sites of about 102 hectares (10.98 million sq. ft.) bringing the total available net area to 117 hectares (12.59 million sq. ft.). The sizes of individual lots will, of course vary to suit demand but, based on experience to date, the total number of factory sites on both estates is likely to be between 250 and 300, with the total investment estimated at \$4 billion and an annual production value in excess of \$6 billion. It is hoped that during the three year period to 1981, work will have started on the third stage at Tai Po and on new estates as yet unidentified in other parts of the Territory to ensure a continuing flow of formed land for the growing number of

industrialists who are showing an increasing interest in investing in the industrial estates in Hong Kong. With roughly two thirds of the land formed at present already committed or allocated to approved applicants, the pressure on the Corporation to expedite production of land is very real. At present the land formation and leasing programmes are running in parallel, thus creating potential problems in terms of access and provision of services for lessees, both in the construction of their buildings and the initial commissioning and operation of their factories. To eliminate this problem and being mindful of the long lead time required before land formation and subsequent development can commence, the Corporation will seek to obtain Government approval for future estates as a matter of priority.

Honourable Members will have noted from my Statement in the Annual Report that so far the Corporation has approved a good spread of investors both from Hong Kong and from many other parts of the world who propose either to operate on their own or as joint venture companies. In contrast to my remarks in January concerning the level and quality of applicants, particularly those from overseas, I am happy to say now that the present level is indeed most encouraging.

As experience in the development of industrial estates in most other parts of the world has shown, the greatest problem is in attracting the first few firms and creating confidence. The Corporation recognizes that this confidence can be inspired by securing well-known companies with good financial, technological and staff welfare records, and it has accordingly addressed its efforts in that direction. Furthermore, the Corporation realizes that once the first few factories are operating successfully in an Estate the problem of attraction will be diminished.

I believe, Sir, the Corporation has partly if not wholly negotiated this initial hurdle to the success of the first estate, and with the increasing interest and confidence being shown by industrial investors, we can look forward to another successful year ahead.

Annual Report of the Clothing Industry Training Authority for the year 1977 and Annual Report of the Construction Industry Training Authority for the year 1977

MR TIEN:—Sir, laid before this Council are the Second Annual Report of the Clothing Industry Training Authority and the Second Annual Report of the Construction Industry Training Authority. The Reports cover the calendar year 1977.

1977 has a special meaning in the history of industrial training in Hong Kong. It witnessed the official opening of the Construction Industry Training Centre by Your Excellency on 17 August 1977 and the official opening of

the Clothing Industry Training Centre by Sir Denys ROBERTS, who deputized on Your Excellency's behalf, on 19 October 1977. These Training Centres have since then been providing training courses much needed by the construction and clothing industries.

In the calendar year under review, the clothing industry has had to face both increasing restriction from importing countries and competition from neighbouring countries which enjoy the advantages of low land and labour costs. Despite all these adverse factors, the clothing industry continues to be the largest manufacturing industry in Hong Kong in terms of total value of export and the number of workers employed. In 1977, the total value of clothing items exported from Hong Kong was HK\$13,908 million, representing approximately 40% of the total value of Hong Kong's export. This achievement has made Hong Kong the world's premier exporter of clothing. To maintain our competitiveness, we must up-grade our products, improve our productivity and quality standards. This in turn will depend on our ability to make full use of modern production techniques and to ensure a continuous supply of well-trained and efficient workers. Between mid-October 1977 when the Clothing Industry Training Centre started its operation and the end of September 1978, some 3,000 operative trainees completed their training and all were suitably placed in the clothing industry.

1977 was also a very busy year for the construction industry. This is reflected through the value of construction works completed which well exceeded HK\$5,250 million. This construction boom resulted in a considerable increase in the demand for all levels of skilled and other manpower, in particular, the demand for skilled craftsmen. I am pleased to report that under the leadership of Mr Geoffrey YEH, Chairman of the Construction Industry Training Authority, the Construction Industry Training Centre provided training for some 550 craft trainees who graduated in July 1978. Most of these trainees were placed in the second year in proper apprenticeship schemes of the construction industry to enable them to undergo further practical on-the-job training before becoming fully-fledged craftsmen.

Sir, as Chairman of the Hong Kong Training Council, I am grateful to Government for its generosity in granting the land free of premium for the construction of the Clothing Industry Training Centre and the Construction Industry Training Centre and for the loan to cover initial capital expenditure. With these Training Centres now in full operation, I am confident that they will contribute towards ensuring the continuing success of the clothing and construction industries by supplying them with a steady stream of well-trained manpower.

Government Business

Motions

CRIMINAL PROCEDURE ORDINANCE

THE ATTORNEY GENERAL moved the following motion:—That the Criminal Procedure (Witnesses' Allowances) (Amendment) Rules 1978, made by the Chief Justice on the 4 October 1978, be approved.

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

The present maximum rates of allowance for ordinary witnesses giving evidence in criminal trials are HK\$36 per day and HK\$18 for attendance of less than 4 hours. Allowances at these rates have been in operation since 1971 and, to bring them up to a more appropriate level, the Chief Justice has amended the rules to increase the allowances to HK\$50 per day and HK\$25 for a period of less than 4 hours. This level of increase has the approval of Finance Committee.

The amended rules also revoke rule 6 which provided for an allowance at a special rate for seamen. This is not now felt to be necessary and henceforth seamen will be treated the same as everyone else.

The amending rules require the approval by resolution of this Council and I move accordingly.

Question put and agreed to.

CORONERS ORDINANCE

THE ATTORNEY GENERAL moved the following motion:—That the Coroners (Witnesses' Allowances) (Amendment) Rules 1978, made by the Chief Justice on the 4 October 1978, be approved.

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

This Resolution seeks the approval of Council to rules made by the Chief Justice to increase the level of witnesses' allowances payable to witnesses attending Coroners' enquiries. The rules provide for the same increases as those provided for ordinary witnesses in criminal trials which were the subject of the preceding Resolution.

Question put and agreed to.

Motion (in Committee)**SUPPLEMENTARY PROVISIONS FOR THE QUARTER ENDED 31 MARCH 1978**

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

THE FINANCIAL SECRETARY moved the following motion:—That this Council approves the supplementary provisions for the quarter ended 31 March 1978 as set out in Paper No 9.

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

The schedule of supplementary provisions for the fourth quarter of the financial year 1977-78 covers a total amount of \$917 million. Of this sum \$485 million was required for payment to the Home Ownership Fund for financing Phase I of the Home Ownership Scheme; \$100 million was required for payment to the Development Loan Fund for financing public housing projects; \$151 million was required for public works projects; and \$88 million was required to augment personal emoluments subheads on account of the 1977 salaries revision.

The supplementary provisions, all the supplementary provisions, covered by the schedule resulted in a net increase of \$655 million in the expenditure approved for the year, the remainder being offset by savings under other heads of expenditure and by the freezing of funds available under Head 50 Miscellaneous Services Subhead 100 Additional commitments.

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

Sir, I beg to move.

Question put and agreed to.

Council then resumed.

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

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

First reading of bills**DEPOSIT-TAKING COMPANIES (AMENDMENT) BILL 1978****BANKING (AMENDMENT) BILL 1978****SHIPPING AND PORT CONTROL BILL 1978****HONG KONG AIRPORT (CONTROL OF OBSTRUCTIONS) (AMENDMENT) BILL 1978****WIDOWS AND ORPHANS PENSION (EXEMPTION) BILL 1978**

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

Second reading of bills**DEPOSIT-TAKING COMPANIES (AMENDMENT) BILL 1978**

THE FINANCIAL SECRETARY moved the second reading of:—‘A bill to amend the Deposit-taking Companies Ordinance.’

He said:—Sir, on 15 March last I made a Statement of Policy on the regulation of deposit-taking companies and the licensing of banks. I said that the Government had been reviewing the operation of the Deposit-taking Companies Ordinance and, in particular, the whole relationship between licensed banks and deposit-taking companies. I went on to say that, as a result of that review, we had decided to extend to deposit-taking companies the system of prudential supervision currently applied to licensed banks and that we had also decided to apply to deposit-taking companies some form of liquidity requirement.

The Bill which is before Honourable Members today seeks to implement those decisions, by adding three new conditions for registration as deposit-taking companies and, for those companies already registered, for remaining registered. The Bill also creates a new post of Commissioner of Deposit-taking Companies, to be held by the Commissioner of Banking. Simultaneously, in much the same way as the Commissioner for Securities is also Commissioner for Commodities Trading. This change has presentational advantages and will also tend to avoid ambiguity once the Commissioner becomes responsible for the prudential supervision of institutions other than banks.

Clause 8 of the Bill requires a company to make a monthly return to the Commissioner of Deposit-taking Companies of the assets and liabilities of its offices and branches in Hong Kong, in such detail as the Commissioner may require. The Commissioner may also request any further information

from a company, and may require any information supplied to him to be certified by the company's auditors. Clause 10 of the Bill provides that the Commissioner may inspect the books of any registered deposit-taking company, with or without giving notice to that company. Clause 8 also requires registered deposit-taking companies to make quarterly returns of information to be specified by the Financial Secretary which is required for purposes other than prudential supervision. Similar returns will also be required from banks, under a bill amending the Banking Ordinance, the Second Reading of which I shall be moving shortly.

Clause 9 of the Bill provides that a registered deposit-taking company must invest a minimum proportion of its deposit liabilities in certain specified liquid assets defined therein. The proportion to be maintained is not laid down in the Bill, nor indeed will clause 9 come into operation until a date is appointed by you, Sir, by notice in the *GAZETTE*. The intention is that the Commissioner should examine the returns submitted by all companies on the register over a period of several months: this will enable him to study the characteristics of the many different companies on the register, to see how they individually operate and, above all, to see how seasonal factors, such as the Lunar New Year, affect the size and composition of their assets and liabilities. Only after a thorough examination will it be appropriate to lay down what the minimum holding of specified liquid assets should be and, even then, it will probably be necessary for companies to be given a grace period to comply with the law. The minimum holding will be specified by the Financial Secretary, and will be notified in the *Gazette* at the same time as clause 9 is brought into operation.

I should emphasize, Sir, that the delay we envisage in imposing a minimum liquidity requirement does not mean that there will be several months' delay in applying prudential supervision to deposit-taking companies. From the receipt of the first monthly returns, which I hope will be in January, giving figures as at the 31 December 1978, the Commissioner of Deposit-taking Companies will be able to identify, and to discuss with the company concerned, any situation which gives him cause for concern. I do not necessarily expect such situations to be identified but, if they are, then the Commissioner will be able to act straight away. So although clause 9 itself will not be brought into operation for some months, the Commissioner will begin to exercise surveillance over the activities of registered deposit-taking companies immediately.

At the same time as he is examining the returns made by registered deposit-taking companies, the Commissioner will be reviewing the liquidity requirements presently applied to banks under the Banking Ordinance. It is clearly desirable for the efficient functioning of the money markets that the liquidity requirement applied both to registered deposit-taking companies and to licensed banks should be complementary. It may be that both the definitions of liquid assets and the minimum proportion of deposit liabilities

to be invested in such assets should be identical for both groups of institution but these and similar questions can only be resolved when we have had the benefit of several months' returns from registered deposit-taking companies.

The operation, Sir, of this new system of prudential supervision will entail the employment of additional staff by the Commissioner of Deposit-taking Companies. When the Ordinance was passed in 1976, the fee for registration was set at \$10,000 per company, to cover fully the costs of administering the Ordinance. Consistent with this policy, Your Excellency in Council has ordered that the fees for registration and renewal of registration should be raised from \$10,000 to \$30,000 with effect from the date on which this Bill comes into force. This increase will be implemented by an order to be published in the *Government Gazette*.

I would not wish to claim that this Bill provides the definitive means of exercising prudential supervision over registered deposit-taking companies, for the markets in which they do business are evolving rapidly. In fact, I think it is quite possible that we shall need to propose further amendments to the supervisory system when we have had the opportunity of studying the returns, and of gathering more information of a general nature on how they operate. But I do believe the Bill represents a logical step in an evolving process of supervision.

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

Question put and agreed to.

BANKING (AMENDMENT) BILL 1978

THE FINANCIAL SECRETARY moved the second reading of:—‘A bill to amend the Banking Ordinance’.

He said:—Sir, the main purpose of this Bill is to improve the range and quality of financial statistics. The Banking Ordinance does not, at present, permit the collection of information which may be required for the purposes of economic analysis as opposed to that which is required for the Commissioner of Banking to carry out his supervisory functions. As a result, it has not proved possible, for example, to accede to a request to participate in the quarterly statistics published by the Bank for International Settlements on banks' external liabilities and claims.

So clause 4 of the Bill empowers the Financial Secretary to specify the form of a statistical return which licensed banks will be required to submit quarterly. This return is to be specified by the Financial Secretary rather than by the Commissioner of Banking in order to make it quite clear that the statistics are not required for prudential supervisory purposes I propose

to ask banks to continue to provide the quarterly returns of loans and advances which they have been providing for some years under section 38(1)(b) of the Banking Ordinance (although the form of this rather out-dated returns needs some revision) and, in addition, to provide me with an analysis of their external liabilities and claims. The Bill retains the wording in the Banking Ordinance which restricts the collection of such statistics to not more than once a quarter in order to minimize any burden on banks. I referred earlier, Sir, to a similar provision in clause 8 of the Deposit-taking Companies (Amendment) Bill. Similar returns will be specified for both licensed banks and registered deposit-taking companies. The aggregated figures will be published in Hong Kong, and those relating to external liabilities and claims will be made available to the Bank for International Settlements.

I should conclude, Sir, by acknowledging the valuable assistance and advice which both the Banking Advisory Committee and the Deposit-taking Companies Advisory Committee have rendered to the Administration in the preparation of these two bills which must be seen in the context of an evolving system of prudential supervision appropriate to Hong Kongs' emerging role as a financial centre.

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

Question put and agreed to.

SHIPPING AND PORT CONTROL BILL 1978

THE SECRETARY FOR ECONOMIC SERVICES moved the second reading of:—‘A bill to provide for the regulation and control of ports and of vessels using the waters of Hong Kong, the regulation and control of repairs and breaking up of vessels, cargo handling on vessels, pollution caused by vessels, and for other matters affecting vessels and navigation in the waters of Hong Kong; and to make consequential amendments to the Merchant Shipping Ordinance’.

He said:—Sir, at present, the provisions for the regulation and control of the ports and waters of Hong Kong are contained in the Merchant Shipping Ordinance. As this Ordinance is based on the United Kingdom Merchant Shipping Acts and is intended primarily to regulate international shipping, we have found it in practice inappropriate in a number of respects for the problems peculiar to our local waters.

So the object of the Bill now before Honourable Members is to provide legislation specifically geared to conditions in Hong Kong. The Bill repeals and replaces five of the seventeen parts of the Merchant Shipping Ordinance.

It basically reproduces the existing provisions but in a form which clarifies the Director of Marine's power to co-ordinate the navigation and mooring of vessels; to control shipbreaking, ship repairing and cargo handling; and generally to administer the waters of Hong Kong with maximum efficiency.

The main provisions of the Bill are summarized in the 'Explanatory Memorandum'. I propose to do no more now than to refer to five of them that may be of particular interest to Members of this Council.

First, in response to recommendations of the Commission of Inquiry into the fire on the 'Jumbo' floating restaurant, the Bill extends and replaces the interim measures, introduced by amending the Merchant Shipping (Control of Ports) Regulations in 1973, giving the Director overall responsibility for the safety of working conditions on ships and floating structures being built or under repair or renovation in the waters of Hong Kong and provides him with suitable powers of enforcement.

Second, the provisions relating to cargo handling enable regulations to be made to extend the present safety requirements under the Factories and Industrial Undertakings (Cargo Handling) Regulations to cargo handling in vessels.

Third, included in an extension of the Director of Marine's powers to regulate the mooring, movement and conduct of vessels in Hong Kong waters, are revised provisions relating to oil pollution. Clause 46 raises the maximum fine for offences in respect of oil pollution from \$20,000 to \$200,000 but deletes the imprisonment included under the existing legislation. We consider the higher maximum fine is more appropriate having regard to the seriousness of such offences and the potential damage from oil pollution.

Fourth, the Bill empowers certain officers of the Marine Department to serve a notice on the master of a vessel requiring him to appear before a magistrate in answer to a charge in respect of an alleged offence. The notice is a substitute for a court summons and the justification for it is that the Director of Marine has found in practice there is not always time to obtain a court summons before a master is due to sail from Hong Kong.

Finally, the Bill provides for a right of appeal to the Governor for any person aggrieved by any direction, decision or act made under the legislation.

The Bill has been the subject of extensive consultation with the shipping industry including the Port Committee and the Port Executive Committee, both of which are in favour of it.

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

Question put and agreed to.

HONG KONG AIRPORT (CONTROL OF OBSTRUCTIONS) (AMENDMENT) BILL 1978

THE SECRETARY FOR THE ENVIRONMENT moved the second reading of:—‘A bill to amend the Hong Kong Airport (Control of Obstructions) Ordinance’.

He said:—Sir, the principal Ordinance, which this Bill seeks to amend, provides for the restriction of the heights of buildings in the vicinity of the airport and its approaches in order to safeguard aircraft movements and prevent obstruction to radio-navigational aids. The main provision of the Ordinance, in section 3, enables the Governor in Council, by Order, to prescribe areas within which buildings shall not exceed specified heights above Principal Datum.

So far three such Orders have been made in 1957, 1966 and 1967 respectively. Since then the considerable changes that have taken place in building development in Hong Kong, as well as in various technical aids to aircraft movement, have made these Orders out of date and a revision in the building height restrictions contained in them is now overdue. The preparation of an up-to-date Order has, however, revealed certain unsatisfactory features in the principal Ordinance which this Bill seeks to rectify.

First, it is considered that greater flexibility can be achieved if building heights can be determined by reference, not only to Principal Datum, but also to other measurements, such as the formed level of a site, the height of the highest natural feature or by the so-called ‘conical surface’ formula laid down by the International Civil Aviation Organization. Clause 3(a) of the Bill therefore provides for the deletion of the reference to Principal Datum in order to allow these other measurements to be used as appropriate.

Secondly, it can happen in building construction, repair or maintenance that certain equipment, such as scaffolding, hoists or cranes, exceed the building height restrictions while the work is going on but will later be removed. These temporary obstructions can be tolerated for limited periods if advance warning of their presence is given to pilots and they are properly marked and lighted. Clauses 3(b) and 4 of the Bill therefore seek to empower the Director of Civil Aviation to give temporary exemptions for such equipment and to provide for its proper marking and lighting.

Thirdly, it can sometimes happen that navigational—and approach aids are obstructed by the growth of trees and other vegetation. Should this happen it is important that the obstruction should be promptly removed; and clause 5 of the Bill seeks to provide the Director of Civil Aviation with the authority to order the removal or felling of these obstructions.

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

Question put and agreed to.

WIDOWS AND ORPHANS PENSION (EXEMPTION) BILL 1978

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

He said:—Sir, until 1976 male officers serving on agreement automatically became contributors to the Widows and Orphans Pension Scheme unless they opted out of the scheme within three months of appointment. This arrangement led to a number of agreement officers becoming contributors against their wishes, and in 1976 legislation was enacted to exempt 47 such officers from being contributors. The Application Regulations were also amended to require agreement officers in future to opt into the scheme, rather than opt out of it.

It has now been established that a further four agreement officers appointed before 1976 are in a similar position. The object of the present Bill is to exempt them from the obligation to be contributors under the Widows and Orphans Pension Ordinance, and to refund the contributions they have already made.

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

Question put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30pm on Wednesday 1 November.

Adjourned accordingly at eight minutes past four o'clock.