

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 17 October 1979****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MACLEHOSE, G.B.E., K.C.M., K.C.V.O.

THE HONOURABLE THE CHIEF SECRETARY (*Acting*)
MR. CHARLES PHILIP HADDON-CAVE, C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)
SECRETARY FOR ECONOMIC SERVICES
MR. DAVID GREGORY JEAFFRESON, J.P.

THE HONOURABLE THE ATTORNEY GENERAL
MR. JOHN CALVERT GRIFFITHS, Q.C.

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR. LI FOOK-KOW, C.M.G., J.P.

THE HONOURABLE DAVID HAROLD JORDAN, C.M.G., M.B.E., J.P.
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

THE HONOURABLE DAVID AKERS-JONES, C.M.G., J.P.
SECRETARY FOR THE NEW TERRITORIES

THE HONOURABLE LEWIS MERVYN DAVIES, C.M.G., O.B.E., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE DAVID WYLIE McDONALD, C.M.G., J.P.
DIRECTOR OF PUBLIC WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, C.M.G., J.P.
DIRECTOR OF EDUCATION

THE HONOURABLE THOMAS LEE CHUN-YON, C.B.E., J.P.
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE DEREK JOHN CLAREMONT JONES, C.M.G., J.P.
SECRETARY FOR THE ENVIRONMENT

DR. THE HONOURABLE THONG KAH-LEONG, J.P.
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, J.P.
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE JOHN CHARLES CREASEY WALDEN, J.P.
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE JOHN MARTIN ROWLANDS, J.P.
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JAMES NEIL HENDERSON, J.P.
COMMISSIONER FOR LABOUR

THE HONOURABLE GERALD PAUL NAZARETH, O.B.E.
LAW DRAFFSMAN

THE HONOURABLE OSWALD VICTOR CHEUNG, C.B.E., Q.C., J.P.

THE HONOURABLE ROGERIO HYNDMAN LOBO, C.B.E., J.P.

THE HONOURABLE LI FOOK-WO, C.B.E., J.P.

THE HONOURABLE JOHN HENRY BREMRIDGE, O.B.E., J.P.

THE HONOURABLE LO TAK-SHING, O.B.E., J.P.

THE HONOURABLE ALEX WU SHU-CHIH, O.B.E., J.P.

THE REVD. THE HONOURABLE JOYCE MARY BENNETT, O.B.E., J.P.

THE HONOURABLE CHEN SHOU-LUM, O.B.E., J.P.

THE HONOURABLE LYDIA DUNN, O.B.E., J.P.

THE HONOURABLE LEUNG TAT-SHING, O.B.E., J.P.

THE HONOURABLE PETER C. WONG, O.B.E., J.P.

THE HONOURABLE WONG LAM, O.B.E., J.P.

DR. THE HONOURABLE RAYSON LISUNG HUANG, C.B.E., J.P.

THE HONOURABLE CHARLES YEUNG SIU-CHO, J.P.

DR. THE HONOURABLE HO KAM-FAI

THE HONOURABLE ALLEN LEE PENG-FEI

THE HONOURABLE DAVID KENNEDY NEWBIGGING, J.P.

THE HONOURABLE ANDREW SO KWOK-WING

THE HONOURABLE HU FA-KUANG, J.P.

THE HONOURABLE WONG PO-YAN, O.B.E.

ABSENT

THE HONOURABLE ALAN JAMES SCOTT, J.P.
SECRETARY FOR HOUSING

THE HONOURABLE EDWARD HEWITT NICHOLS, O.B.E., J.P.
DIRECTOR OF AGRICULTURE AND FISHERIES

DR. THE HONOURABLE HARRY FANG SIN-YANG, O.B.E., J.P.

THE HONOURABLE FRANCIS YUAN-HAO TIEN, O.B.E., J.P.

DR. THE HONOURABLE HENRY HU HUNG-LICK, O.B.E., J.P.

THE REVD. THE HONOURABLE PATRICK TERENCE McGOVERN, O.B.E., S.J., J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS. LORNA LEUNG TSUI LAI-MAN

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No. 4—Statement of Accounts of the Chinese Recreation Ground and the Public Square Yau Ma Tei Management Committee for 1978/79 (published on 17.10.79).	
No. 5—Supplementary Provisions approved by the Urban Council during the first quarter of the fiscal year 1979/80 (published on 17.10.79).	
No. 6—Statement of Accounts of the Customs and Excise Service Welfare Fund for the year ended 31 March 1979 (published on 17.10.79).	
No. 7—Hong Kong Tourist Association Annual Report 1978/79 (published on 17.10.79).	
No. 8—Hong Kong Housing Authority Balance Sheet at 31 March 1979 and Accounts for the year ended that date (published on 17.10.79).	
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No. 10 Hong Kong Productivity Council Annual Report 1978/79 (published on 17.10.79).	

Oral answers to questions

Legal and illegal immigration from China

1. MR. LOBO asked:—*What is the present rate of legal and illegal immigration from China?*

SECRETARY FOR SECURITY:—Sir, *legal immigrants*—up to 14 October, 58,288 immigrants entered Hong Kong legally from China this year. This compares with 67,495 for the whole of 1978 and 25,373 in 1977. The rate of entry in October so far has averaged 154 per day.

Illegal immigrants—up to 14 October, about 57,000 illegal immigrants have been apprehended this year. This compares with 8,200 for the whole of 1978 and 1,800 in 1977. So far in October the daily rate of arrests has averaged 243, an increase of about 60 a day on the September figure. It is estimated that so far this year about 81,000 illegal immigrants from China have probably evaded arrest and therefore have remained in Hong Kong.

MR. LOBO:—*Sir, would Government say what further means could be taken to curb this traffic?*

SECRETARY FOR SECURITY:—You, Sir, have already spoken about this last week in your address but I will try, if I may, to amplify this to some extent. Dealing first with legal immigration: as a result of continuous representations to the Chinese authorities in various places some progress has clearly been made in bringing down the level of legal immigration. The rate of entry has dropped from a peak of 310 a day in December to about 154 a day so far this month. On the other hand, the latter figure shows scarcely any reduction on the June figure when the daily average was 159. We shall of course and are continuing to press the Chinese authorities to reduce the rate further to an acceptable level. That a reduction is possible is evidenced by the daily rate of inflow in 1976, for example, when the figure was 60 a day.

Now illegal immigration: this is clearly continuing and indeed increasing at a serious rate. We shall as you have said, Sir, continue to ensure that the security forces have sufficient manpower and equipment to perform their anti-illegal operations effectively and as part of this, as you have also said, we are pressing on with the erection of physical barriers on the border.

I am convinced that Hong Kong is now a very much more difficult place to enter illegally than it has been before. And probably the arrest rate is higher as a proportion of the total than it has been. But even so, the numbers coming in indicate that there are a lot of people leaving China. As you have said, Sir, the solution to this to a great measure lies in the actions taken in China to apprehend and to interdict this traffic.

We, for our part, will go on doing all that we can. We have introduced quite a large measure and number of new and streamlined command and control measures. We have amended legislation so that those attempting to bring illegals from Macao can have action more effectively taken against them. More Ghurkas will be deployed within the garrison and are being deployed at this time.

In the ultimate, we have an opportunity to seek further reinforcements. Everything therefore within our capacity, and within the capacity of the garrison, is now being done and I hope that the efficient way in which they operate will secure a high level of arrests and that this will ensure complementary action being taken in Guangdong.

REVD. JOYCE M. BENNETT:—*Sir, does this figure include those with onward visas to other countries?*

SECRETARY FOR SECURITY:—In the case of legal immigration, no, Sir.

Movements of Vietnamese refugees

2. MISS DUNN asked:—*How many Vietnamese refugees have arrived monthly since 1 July and what have been the monthly departure figures of refugees for resettlement overseas since that date?*

SECRETARY FOR SECURITY:—Sir, in July, 8,046 refugees arrived; in August 3,247; in September 2,581, and this month 486.

The monthly figures of departures for resettlement overseas are—

August	3,097
September	3,499
and so far this month	1,139 have left.

MISS DUNN:—*Sir, as inflow has roughly doubled outflow, what is the Government's assessment of the possible inflow and the likely outflow of Vietnamese refugees in future, and what measures are the Government taking to curb the inflow and speed up overseas resettlement?*

SECRETARY FOR SECURITY:—Sir, the assessment of the future inflow is obviously dependent on the policy of the Vietnamese Government. Since the Geneva Conference in July the figures I have quoted show that the Vietnamese authorities' promise to restrict departures has been quite effective. There is no indication that this policy is Changing nor that the present pattern of arrivals in Hong Kong, therefore, will change. However, we remain very vigilant indeed and on the alert.

As regards an assessment of the likely outflow, I estimate that just over 4,000 refugees will depart from Hong Kong in October for resettlement,

about 4,000 a month in November and December. I don't find it easy to predict a figure beyond that date, Sir.

As regards the measures to control inflows and speed up outflows, I discussed this at some length when I answered a question in early August in the Council. The refugee ship unit is still in being and is searching for vessels which may still be in the business. And if these are found we shall certainly bring this to the attention of the Vietnamese authorities. The Police remain very vigilant, and under the provisions of the amended Immigration Ordinance now have further powers to help them in their attempts to find people who may be either in or attempting to get into the business.

The Cessna Titan of the Auxiliary Air Force has arrived and is on patrol to provide aerial reconnaissance, and the Navy capability remains.

As regards departures we are constantly in bilateral discussions with the main resettlement countries and with countries generally. We take every opportunity to press Hong Kong's claim and Council may be interested to know that when Congressman Rosenthal's group was here in August they have reported that they hope that the American administration will increase its rate of resettlement in Hong Kong. We have also been very active in assisting Dr. STUMPF and Miss Lee in their visit to North America and to Europe, and we are finally trying to assist with the orderly departures by speeding up procedures for selection processes by making easier departure arrangements with both ICEM and UNHCR.

Site of the former mental hospital in High Street

3. MR. LEUNG asked:—*What does Government intend to do with the site of the former mental hospital in High Street, which has been left vacant for more than 10 years?*

SECRETARY FOR THE ENVIRONMENT:—Sir, the site in question is intended to be developed to provide a multi-disciplinary child assessment centre to take advantage of its close proximity to specialist clinic facilities in this locality, such as the David Trench Rehabilitation Centre and the Sai Ying Pun Polyclinic. The need for the new facility has been endorsed by the Medical Development Advisory Committee. The Medical and Health Department is currently seeking the inclusion of a new item in the Public Works Programme with a view to work commencing in 1981/82.

Facilities for the severely mentally retarded

4. MR. SO asked in Cantonese dialect:—

閣下，政府有沒有紀錄，顯示本港嚴重弱智人士有多少，其中正在等候小欖醫院收容的又有若干。

(The following is the interpretation of what Mr. So asked).

Has Government any record of the number of severely mentally retarded persons in Hong Kong and how many of such persons are waiting to be admitted into the Suit Lam Hospital?

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Yes, Sir. There are at present 532 cases of the severely mentally retarded on our records.

In answer to the second part of Mr. So's question, 122 such persons are on the waiting list for admission into hospital facilities.

MR. So asked in Cantonese dialect:—

閣下，請問政府打算怎樣照顧此一百二十二人呢？

(The following is the interpretation of what Mr. So asked).

Sir, does Government have any plans to take care of these 122 people?

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, as suitable accommodation is now available at Caritas Medical Centre, the hospital has been approached to process these cases for admission, and also such cases will be admitted into any vacancies occurring at the Siu Lam Hospital due to discharges or other reasons.

REVD JOYCE M. BENNETT:—*Sir, is it possible for anything to be done for the remaining 410 cases?*

DIRECTOR OF MEDICAL AND HEALTH SERVICES:—Sir, at the moment, out of the 410 cases quoted by Miss BENNETT, 200 are already in Siu Lam Hospital. As for the remaining 210, they will be assessed for their suitability for admission into certain facilities.

Survey of traffic signs

5. MR. WONG LAM asked in Cantonese:—

政府可否考慮調查目前所有交通標誌是否清晰易見，以免駕駛人士誤入歧途？

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

Will Government consider conducting a survey of all traffic signs to ensure that they are clear and conspicuous so as to avoid misleading motorists?

SECRETARY FOR THE ENVIRONMENT:—Sir, although it would seem, on the face of it, to be sensible to undertake a survey of this sort, I think it would be premature to carry it out at the present time. This is because a general

revision of all road traffic legislation is almost complete and I hope to be able to submit a new road traffic bill to this Council in the near future. The proposed new legislation will provide, among other things, for traffic control regulations to be made to cover the introduction of new road traffic signs based on United Nations recommendations but adapted to local conditions.

The new signs will be easier to read and they will generally incorporate reflectorized material to make them clearer. When they are ready to be introduced a comprehensive review will be carried out of the location and positioning of all traffic signs.

MR. WONG LAM asked in Cantonese:—

閣下，所謂短期內，究竟大約指多久？

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

Sir, what is meant by 'in the near future'?

SECRETARY FOR THE ENVIRONMENT:—Sir, in the course of this session of the Council.

Medical and social welfare services in Tai O

6. DR. HO asked:—*Is Government satisfied that medical and social welfare services in Tai O on Lantau are adequate for the local residents?*

SECRETARY FOR SOCIAL SERVICES:—Sir, the Tai O Jockey Club Clinic provides general out-patient services, including having a doctor on call around the clock. A 15-bed maternity home is attached to the Clinic. The Clinic also provides family health services and emergency dental treatment on a part-time basis. For emergency cases requiring hospital treatment there are standing arrangements for patients to be sent by helicopter or police launch to one of our major regional hospitals.

Staff of the Social Welfare Department visit Tai O each week to receive and process applications for social security benefits and to deal with other social welfare enquiries. Cases requiring detailed attention are referred to the appropriate sections of the Department. Youth and community facilities are provided by voluntary agencies, and by the local sub-committee of the District Youth and Recreation Co-ordinating Committee.

Having regard to the small size of its population, I consider the medical and social welfare services available at Tai O to be adequate.

DR. HO:—*Sir, can Government give some information about the utility rate of these medical and welfare services?*

SECRETARY FOR SOCIAL SERVICES:—Sir, the Tai O Clinic had out-patient attendances for the past 3 months of 2,114 for June, 2,075 for July and 1,707 for August, which was about two-thirds of capacity. The after office calls average about 100 a month and in 1978 emergency cases requiring hospital admission by helicopter numbered about 57. So, on the medical side, Sir I think the utilization rate is reasonable. As regards to the social welfare services there are 1,132 social security payment cases in existence. Of this, 451 are public assistance cases, 636 are old age allowance cases and there are 45 disability allowance cases. I would emphasize that there could be duplications, that is, people receiving public assistance could also be receiving old age allowance. Having regard to the size of population of Tai O these figures show that the availability of these services is clearly understood by the public.

Inspection of buses and lorries

7. DR. HUANG asked:—*Would Government consider mounting a crash programme to identify buses and lorries which are not roadworthy so that these potential killers can be taken off the roads as soon as possible?*

SECRETARY FOR THE ENVIRONMENT:—Sir, the Government is as anxious as anyone to ensure that all vehicles using the roads are mechanically safe and for unroadworthy vehicles to be removed until they can be brought up to standard. But it believes that the present policy of conducting a regular on-going programme of inspection prior to relicensing is the best way to achieve this.

As regards buses, in the first nine months of this year Transport Department vehicle examiners carried out 2,167 thorough inspections of franchised public omnibuses, prior to the issue or renewal of Certificates of Roadworthiness or Fitness for each bus. Spot safety checks have also been carried out on a regular basis at the main bus depots. From the beginning of next year it will be compulsory for every franchised public bus to be examined at least once a year before licensing or relicensing.

A similar programme has also been started for an annual examination of goods vehicles. As from the beginning of this month all goods vehicles first registered in 1970 or before must be examined at the new Kowloon Bay Vehicle Examination Centre before they are relicensed. To date about half of those examined have been rejected as unroadworthy. The intention is to work up as quickly as possible to an annual examination of *all* goods vehicles before they can be relicensed.

DR. HUANG:—*Sir, may I respectfully point out that what I meant by a crash programme is distinct from and in addition to the regular on-going programme described by Mr. Jones which obviously will take months, but*

Something of an emergency programme to accelerate the identification of unroadworthy vehicles of which there may well be many on the roads at this moment, so that they can be removed more quickly before causing further injury.?

SECRETARY FOR THE ENVIRONMENT:—As the question specifically refers to buses and lorries, I think I have shown that we are in fact carrying out a full bus testing programme now, and I would say I think that the buses have proved to be more roadworthy than the lorries so far. As regards the lorry programme, we have this facility and we are now getting the staff into place and I don't think we could really do it very much faster than by say, the middle of next year, when we shall be into a full lorry testing programme so that all lorries coming up for licensing will then be tested.

MR. PETER C. WONG:—*Sir, the Secretary for the Environment said in his answer that to date about half of the lorries examined have been rejected as unroadworthy. Would the Secretary care to estimate at the moment how many unroadworthy lorries there are using our roads?*

SECRETARY FOR THE ENVIRONMENT:—Sir, on the basis of the results so far which are admittedly on very old lorries, I would say that the proportion for all lorries is likely to be less than 50%, but how much less I wouldn't know.

MISS DUNN:—*Sir, how many omnibuses and goods vehicles are on the roads which have not been subject to a thorough examination?*

SECRETARY FOR THE ENVIRONMENT:—Sir, as regards omnibuses, I would say very very few. Most of them must have been subject to these tests because as I said there were 2,167 inspections with franchised public omnibuses last year. To my recollection, K.M.B. has somewhat over 1,800 vehicles and C.M.B. about 850, some of which are off the road more or less permanently, even though they may be licensed. So I would say that virtually all buses have been inspected. As regards lorries, hardly any. There are getting on for 50,000 lorries now on the road. As I said by the middle of next year all of these are going to have to go through the Kowloon Vehicles Inspection Centre before they can be relicensed.

REVD. JOYCE M. BENNETT:—*Sir, is there any record kept as to whether or not any of those buses recently inspected have been involved in accidents?*

SECRETARY FOR THE ENVIRONMENT:—Sir, I don't know whether there is any record kept but I certainly haven't kept any record of this. I will try to find out from the Transport Department and will let Miss BENNETT know.

(THE FOLLOWING WRITTEN REPLY WAS PROVIDED SUBSEQUENTLY)

Although the Transport Department keeps the records of buses which its Motor Vehicle Examiners have examined, it has not hitherto been directly informed of buses involved in accidents. These statistics are held by the Police in the Divisions where the accidents take place. It would involve a very considerable amount of work to go through past instances and manually to extract from the large mass of Police accident records the registration numbers of buses involved in accidents and then to cross check these with the Transport Department's records.

However, following consultation with the Commissioner of Police and the Commissioner for Transport, I have arranged for the Police, in future, to provide the Transport Department with copies of vehicle examination reports in respect of public omnibuses involved in traffic accidents where the examination reveals a mechanical defect in the bus. This will allow the Transport Department to more effectively monitor that maintenance standards are being maintained and proper inspections carried out.

In addition, as you know, proposals are in hand to establish a Road Safety/Accident Research Unit within the PWD Highways Office later this year. We are about to work out priorities for research by this Unit and one of its first tasks will be to review the procedures by which accident statistics, including data on bus accidents, are recorded, to decide if systems can be improved and to determine how this information can best be utilized to prevent further accidents. I shall ask the Unit to give early priority to analysing accidents involving public omnibuses.

MR. LO:—*Sir, mathematically, does this mean that there are over 20,000 lorries which are not roadworthy on the roads today and that the maximum Government effort is to ensure that they get tested before the end of next year, because if that is the case may I ask if the Government considers that to be satisfactory?*

SECRETARY FOR THE ENVIRONMENT:—*Sir, as to the estimate it is a hypothesis (laughter). The fact is that lorries up to now have not been tested at all except when they are first put on the road. So, it is quite possible that for years some lorries have been running around in an unroadworthy condition, that is probable and virtually certain. In my view, to get an inspection system going which would be able to have a capacity to test up to 50,000 lorries per year, I would say it is pretty good to move up at that relative speed. As regards the question of whether we are doing enough on this, I would point out the inspection sheet contains a long list of questions or items which have to be checked. So, if a lorry is found to be in an unroadworthy condition, the owner will know exactly where it has gone wrong and will be able to put it right again. He can then re-present the lorry once this work*

has been done and it will be passed as roadworthy if the work has been done properly.

MR. WU:—*Sir, the figure 2,167 apparently does not include public light buses. What has Government done in respect of inspections for public light buses that could be potential killers?*

SECRETARY FOR THE ENVIRONMENT:—*Sir, all public light buses are inspected once a year before relicensing and this has been the case for a number of years.*

Statements

Annual Report of The Hong Kong Industrial Estates Corporation for the year ended 31 March 1979

MR. F. W. LI:—Your Excellency, 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 1979.

The year under review covers the affairs of the Corporation in its second full year of operations. The main events have been the commencement of site formation for the second estate at Yuen Long and the commencement of factory construction by the Corporation's grantees at Tai Po.

The Corporation's prime task of forming land and providing the infrastructure has proceeded generally on schedule at both estates. At Tai Po, some 34 hectares out of a total of 45 hectares of land for industrial sites which comprise Stages I and II of the above estate have been formed. It is expected to have the first sites available for leasing at Yuen Long early in 1980. Approval in principle by Government has been obtained for the construction of a third stage at Tai Po, which will produce about another 20 hectares of industrial sites.

During the year, the acceleration in the speed of land formation at Tai Po, despite delays due to adverse weather conditions, has enabled the Corporation to establish a more acceptable relationship between the construction and the leasing programmes. This was essential to permit the provision of roads and services to proceed without undue interference from factory construction and to ensure these services are available when required by the grantees. At the same time, it is necessary of course to permit grantees to proceed with the construction of their factory buildings without undue interference from the Corporation's own activities.

Of the 34 hectares of land for industrial sites so far formed at Tai Po, about 45% within Stage I has been substantially completed with roads and

services, and some 15 hectares, mainly in Stage I, have been granted or are earmarked to be granted. The roadworks and services to Stage II are in the course of construction following the land reclamation.

The industrial sites so far granted or earmarked have been allocated to a total of 24 companies, about 60% of which are local and the remainder are from overseas. These 24 companies propose a total minimum investment of approximately HK\$600 million of which about half will be from overseas. Construction of factories by most of the grantees has commenced and the first factory is scheduled to start its manufacturing operations before the end of the year.

The development of Tai Po New Town is proceeding rapidly, with new public and private housing projects which will ensure that an adequate supply of labour is available to meet the manufacturers' needs. On completion, it is estimated the industrial estate will offer employment, mostly in skilled grades, to over 10,000 workers.

The upgrading of the Ting Kok Road to a dual carriageway standard between Tai Po and the industrial estate will be completed later this year, but the Corporation is most concerned that the cut back in Government expenditure has delayed the construction of the coastal trunk road between Sha Tin and Tai Po, the railway bridge works and removal of the level crossing at the Island House interchange, and the distributor road to by-pass the town centre. The early completion of these essential roadworks, to facilitate faster and more efficient transportation of materials and goods by containers and trucks to and from the industrial estate, is of paramount importance.

The rate of applications for sites received by the Corporation during the past year was consistent with the previous year, but a greater portion of those received were approved as meeting the selection criteria. However, looking ahead to the increasing area of formed land on the industrial estates which will become available for leasing in the next few years, both the rate of applications and the rate of approvals must similarly increase. The types of industries which are acceptable to the Corporation, and which will introduce new high technology processes and new products, will play a major role in diversifying the industrial economy and in sustaining and expanding the future growth in exports which is so essential to the overall economic well-being of Hong Kong.

I consider, Sir, that the industrial estates can and do provide the ultimate key to those categories of industrial investment opportunities which hitherto have, through scarcity of land, been lost to Hong Kong. The industrial estates make available to those investors the full range of advantages Hong Kong has to offer, and provide the most tangible and marketable product for the future promotion of new industrial investment.

The Third Annual Report of The Clothing Industry Training Authority and The Third Annual Report of The Construction Industry Training Authority

MR. WU:—Sir, MR. Francis TIEN cannot attend Council today, he has asked me to present the following statement on his behalf and I quote:—

‘Sir, laid before this Council are the Third Annual Report of the Clothing Industry Training Authority and the Third Annual Report of the Construction Industry Training Authority. The reports cover the calendar year 1978.

The clothing industry continues to be the largest manufacturing industry in Hong Kong in terms of total value of export and number of workers employed and Hong Kong remains the world’s premier exporter of clothing. In 1978, the total value of clothing items manufactured in and exported from Hong Kong amounted to some \$15,700 million, representing about 39% of the total value of Hong Kong’s exports. The clothing industry employed more than 260,000 workers or approximately 33% of the total workforce in manufacturing industries.

In 1978, the clothing industry was faced with an unprecedented shortage of manpower at the operative level. To assist the clothing industry in countering this problem, the Clothing Industry Training Centre supplied the industry with over 3,100 well trained operatives. To cope with the needs of the clothing industry, new training courses for in-service supervisors, quality control inspectors and pressing operatives were started during the year. In addition to skill training, the inculcation of correct working attitude, discipline and safe working habits forms an integral part of the training programmes.

The year 1978 was also a record year for the construction industry. Under the able leadership of Mr. Geoffrey YEH, Chairman of the Construction Industry Training Authority, the Construction Industry Training Centre continued to turn out young people well grounded in basic skills in key construction trades. Those young people who had completed their 11-month course at the Centre were readily absorbed and well received by the construction industry. The high level of activities in the construction industry has induced contractors to become more mechanized. Construction plant operators and other semi-skilled workers such as bar benders, levellers and concretors are, and will continue to be, in great demand. Therefore, plans for providing short courses at the Centre to cater for these needs are being implemented.

The Building and Civil Engineering Industry Training Board of the Training Council, based on the current development of the construction industry and the latest manpower survey findings, has forecasted that the number of additional craftsmen required by the construction industry in

the 1980s would remain high. This is because building work in the public sector is likely to remain at a high level for sometime. Building work in the private sector is also likely to maintain its current level for the foreseeable future. However, the present Construction Industry Training Centre can accommodate only about 700 trainees. There is, therefore, an urgent need for a second training centre. The Construction Industry Training Authority has applied to Government for the grant of a piece of land in the Kwai Chung area. I urge the Government to treat the application as a matter of urgency.

Sir, the encouraging enrolment and placement figures in the reports clearly indicate that young people welcome the training provided at the Clothing Industry Training Centre and the Construction Industry Training Centre. I can say without fear of contradiction that both the clothing industry and the construction industry appreciate the quality of the trainees from the centres. The greatest benefit of these training programmes stems from their sensitivity and capacity to react quickly to the changing manpower demands of the industries.

As Chairman of the Hong Kong Training Council, I would like to take this opportunity to urge Government once again to implement as soon as possible the industry-wide training schemes proposed by the Training Council in the past two years. These schemes are desperately needed to enable the industries to remain competitive in face of increasing external and internal pressures.’

Annual Report of the Hong Kong Productivity Council for the year ended 31 March 1979

MR CHEN:—Sir, among the various papers laid on the table of this Council today is the Annual Report of the Hong Kong Productivity Council for the year ended 31 March 1979.

The year under review was one of considerable further progress for the Hong Kong Productivity Centre. In addition to providing an expanding range of technical services, the Centre continued to undertake medium term development projects where the impact is likely to be greater than if confined to individual enterprises. Apart from industry sector projects, such as the programmes of assistance to the furniture industry, plastics industry, the Centre tackled carefully chosen stock projects and productivity issues of importance to Hong Kong’s industrial development.

To expand its technology services, the Centre has set up a heat treatment unit with the technical and financial assistance from the United Nations Development Programme. This unit will provide an essential service to upgrade the operations of a wide variety of light metal engineering industries.

Since Hong Kong does not have any significant research and development activities of its own, a prerequisite for rapid industrial diversification is the adaptation and adoption of new and appropriate technology at a more advanced level. A technology transfer service was established during the year to assist industries to find appropriate technology sources and to provide technical consultation on the adaptation of imported technology.

During the year, the Centre strengthened its technical information services considerably and provided a specialized service to the plastics and furniture industries. To provide rapid access to the latest technical information, the Centre has also established an on-line information retrieval system linking major data bases in the United States of America.

In 1978-79, the Centre conducted 170 consultancy and technology projects and provided training for over 6,500 participants. Many of the projects undertaken are relatively large scale techno-economic studies which require the interaction of different disciplines. The Centre also assisted a number of companies in applying for industrial sites for the establishment of technologically advanced and capital intensive production plants.

The Centre is equipped to play an enhanced role in the diversification of Hong Kong's industrial base. At the request of the Advisory Committee on Diversification, the Centre submitted proposals for establishing new and extended activities essential for Hong Kong's industrial development. Given the necessary support, I have no doubt that the Centre will be able to expand and improve its support services to the benefit of Hong Kong's industries.

Annual Report of the Hong Kong Tourist Association

MR. NEWBIGGING:—Your Excellency, among the various papers laid on the table of this Council today is the 21st Annual Report of the Hong Kong Tourist Association for the year ended 31 March 1979.

References are sometimes made in Hong Kong to the net effect of tourism on our economy; that is to say the offset of expenditure by Hong Kong residents travelling overseas against the expenditure here by visitors to Hong Kong. This is difficult to quantify and is not entirely relevant to the Hong Kong Tourist Association whose terms of reference are to promote and encourage the growth of tourism to Hong Kong, rather than to contain the number of Hong Kong residents travelling abroad.

Tourism has become an increasingly significant factor in our economy. In 1978 we had over 2 million visitors for the first time representing an increase of 17% over the previous year. Gross revenue from tourism was also a record, up nearly 26% to HK\$5,100 million. This growth in expenditure

should also be viewed alongside a record per capita expenditure which was 9% higher than in 1977.

Concurrent with this growth in tourism generally we have seen substantial new capital investment committed to the industry. This includes the construction of new hotels on prime sites which will add 5,000 additional rooms over the next three years to the 14,000 rooms currently available in Hong Kong.

To support this confidence in and commitment to the industry here, the Hong Kong Tourist Association opened two new overseas offices during the year, Chicago and Osaka. These are already making useful contributions and I believe that the Association's 9 offices and 2 agencies around the world represent Hong Kong well in a general sense in addition to their particular responsibilities and objectives in the tourist industry.

During the past year the Association has also developed close relationships with the tourist authorities in China at both a national and provincial level. With the high priority placed on tourism in China, we believe Hong Kong has an important role to play; both as a gateway to China and as a source of investment and advice in the development of China's own tourist industry. We are confident that these relationships will develop still further to our mutual benefit.

With all these developments in our tourist industry—in the number of visitors, tourist expenditure and capital commitments—it is important not to forget that tourism is a service industry. To underscore this, the Association is continuing with its 'courtesy' campaign. With an emphasis on courtesy and service we believe that Hong Kong will continue to be an attraction to tourists, and of course to visiting business-men and women.

There have been suggestions in the press and elsewhere that we are in danger of pricing ourselves out of the tourist market. Hong Kong has traditionally maintained great flexibility in all sectors of its economy in its price structure relative to what any industry can bear. The tourist industry is no exception and the results of the past year testify to this. However, at the risk of being repetitive, visitors will only be prepared to pay if they feel they are receiving good and courteous value for money.

Sir, against this background and the fact that the Hong Kong Tourist Association came of age last year—its 21st, I am sure the industry as a whole will be encouraged by the 'honourable mention' you gave it this year in your opening address to the current session of this Council on 10 October. This encouragement is justified by the results of the first six months of the current year which show a further increase in visitors of more than 10% over 1978. But, more importantly, total expenditure by tourists has grown by 32% in total terms and by 21% in per capita terms. Even allowing for the current high rate of inflation, this implies significant real growth, a positive

contribution to our economy, and some success in our policy of ‘trading up’. There is no room for complacency, however, and I am sure the tourist industry as a whole will continue and increase its efforts to develop Hong Kong’s competitive position still further.

Government Business

Motions

COMPANIES ORDINANCE

THE FINANCIAL SECRETARY moved the following motion:—Under section 296(3) of the Companies Ordinance that the Companies (Fees and Percentages) (Amendment) Order 1979, made by the Chief Justice on 31 August 1979, be sanctioned.

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

Under section 285 of the Companies Ordinance and rule 183 of the Companies (Winding-up) Rules, moneys in the hands of liquidators and representing assets unclaimed or undistributed for six months after the date of receipt, are required to be paid into the Companies Liquidation Account maintained by the Official Receiver. The section also provides for payments from the Account to persons entitled to the money concerned. On every such payment, fees, ordered by the Chief Justice with the sanction of this Council, as set out in the Third Schedule of the Companies (Fees and Percentages) Order are payable at a rate of 40 cents per \$10 to the Official Receiver.

At present, there is no maximum limit to the fees charged on this ad valorem basis. So if a payment involves a large amount, the fees payable can be greatly in excess of the costs to the Official Receiver.

To remove this anomaly, the Official Receiver recommended to the Chief Justice that the maximum fee in respect of payments under section 285 of the Companies Ordinance should be set at \$20,000, a figure based on his estimate of his likely costs.

So the Companies (Fees and Percentages) (Amendment) Order 1979, which was made by the Chief Justice on 31 August 1979, seeks to set an upper ceiling of \$20,000 as the maximum fee payable to the Official Receiver in each liquidation when money is paid out of the Companies Liquidation Account.

Sir, I beg to move.

Question put and agreed to.

HONG KONG AND YAUMATI FERRY COMPANY (SERVICES) ORDINANCE

THE SECRETARY FOR THE ENVIRONMENT moved the following motion:— With the consent of the Company, that—

(1) the Schedule to the Ordinance be amended in Appendix II—

(a) under the heading ‘A. SERVICES OTHER THAN BETWEEN JUBILEE STREET FERRY PIER AND KWUN TONG FERRY PIER’—

(i) by deleting items (a) to (c) and substituting the following—

‘(a) Hoverferry passenger—

Adult or child \$3.00

(b) *De Luxe* class passenger—

Adult or child \$1.50

(c) Ordinary class passenger—

Adult..... 50 cents

Child under 16 years..... 30 cents

Child (accompanied) under 3 years Free’;

(ii) by deleting item (e) and substituting the following—

‘(e) Freight, including general cargo, baggage, poultry, pigs in crates, fish in tubs and other freight \$2.50 per picul or 4 cubic feet’; and

(iii) by deleting item (o) and substituting the following—

‘(o) Monthly tickets (valid for ordinary class and for current calendar month only)

(i) Adult..... \$20.00

(ii) Child under 16 years..... \$10.00’;

(b) by deleting all the items under the heading ‘B. BETWEEN JUBILEE STREET FERRY PIER AND KWUN TONG FERRY PIER’ and substituting the following—

‘Hoverferry passenger— per trip

Adult or child \$3.00

De Luxe class passenger—

Adult or child \$1.50

Ordinary class passenger—

Adult..... \$1.00

Child under 16 years..... 50 cents’;
and

(c) by deleting that part entitled '2. OTHER SERVICES' and substituting the following—

'2. OTHER SERVICES

A. SERVICES BETWEEN HONG KONG ISLAND AND OUTLYING DISTRICTS

Ordinary Class

	<i>Hover-ferry Service</i>	<i>Deluxe Class</i>	<i>(i) Sundays & public holidays</i>		<i>(ii) Weekdays</i>		<i>Freight (per cwt)</i>
			<i>Adult</i>	<i>Child under 16 years</i>	<i>Adult</i>	<i>Child under 16 years</i>	
(a) HONG KONG							
—PENG CHAU ISLAND	\$6.00	\$6.00	\$2.00	\$1.00	\$1.20	\$0.60	\$1.00
—SILVERMINE BAY (Direct & Indirect Service)	\$6.00	\$6.00	\$3.00	\$1.50	\$2.00	\$1.00	\$1.20
—CHEUNG CHAU ISLAND (Direct & Indirect Service)	\$6.00	\$6.00	\$3.00	\$1.50	\$2.00	\$1.00	\$1.40
Adult's monthly tickets—\$80.00 (weekdays and holidays) (Valid for ordinary class and current calendar month only).							
(b) PENG CHAU							
—SILVERMINE BAY	\$6.00	\$6.00	\$1.00	\$0.50	\$1.00	\$0.50	\$0.40
—CHEUNG CHAU	\$6.00	\$6.00	\$1.00	\$0.50	\$1.00	\$0.50	\$0.80
(c) SILVERMINE BAY							
—CHEUNG CHAU	\$6.00	\$6.00	\$1.00	\$0.50	\$1.00	\$0.50	\$0.60
—PENG CHAU	\$6.00	\$6.00	\$1.00	\$0.50	\$1.00	\$0.50	\$0.40
(d) HONG KONG							
—SOK KWU WAN (Direct & Indirect Service)	\$6.00	\$6.00	\$2.00	\$1.00	\$1.50	\$0.80	\$0.80
(e) HONG KONG							
—YUNG SHU WAN (Direct & Indirect Service)	\$6.00	\$6.00	\$2.00	\$1.00	\$1.50	\$0.80	\$0.80
(f) YUNG SHU WAN							
—SOK KWU WAN	\$6.00	\$6.00	\$1.00	\$0.50	\$1.00	\$0.50	\$0.60
(g) HONG KONG							
—MA WAN	\$6.00	\$6.00	\$2.00	\$1.00	\$1.20	\$0.60	\$1.00
—TUEN MUN	\$6.00	\$6.00	\$3.00	\$1.50	\$2.00	\$1.00	\$1.00
—TUNG CHUNG	\$6.00	\$6.00	\$3.00	\$1.50	\$2.00	\$1.00	\$2.00
—TAI O	\$6.00	\$6.00	\$3.00	\$1.50	\$2.00	\$1.00	\$2.00
—TAI O (EXCURSION)	\$6.00	\$6.00	\$5.00	\$5.00	—	—	—
(Students and children shall be charged full fares)							
(h) MA WAN							
—TUEN MUN	\$6.00	\$6.00	\$2.00	\$1.00	\$1.20	\$0.60	\$1.00
—TUNG CHUNG	\$6.00	\$6.00	\$2.00	\$1.00	\$1.20	\$0.60	\$1.00
—TAI O	\$6.00	\$6.00	\$2.00	\$1.00	\$1.20	\$0.60	\$1.00

		Ordinary Class						
		(i)			(ii)			
		Sundays & public holidays			Weekdays			
		Hover-ferry Service	Deluxe Class	Adult	Child under 16 years	Adult	Child under 16 years	Freight (per cwt)
(i)	TUEN MUN							
	—TUNG CHUNG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.20	\$0.60	\$1.00
	—TAI O	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.20	\$0.60	\$1.00
(j)	TUNG CHUNG							
	—MA WAN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.20	\$0.60	\$1.00
	—TAI O	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.20	\$0.60	\$1.00
B. TOLO HARBOUR SERVICE								
(k)	TAI PO KAU							
	—SHAP SZ HEUNG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—SHAM CHUNG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—LAI CHI CHONG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—TAI TAN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—CHEK KENG	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—KAU LAU WAN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—TAP MUN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
(l)	SHAP SZ HEUNG							
	—SHAM CHUNG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—LAI CHI CHONG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—TAI TAN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—CHEK KENG	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—KAU LAU WAN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—TAP MUN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
(m)	SHAM CHUNG							
	—LAI CHI CHONG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—TAI TAN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—CHEK KENG	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—KAU LAU WAN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
	—TAP MUN	\$6.00	\$6.00	\$4.00	\$2.00	\$\$=a.00	\$1.00	\$2.00
(n)	LAI CHI CHONG							
	—TAI TAN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—CHEK KENG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—KAU LAU WAN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—TAP MUN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
(o)	KAU LAU WAN							
	—CHEK KENG	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—TAI TAN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—TAP MUN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
(p)	CHEK KENG							
	—TAI TAN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
	—TAP MUN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
(q)	TAI TAN							
	—TAP MUN	\$6.00	\$6.00	\$2.00	\$1.00	\$\$=A.00	\$0.50	\$1.00
(r)	MA LIU SHUI							
	—WU KAI SHA	\$6.00	\$6.00	\$1.50	\$1.50	\$\$=A.50	\$1.50	—

(No freight shall be carried on this route and children under 16 years of age shall be charged full fares).';

- (2) the amendments to the said Schedule set out in paragraph (1) of this Resolution shall come into operation on 1 November 1979.

He said:—Sir, I rise to move the motion standing in my name on the Order Paper. It provides, under section 5 of the Hong Kong and Yaumati Ferry Company (Services) Ordinance (Chapter 266), for increases in passenger fares on scheduled Cross-Harbour, Outlying Districts and Tolo Harbour services and in freight charges on all scheduled services, by amending Appendix II of the Schedule to the Ordinance. The changes proposed have the consent of the Company.

Sir, since 1974 a number of measures have been taken to safeguard the financial viability of the Hong Kong and Yaumati Ferry Company's ferry operations. These have included the waiving of royalties and licence fees, the abolition of second class fares on Cross-Harbour and Tolo Harbour services, and fare increases on all passenger services. The most recent increases were made in January 1977 for Outlying Islands and Tolo Harbour services, and in July 1977 for Cross-Harbour services. The Company has itself also taken measures to improve its operational efficiency, principally by reducing staff numbers and by selling off 14 cost-ineffective vessels. Despite these measures, however, the rate of return on the Company's net fixed assets has remained low, that is between 1% and 6% for the years 1975 to 1978, against a forecast return of 8%.

Against this background of relatively poor rates of return in recent years the Company has this year had to face very significant increases in costs. The most dramatic increase has been in fuel costs, which are expected on average this year to be about 60 per cent higher than in 1978, and are projected next year to be as much as 140% greater than last year, and this is on average. If this transpires the increase in fuel costs alone in 1980 compared with 1978 will come to more than twice the 1978 profits on ferry operations. On top of this, there have also been significant increases in wages, maintenance and other costs. And in 1980 the Company expects to experience a drop of up to a fifth in passengers on its Cross-Harbour routes as a result of competition from the Mass Transit Railway.

All of these factors taken together will inevitably mean that the Company will make losses on its passenger ferry services as a whole unless there is an increase in charges.

The detailed fare increases proposed are clearly set out in the text of the motion. For Cross-Harbour services the increases proposed are from 40¢ to 50¢ for adults and from 20¢ to 30¢ for children. Elsewhere they are usually in the order of 50%, although in a few instances they are larger to bring fares into line with those on similar distances and types of service operated by the Company. However, on the well patronized services from Cheung Chau and Silvermine Bay to Central the weekday increases would be a third, that is from \$1.50 to \$2.00. No increases are proposed in vehicular ferry charges,

as these services continue to make a good contribution to overheads and they remain in competition with the Cross-Harbour Tunnel. The intention, if this motion is approved, is to bring the increases into effect on 1 November this year.

As regards freight charges, although the increases proposed, generally of the order of 100%, may seem to be substantial, I should point out that they are the first changes that have been made in freight charges since at least 1953 on Outlying Districts services, 1961 on Tolo Harbour services, and 1974 on Cross-Harbour services. In all cases alternative means of freight transport exist. It has now become clear that the Company's freight charges are unrealistically low, with the result that increasing demand for freight space has in some instances infringed on passenger carrying capacity, and the loading of freight has delayed ferry timetables.

Sir, if these increases are approved the Company's profits on ferry operations, given the increased costs I have referred to and the prospective loss of cross-harbour passengers to the MTR, are expected to remain relatively low and no higher on average in 1979 and 1980 than in 1978. The rate of return on average net fixed assets is predicted to be about 7% and 6% respectively in 1979 and 1980 compared with 6% in 1978.

This is not a good prospect and, given the uncertainties of the situation, careful monitoring of developments over the next twelve months will be necessary to ensure that the ferries remain viable. Indeed, to be frank, I cannot rule out the possibility that a further increase in fares on Cross-Harbour services may be required in the course of 1980 and that some of the less profitable services may have to be curtailed. Despite this, however, I think it is fair to say that in these inflationary times ferry charges remain cheap in real terms for the service provided. And, although it is possible that some changes in the pattern of services may be required in the future, I am confident that ferries will continue to play a very important, and in some directions an increasing, role in Hong Kong's expanding network of public transport services.

Sir, I beg to move.

(Mr. Alex Wu declared an interest and abstained from voting on this motion)

Question put and agreed to.

Motion (in Committee)

SUPPLEMENTARY PROVISIONS FOR THE QUARTER ENDED 31 MARCH 1979

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 1979 as set out in Paper No. 1.

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

The schedule of supplementary provisions for the fourth quarter of the financial year 1978-79 covers a total amount of 961 million dollars. Of this sum, 382 million dollars were required for expenditure on public works projects, 220 million dollars were required for payment to the Development Loan Fund for financing public housing projects, and 151 million dollars were required to augment personal emoluments subheads on account of the 1978 salaries revision.

The supplementary provisions covered by the schedule resulted in a net increase of 482 million dollars 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 52 Miscellaneous Services Subhead 100 Additional commitments.

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

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

First reading of bills

BANKING (AMENDMENT) (NO. 2) BILL 1979

DEPOSIT-TAKING COMPANIES (AMENDMENT) (NO. 2) BILL 1979

INLAND REVENUE (AMENDMENT) (NO. 7) BILL 1979

COMPANIES (AMENDMENT) BILL 1979

HONG KONG PRODUCTIVITY COUNCIL (AMENDMENT) BILL 1979

HONG KONG TOURIST ASSOCIATION (AMENDMENT) BILL 1979

HONG KONG TRADE DEVELOPMENT COUNCIL (AMENDMENT) BILL 1979**PENSIONS (AMENDMENT) BILL 1979**

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

Second reading of bills**BANKING (AMENDMENT) (NO. 2) BILL 1979**

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

He said:—Sir, this Bill, Sir, has three purposes: to extend the list of assets eligible to be held by banks as specified liquid assets under section 18 of the Banking Ordinance; to amend the principal Ordinance to take account of the changing relationship between banks and deposit-taking companies; and to increase the membership of the Banking Advisory Committee. None of these purposes is related to monetary policy as such.

As regards the proposals in the Bill relating to new specified liquid assets for banks: these are, for the most part, identical to the proposed additions to the list of specified liquid assets for deposit-taking companies, which are contained in the Deposit-taking Companies (Amendment) (No. 2) Bill 1979, on which I shall be speaking shortly. These proposals result from a recent review of the liquidity requirements for both banks and deposit-taking companies, based in part on statistics which registered deposit-taking companies have been supplying each month since December 1978 to the Commissioner of Deposit-taking Companies.

The list of specified liquid assets for banks is extended in two ways by sub-clauses (ii) and (iii) of clause 4(e). In the first place, the Bill adds to the list foreign currency certificates of deposit issued outside Hong Kong, provided that they are satisfactorily marketable. This clause takes account of the development of the certificate of deposit, as an instrument of short-term liquidity, in a number of markets overseas since the Banking Ordinance was enacted as long ago as 1964. Secondly, the Bill permits the Financial Secretary to specify money market instruments as either liquid assets or as what are known as ‘super-liquid assets’, that is, assets which can be realized particularly fast. This power, for instance, would permit the Financial Secretary to specify Hong Kong Dollar certificates of deposit as liquid assets. That will not, however, be done until the secondary market in these, or in and other Hong Kong Dollar denominated instruments, is sufficiently developed to ensure that a holder can realize his holding in reasonable volume

at or near the quoted market price. I accept that this is, to some extent, a chicken-and-egg situation—the secondary market will not fully develop until certificates of deposit are specified liquid assets, while the Financial Secretary cannot specify them as liquid assets until the market is sufficiently developed. But I hope the market will be encouraged by the provisions of this Bill to believe that the Government would like the market to develop and that we see a genuine role in Hong Kong for Hong Kong Dollar denominated instruments.

Sub-clauses (iv) and (v) of clause 4(e) contain tidying up provisions: the definitions of bills of exchange which are acceptable as specified liquid assets are clarified and travellers cheques and certain money orders and postal orders are deleted from the list of such assets, since these assets are not now held in these modern times in any quantity. Likewise, as a tidying up measure, clause 4(f) provides that any specified liquid asset shall, for liquidity purposes, be valued at not more than the market value. This will prevent any bank showing any specified liquid assets—e.g. gold—at a book cost which is higher than the market value.

As regards the relationship between banks and deposit-taking companies: this relationship has been changed by the prudential controls now being applied to deposit-taking companies, under the provisions of the Deposit-taking Companies (Amendment) Ordinance 1978. That Ordinance required deposit-taking companies to make regular statistical returns to the Commissioner of Deposit-taking Companies and enabled him to examine their books and records; and the Commissioner's authority will be further strengthened when these companies are subject to the minimum liquidity requirements set out in the next bill to come before honourable Members today. Our earlier intentions with regard to minimum liquidity requirements for these companies were contained in section 9 of the 1978 Amendment Ordinance, which has not yet been brought into force; but that section does set out the deposit-taking company side of the new, market-style relationship between the two categories of institution in the market, namely, banks and deposit-taking companies. This Bill complements section 9 of that Ordinance, it complements it by setting out the banking side of the new relationship.

Until now this relationship has been a banker/customer-style relationship: a deposit-taking company was, in terms of the liquidity controls applied to banks, no different from an industrial or commercial or personal customer of that bank. From now on, however, consistent with the way in which our financial system is evolving, the relationship will become one between two participants in a market place. The two categories of institution into which the participants are grouped have different tasks and functions, and different contributions to make to our economy, but they both belong to the financial sector, and our proposals recognize that fact.

The provisions of the Bill before honourable Members today will, in conjunction with section 9 in the Deposit-taking Companies (Amendment)

Ordinance 1978, have the effect of unifying the money markets and so making more efficient the flows of short-term funds through the financial system. But, in all other respects, the status of banks and of deposit-taking companies will remain distinct and separate. At present, there exist in Hong Kong an inter-bank money market, an inter-deposit-taking company money market and a money market between banks and deposit-taking companies, with the differentiation between these three markets reflecting the present provisions of the law: that is to say, short-term deposits placed by a bank with a deposit-taking company are not a liquid asset for the bank, while short-term deposits placed by a deposit-taking company with a bank require only 25% liquid assets cover to be held by that bank, as compared with the 100% cover required on short-term deposits from another bank. Once these differences are removed the markets will effectively be unified (although there will continue to be a wide range of market status, and so a wide range of interest rates charged to different institutions).

As part, therefore, of this changed relationship, sub-clauses (i) and (iii) of clause 4(e) of the Bill provide that balances held by banks with deposit-taking companies on demand, at call or at short notice shall be specified liquid assets for those banks, just as similar short-term balances held by deposit-taking companies with banks or with other deposit-taking companies are already specified liquid assets for those companies under the provisions (not yet in force) of section 9 of the Deposit-taking Companies (Amendment) Ordinance 1978. At the same time, clause 4(d) removes any liabilities to a deposit-taking company from the total of a bank's deposit liabilities: that is to say, a bank's total deposit liabilities against which it has to hold 25% liquid assets cover will now consist of its liabilities to the non-financial sector customers only; and clause 4(a) requires a bank to hold 100% liquid assets against its short-term liabilities to a deposit-taking company, just as it now has to hold 100% liquid assets against its short-term liabilities to another bank.

Finally, as regards the third purpose of the Bill, namely, to increase the size of the Banking Advisory Committee: clause 3 raises from 10 to 12 the maximum number of members of the Committee. A rapidly changing and developing financial scene involves the almost continuous emergence of important and difficult and controversial issues which must be resolved in such a way as to reconcile the public interest with the private interest and sometimes, also, conflicting—or apparently conflicting—private interests. So the Banking Advisory Committee must be large enough to enable the Financial Secretary to have available a spectrum of opinion which is representative of the whole banking industry.

This clause, clause 3, will come into operation in the normal way when the Bill has completed its passage through this Council; the remaining clauses of the Bill will come into force when you, Sir, bring into force section 9 of the Deposit-taking Companies (Amendment) Ordinance 1978. The present intention is this should be on 1 January 1980.

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

Question put and agreed to.

DEPOSIT-TAKING COMPANIES (AMENDMENT) (NO. 2) BILL 1979

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

He said:—Sir, the main purpose of this Bill is to implement a system of minimum liquidity ratios for deposit-taking companies, as part of the ongoing process of applying prudential controls to these companies. In addition, the Bill also extends the list of assets eligible to be held by deposit-taking companies as specified liquid assets under section 24A of the Deposit-taking Companies Ordinance.

In a statement I made in this Council on 15 March 1978, I referred to the Government’s decision to extend to all registered deposit-taking companies a system of prudential supervision broadly similar to that applied to all licensed banks. The first concrete expression of that decision was the enactment of the Deposit-taking Companies (Amendment) Ordinance 1978, which established the post of Commissioner of Deposit-taking Companies, required all those companies to make a regular detailed return to the Commissioner, and empowered him to examine their books and records.

That Ordinance also provided in section 9 that deposit-taking companies were to observe a minimum liquidity ratio similar to that observed by licensed banks. While the other sections of the Ordinance, dealing with returns, examination and so on, came into force on 17 November 1978, section 9 has not yet come into force: it will be brought into operation on a day to be appointed by you, Sir, by notice in the *Gazette*. The reason for the delay, as I explained in this Council almost exactly a year ago—on 18 October 1978 in fact—the reason for the delay was that we needed time to learn more about the characteristics of deposit-taking companies, and about the nature of their business and their balance sheets, before we could be certain what form of liquidity requirements would best be suited to them. Indeed, I suggested at the time that we might well need to propose further amendments to the system of prudential supervision when we had learnt more about how these companies operate.

The intervening year has, therefore, been occupied with a careful review of the statistics which have been furnished by these companies on a monthly basis, since the end of December 1978. Following that review we have changed our minds as to the form of liquidity requirements that should be imposed. The Deposit-taking Companies (Amendment) Ordinance 1978 laid down

that these companies should observe a 25% minimum liquidity ratio; that is to say, each company should hold, in the form of specified liquid assets, an amount equivalent to not less than 25% of its liabilities on deposits from anyone other than a bank or another deposit-taking company. That is, of course, essentially the system now applied to licensed banks, but following examination of the statistics for deposit-taking companies, we concluded that the system should not be applied to them unchanged, because the maturity pattern of the deposit liabilities of the two categories of institution in the market—deposit-taking companies and banks—is so different.

Some 64% of the deposit liabilities of banks is due on demand, or at no more than 7 days' notice, while for deposit-taking companies the equivalent figure is 16%. Thus banks can potentially lose, in a 7-day period, four times as large a proportion of their deposits than can deposit-taking companies; or, in other words, 84% as against 36% for banks, 84% of deposit-taking companies' customer deposits are on time deposit, which come due for repayment on a known date or dates in the future, and can be repaid early only with the consent of the company, rather than at the choice of the customer.

The purpose of a minimum liquidity ratio is to ensure that every bank or deposit-taking company accepting deposits from the public has sufficient easily realizable assets to enable the normal demands of its customers to be met; and, beyond that, to enable a proportion of its deposits to be repaid in the event of an unexpected demand for repayment. It is, therefore, logical to require a smaller proportion of liquid assets to be held against deposits not normally repayable before maturity, if the institution concerned can control the rate at which it chooses to repay deposits before they fall due.

I accept that, in Hong Kong, it is the practice of some deposit-taking companies (but not all), and of some banks also for that matter, to repay deposits in advance of their maturity dates at the request of customers. This practice is acceptable in individual cases, but it is undesirable as a general practice for it can create the impression among depositors that their time deposits can invariably, and without difficulty, be withdrawn before maturity. It becomes *particularly* undesirable when carried on to any large extent, because it absorbs liquid funds which should be available for an institution to repay its short-term liabilities. It is for this reason that I criticized this practice in a public statement on 26 November 1978, and advised all deposit-taking companies to think carefully about the implications of repaying fixed term deposits before they are due. I should like to take this opportunity to reiterate that advice.

In line with the concept of matching the maturity of liquid assets and of deposit liabilities, clause 3(a) of this Bill amends the formula set out in section 9 of the Deposit-taking Companies (Amendment) Ordinance 1978. It provides that all registered deposit-taking companies will have to hold an amount of specified liquid assets equivalent to not less than the sum of,

first, a given percentage of their short-term deposit liabilities *plus* their time deposits where the depositors may, by agreement or custom, obtain early repayment of their deposits; and of, secondly, a given percentage of their remaining time deposits. The percentages are to be specified by the Financial Secretary by notice in the *Gazette*: the Financial Secretary's present intention is to set a minimum of 30% against short-term liabilities, and of 15% against longer term liabilities.

This form of split-level liquidity ratio will serve as an incentive to deposit-taking companies not to repay time deposits before they fall due; and it will, of course, be readily apparent to the Commissioner of Deposit-taking Companies, in his regular examinations of all these companies, whether they are correctly classifying their time deposits as between the 30% or the 15% liquidity category.

A development in the money market, to which I just referred when moving the second reading of the Banking (Amendment) (No. 2) Bill 1979, namely, the emergence of Hong Kong Dollar denominated certificates of deposit, is relevant in this context. As the use of these instruments develops and, more particularly, as the secondary market expands, any depositor of a bank or a deposit-taking company who wishes to obtain a longer-term rate of interest, but suspects that he might need to recall his deposit before its maturity date, will be able to purchase a certificate of deposit which can, whenever he wishes, be sold in the market at the prevailing market price. The bank, or deposit-taking company, thereby obtains the use of the depositor's funds for the whole period of the fixed deposit, while the depositor can realize his deposit—at the prevailing market price—when convenient to him.

The remaining provisions of this Bill are essentially identical to certain provisions of the Banking (Amendment) (No. 2) Bill 1979. Clause 3(*b*) provides that, if a deposit-taking company has no deposit liabilities to the public, it still has to hold specified liquid assets equal to all its short-term liabilities to banks or to other deposit-taking companies. This provision is required to close a loophole in the structuring of the liquidity calculations: the existence of the loophole was revealed by the returns now being submitted by deposit-taking companies, which showed that some companies do not, in fact, take any deposits from the public and could, therefore, avoid any need to cover with liquid assets the short-term funds they had received from the financial sector. This clause is repeated as clause 4(*a*) in the Banking (Amendment) (No. 2) Bill 1979 to allow for the possibility of newly-licensed banks taking deposits in the money market before they obtain any deposits from the public.

Clause 3(*e*) of the Bill extends the list of specified liquid assets for deposit-taking companies: the extension is identical to that applied to banks, on which I spoke earlier, and clause 3(*f*) of the Bill provides that

specified liquid assets must not be valued, for the purpose of the liquidity calculations, at higher than market value.

This Bill will come into operation on a day to be appointed by you, Sir, for the commencement of section 9 of the Deposit-taking Companies (Amendment) Ordinance 1978. The present intention is that this should be 1 January 1980. I accept that this is a relatively short period of notice, but I do not believe that any longer period is justified. Deposit-taking companies have been well aware that they are going to be subject to minimum liquidity requirements, and the Commissioner of Deposit-taking Companies has been at pains to ensure during the past nine months that any companies with a relatively low actual liquidity ratio were taking steps to improve their position. So I do not anticipate that a relatively short period of notice will cause any problems whatsoever.

Before I close, Sir, I would like to pay a tribute to the members of the Banking Advisory Committee and the Deposit-taking Companies Advisory Committee: in the best traditions of our consultative process, they have freely and frankly proffered their advice over several months of intensive exchanges and I trust that the outcome as expressed in these two Bills will be acceptable to honourable Members.

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

Question put and agreed to.

INLAND REVENUE (AMENDMENT) (NO. 7) BILL 1979

THE CHIEF SECRETARY moved the second reading of:—‘A bill to amend the Inland Revenue Ordinance.’

He said:—Sir, section 28 of the Inland Revenue Ordinance provides for exemption from tax of interest payable by the Government by licensed banks and by certain specified public utilities, provided that the rates of interest do not exceed the percentage rate specified by the Financial Secretary, from time to time, by notice in the *Gazette*.

This percentage rate has, for many years, been varied to accord with the rate paid by banks on savings accounts, which is also the rate paid on its surety deposits by one of the power companies. If this interest were not exempted, large numbers of small depositors and consumers of power would become liable to tax, which the banks and the utility companies would be obliged to deduct and account for and there would, subsequently, be a large number of claims for refunds under the provisions for personal assessment.

In January this year the ceiling of 5% on the Financial Secretary's authority was raised to 7½%, and in April the ceiling was raised to 7½%, to accommodate an increase in the rate of interest on savings accounts to that level. In August, however, the Exchange Banks Association raised the rate on savings accounts, and on certain other deposits, to 9¼%, at the same time as the note-issuing banks raised their best lending rate to 14½%, to restrain the growth rate of bank lending which had begun to accelerate again after slowing down during April, May, June and July.

The Bill before honourable Members today accordingly seeks to raise from 7¾% to 9¼% the ceiling on the Financial Secretary's authority to specify the rate of exemption. The Bill was brought into force on 21 August last by means of a Revenue Protection Order, and on the same day I signed a notice specifying 9¼% as the rate of exemption for the time being.

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

Question put and agreed to.

COMPANIES (AMENDMENT) BILL 1979

THE FINANCIAL SECRETARY moved the second reading of 'A bill to amend the Companies Ordinance and to make consequential amendments to the Companies (Reconstruction of Records) Ordinance.'

He said:—Sir, the main purpose of the Bill is to provide statutory protection for listed public companies against claims for damages arising out of their replacing lost share certificates.

At present the only statutory provision governing the issue of replacement share certificates is in section 14 of the Companies (Reconstruction of Records) Ordinance. This section provides that the registered holder of shares, or someone claiming so to be, may apply to a company for the issue of a new share certificate when he no longer has the original. If the company then issues a new one, it is indemnified against all loss subsequently incurred by any person by reason of its having done so. But this section 14 applies only to companies incorporated before 25 December 1941.

In the knowledge that they are *not* covered by a statutory indemnification, companies incorporated *after* December 1941 are left to decide themselves whether or not they wish to issue replacement certificates. In most cases, they are reluctant to do so unless the applications are covered by an indemnity from a bank or some other form of guarantee.

In its second report, the Companies Law Revision Committee recommended that the protection in section 14 of the Companies (Reconstruction of Records) Ordinance be extended to all companies. After consulting the Federation of Share Registrars and the Exchange Banks Association, we concluded that only listed public companies should be covered. The argument was that the number of cases involving lost share certificates in respect of private or non-listed public companies was small and identifying the rightful owners of their shares was rarely a problem.

So, the Bill now before honourable Members introduces a two-tier system. One procedure broadly similar to that in section 14 of the Companies (Reconstruction of Records) Ordinance is proposed for shareholdings exceeding \$20,000 or when applications are made without the registered shareholders' consent. Another simpler procedure is proposed for shareholdings worth not more than \$20,000 when the applications are made by the registered owners or with their consent.

We are also taking the opportunity of this Bill to provide the Registrar General, as Official Receiver, with the right to attend the hearings of petitions for the winding up of companies. Until recently the Official Receiver did appear in such hearings and claimed his costs in appropriate cases. But in a recent case his claim for costs was successfully challenged on the grounds that he didn't have a statutory right of appearance. This finding has brought the lack of his statutory right out into the open and the Official Receiver is now concerned that he would be excluded from hearings in the future. The amendment to which I have referred will give him the necessary statutory right.

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

Question put and agreed to.

HONG KONG PRODUCTIVITY COUNCIL (AMENDMENT) BILL 1979

THE FINANCIAL SECRETARY moved the second reading of:—‘A bill to amend the Hong Kong Productivity Council Ordinance.’

He said:—Sir, over the last 20 years, the Government has established a number of statutory bodies designed to promote trade and industry.

At the same time the Government was progressively developing its policies towards statutory bodies generally. As a consequence of this development process, as one might expect there are certain inconsistencies between the basic provisions in the various pieces of legislation involved.

Now that the policies have been fully developed, it is opportune to bring the ordinances up-to-date. As part of this up-dating process, the Government has agreed with the organizations concerned amendments to bring the ordinances governing the Hong Kong Productivity Council, the Hong Kong Tourist Association and the Hong Kong Trade Development Council into line with those in respect of similar bodies.

The Bill now before honourable Members in respect of the Productivity Centre, is the first of three bills I shall be moving this afternoon in respect of these three organizations. All three Amendment Bills give the Governor-in-Council power to give directions to the bodies concerned. This is a 'long-stop' provision designed to enable the Government to act quickly in extreme circumstances in which an organization is failing to act in the public interest. And I hasten to add that on the present performance of all three organizations, it is clearly most unlikely that these provisions would ever have to be invoked.

There are no other amendments deriving from this tidying up exercise as far as the Productivity Centre is concerned. But at the request of the Productivity Council I have taken the opportunity to include in the Bill an amendment to the Hong Kong Productivity Council Ordinance to provide for the inclusion of the Executive Director of the Council's Productivity Centre on the Executive Committee which is responsible for managing the Centre. The wording of section 15 of the Ordinance at present precludes such an appointment.

Motion made. That the debate on the second reading of the Bill be adjourned —The Financial Secretary.

Question put and agreed to.

HONG KONG TOURIST ASSOCIATION (AMENDMENT) BILL 1979

THE FINANCIAL SECRETARY moved the second reading of:—'A bill to amend the Hong Kong Tourist Association Ordinance.'

He said:—Sir, in moving the second reading of the Hong Kong Productivity Council (Amendment) Bill, I referred both to the background to the Bill now before honourable Members and to the reason why it includes provision for the Governor-in-Council to give directions to the Tourist Association.

Two other amendments are proposed in respect of the Hong Kong Tourist Association. They are provisions for the terms of appointment of the Association's executive head to be subject to the approval of the Governor; and for the investment of funds not immediately required by the Association to be subject to the approval of the Financial Secretary.

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

Question put and agreed to.

HONG KONG TRADE DEVELOPMENT COUNCIL (AMENDMENT) BILL 1979

THE FINANCIAL SECRETARY moved the second reading of:—‘A bill to amend the Hong Kong Trade Development Council Ordinance.’

He said:—Sir, for the reasons I explained when moving the Hong Kong Productivity Council (Amendment) Bill, the Bill now before Council includes provision for the Governor-in-Council to give directions to the Trade Development Council.

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

Question put and agreed to.

PENSIONS (AMENDMENT) BILL 1979

THE SECRETARY FOR THE CIVIL SERVICE moved the second reading of:—‘A bill to amend the Pensions Ordinance.’

He said:—Sir, this Bill seeks to amend the Pensions Ordinance to enable the Governor to delegate to the Secretary for the Civil Service and his deputies the power to declare offices to be ‘pensionable offices’.

Under the Pensions Ordinance a civil servant is only eligible for a pension if he is employed in an office which has been declared a ‘pensionable office’.

At present these declarations take the form of an order which has to be made personally by the Governor. Since such declarations are routine, and follow normally from the creation of permanent posts by the Finance Committee of this Council, it is considered appropriate to empower the Governor to delegate their making to the Secretary for the Civil Service and his deputies.

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.

Valedictory

HIS EXCELLENCY THE PRESIDENT:—Honourable Member, this is the last sitting of this Council which David JORDAN will attend as a Member. He is leaving after 28 years highly distinguished public service in Hong Kong. In the Administrative Grade he moved from Home Affairs, to Security, to Trade, Industry and Customs to Finance and to Economic Services (to use today's titles for these departments and Secretariat branches). To each he contributed greatly from his store of outstanding ability.

He finally came to roost as Director of Trade, Industry and Customs and it was while he was serving in this capacity that he was appointed to this Council seven years ago. I do not need here to list the range of responsibilities of his Department or to point out their particular significance for Hong Kong. And honourable Members are equally well aware of the greatly changing circumstances in which these diverse and important responsibilities have had to be discharged in the past seven or eight years. All I can say is that we have been extremely lucky to have had Mr. JORDAN as head of the Department during this time. His intellect, precision of thought, clarity of expression and determination are qualities we could not have done without.

It was these qualities, too, which have been so evident in his valuable contributions to debates in this Council. And I know that his relations with Members of this Council (and indeed with the two particularly important advisory boards of which he is Chairman), have in fact been extremely cordial.

In short he will be greatly missed in the Administration and in this Council. I know all Members will wish to join me to express our gratitude to Mr. JORDAN for his contribution and to wish him and his wife a long and happy retirement.

MR. CHEUNG:—We have indeed been fortunate in having had Mr. JORDAN directing the Trade, Industry and Customs Department for the past seven years. Hong Kong owes a very large debt to him for his skill, patience and perseverance in difficult trade negotiations, both here and abroad, where so often he found the cards stacked against him. Every time he set forth on these rounds, our textile men would have silently voiced to themselves words from the National Anthem

Scatter our enemies.....

Confound their politics,

Frustrate their knavish tricks.

And in the face of the toughest and very bigotted opposition, he always tried to obtain the best possible bargain for Hong Kong. Mr. JORDAN, as you have said, Sir, has contributed significantly towards Hong Kong's prosperity.

His forthright speech and keen wit will be missed by this Council, and his public service deserves to be long remembered by the people of Hong Kong.

In conclusion, Sir, I should like, on behalf of my Unofficial Colleagues, to associate ourselves with the tribute you have paid to him and to wish both him and his wife every good fortune in the future.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 31 October 1979.

Adjourned accordingly at ten minutes past four o'clock.