

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 10 February 1982****The Council met at half past two o'clock****PRESENT**

THE HONOURABLE THE CHIEF SECRETARY (*PRESIDENT*)
SIR CHARLES PHILIP HADDON-CAVE, K.B.E., C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY
MR. JOHN HENRY BREMRIDGE, O.B.E.

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

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR. DENIS CAMPBELL BRAY, C.M.G., C.V.O., J.P.

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

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.
SECRETARY FOR LANDS AND WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, C.M.G., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE ALAN JAMES SCOTT, C.B.E., J.P.
SECRETARY FOR TRANSPORT

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

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

THE HONOURABLE JOHN MARTIN ROWLANDS, C.B.E., 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., Q.C.
LAW DRAFTSMAN

THE HONOURABLE WILLIAM DORWARD, O.B.E., J.P.
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

THE HONOURABLE JOHN MORRISON RIDDELL-SWAN, O.B.E., J.P.
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE DONALD LIAO POON-HUAI, O.B.E., J.P.
SECRETARY FOR HOUSING

THE HONOURABLE GRAHAM BARNES, J.P.
REGIONAL SECRETARY (HONG KONG AND KOWLOON), CITY AND NEW
TERRITORIES ADMINISTRATION

THE HONOURABLE SELWYN EUGENE ALLEYNE, J.P.
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE IAN FRANCIS CLUNY MACPHERSON, J.P.
REGIONAL SECRETARY (NEW TERRITORIES), CITY AND NEW TERRITORIES
ADMINISTRATION

THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.
DIRECTOR OF EDUCATION (*Acting*)

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

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

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

THE HONOURABLE FRANCIS YUAN-HAO TIEN, 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.

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.

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, O.B.E., J.P.

DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, J.P.

THE HONOURABLE DAVID KENNEDY NEWBIGGING, O.B.E., J.P.

THE HONOURABLE HU FA-KUANG, J.P.

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

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, J.P.

THE HONOURABLE CHAN KAM-CHUEN, J.P.

THE HONOURABLE JOHN JOSEPH SWAINE, O.B.E., Q.C., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, J.P.

THE HONOURABLE CHEUNG YAN-LUNG, M.B.E., J.P.

THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, J.P.

THE HONOURABLE MARIA TAM WAI-CHU

ABSENT

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

THE HONOURABLE ANDREW SO KWOK-WING, J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS. JENNIE CHOK PANG YUEN-YEE

Papers

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

Subject *L.N.No.*

Subsidiary Legislation:

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Metrication Ordinance.	
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Sessional Papers 1981-82:

No. 33—Hong Kong Trade Development Council—Annual Report and Accounts 1980-81	
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No. 34—Trustee's Report on the Administration of the Education Scholarships Fund for the year ended 31 August 1981

No. 35—Li Po Chun Charitable Trust Fund Annual Report for the period 1 September 1980 to 31 August 1981

No. 36—Hong Kong Examinations Authority Programme of Activities 1.9.1979-31.8.1980 and Statement of Accounts for the year ended 31 August 1980 with Certificate of the Director of Audit

Oral answers to questions

Legislation and Police action dealing with vice establishments

1. DR. HO asked:—*Is Government satisfied that the existing legislation and present level of Police action are adequate to deal with sex establishments disguised as 'Chinese-style night clubs, social clubs, recreation centres, or health centres'?*

THE ATTORNEY GENERAL:—Sir, I can perhaps best answer the question by setting out the recent history and the legal position.

Section 139(b) of the Crimes Ordinance deals with vice establishments and to prove a place to be a vice establishment, whether it be fronting as a Chinese style night club, a fish ball parlour, stall or anything else, one has to prove two things: first, that two or more women are engaged in prostitution therein, or alternatively if you can't prove that beyond reasonable doubt, that the premises are organizing or being used wholly or mainly for the organization of prostitution. Difficulties of proof arose over the last few years for the Police in proving whether or not premises were wholly or mainly so used, and a somewhat restrictive interpretation of the legislation was applied in most of the Magistrate's Courts.

In 1980 a prosecution under this section, took place in which the Magistrate dismissed the case. That case was taken on appeal by me to the Appeal Court and there a new definition was applied by the Court of Appeal. They applied a broader definition, and they said, amongst other things,

'... if for any period of time, a set of premises is used for the purposes of prostitution ... such set of premises ... must be regarded as a vice establishment.'

Following that decision last August the Secretary for Security, the Commissioner of Police and I had a meeting and decided under the new definition laid down by the Court of Appeal to prosecute in a wide area of cases such establishments, to monitor the result and to see whether or not any amendment

of the Law thereafter was necessary. That period will end in June, and in June the Secretary for Security with the Commissioner and I will look at the position as it has been in practice over, at any rate, that six-month period.

The answer to the question therefore after that long preamble is that the Government, at the moment, is neither satisfied or dissatisfied with the legislation, but we are assessing the position against the background of the recent decision of the Court of Appeal, and we hope by June 1982 to be able to decide whether or not, in the light of experience, amendment to the legislation is necessary.

DR. HO:—*In the interim period before June 1982, will Government consider making more frequent spot checks in areas such as Mong Kok, Yau Ma Tei, Wan Chai and such areas where such sex establishments flourish openly in order to keep underaged girls from engaging in these activities?*

THE ATTORNEY GENERAL:—I will draw my honourable Friend's question to the attention of the Commissioner of Police; I would just make one observation, this particular area of enforcement has to be seen against the background of other Police commitments, for instance, illegal immigration, and other matters. So far as the number of visits, if that's the right word, paid by the Police to these establishments is concerned, there were during 1981 almost 8 000 police raids on such establishments.

MR. PETER C. WONG:—*May I ask if there were any successful prosecutions under section 139(b)?*

THE ATTORNEY GENERAL:—Yes.

Employment of underaged persons in licensed premises

2. MISS TAM asked:—*Will Government consider imposing by legislation, further restrictions on the employment of females under 18 and/or persons under 15 in liquor licensed premises?*

SECRETARY FOR HOME AFFAIRS:—Not for much longer.

In the case of children under 15 no further consideration is required since it is already unlawful to employ them in licensed premises.

In the case of girls between 15 and 18 further restrictions were proposed by the Urban Council in January 1981. The consideration process is almost complete. It looks as though these girls will shortly be almost entirely prohibited from working in licensed premises. At present they may work from 6.00 a.m. to 8.00 p.m. Some individual exceptions may be possible, for instance in some ordinary restaurants, even under the new regulations but they will be few.

MISS TAM:—*Sir, how soon will the proposed restrictions be introduced as legislation?*

SECRETARY FOR HOME AFFAIRS:—In a few weeks, although one can never take any step in the process for granted.

Interviewing of rape victims

3. RED. JOYCE M. BENNETT asked:—*Does the Royal Hong Kong Police Force ensure that all females who allege they are rape victims are interviewed by women police?*

SECRETARY FOR SECURITY:—Yes, Sir, so far as is possible, and circumstances allow.

Whenever a female makes a report of rape to any police formation, the Duty Officer is required to summon a woman officer, preferably an inspector, to receive the report in a separate room. The only exceptions to this procedure occur where the Police are summoned to the scene of an alleged rape either by the victim or a third party. In such cases it is essential to establish as quickly as possible whether the alleged assailant may still be in the vicinity. As soon as the alleged victim has been questioned she is taken to the nearest police formation where she can be interviewed by a woman police officer.

The use of the Lok On Pai Desalter

4. MR. WONG LAM asked in Cantonese:—

鑒於雨季將臨，政府可否考慮儘早停止繼續使用費用高昂的樂安排海水化淡廠？

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

In view of the approach of the rainy season, will Government consider suspending, as soon as possible, the use of the very costly Lok On Pai Desalter?

SECRETARY FOR LANDS AND WORKS:—Sir, I can assure Mr. WONG that the operation of the desalter will be suspended as soon as it can be done without adversely affecting our ability to maintain a reasonable level of supply.

Although we are approaching the rainy season there is no guarantee when it will commence nor how much rainfall or yield will be received subsequently. Bearing in mind these unknown factors and the present comparatively low level of storage it would not be prudent to suspend the operation of the desalter at this time. However, the situation is being closely monitored and a review is planned for late April, or earlier if circumstances warrant it, to determine the supply and desalter arrangements to be followed thereafter.

Title of 'Labour Department'

5. MR. ALEX WU asked:—*In the light of changing circumstances, does Government consider that the existing title of Labour Department accurately reflects its functions?*

COMMISSIONER FOR LABOUR:—Sir, the present functions of the Labour Department encompass a wide variety of activities, ranging from the better-known ones of labour legislation, labour relations, employment services and industrial health and safety, to the rather lesser-known ones of air pollution control and storage and delivery of explosives. All these activities are loosely related to the general 'world of work' and are mainly connected with the conditions, the health, safety and welfare of labour—that most valuable of all our resources. The overall aim of all the Department's activities is to maintain and advance 'labour standards' in a manner appropriate to our social, economic and cultural circumstances. In general terms I think therefore 'Labour Department' remains the most suitable succinct description of our activities. I should add that in recent years I am unable to recall suggestions from any quarter that the name of the Department should be changed. This title of 'Labour Department' is widely known and accepted by the public, and I can see no compelling reason to institute a change.

MR. ALEX WU:—*Hoping that my honourable Friend would consider that something must start somewhere, let it be known that a suggestion has been made now, and I would like to go on to say that would my honourable Friend not consider 'employment' a better substitute for 'labour'?*

COMMISSIONER FOR LABOUR:—I have of course been very actively considering this question since last Thursday (*laughter*) and I have done some research in the matter. I have looked at the names of the Ministries or Departments of some sixty countries of which by far the majority, in fact, over fifty of them use the word 'labour' in their title, although many of them have additional duties as well as labour affairs, I mean, such as social welfare in some countries. Comparatively few use the alternative of either 'manpower' or 'employment'. On the whole my own feeling is that employment is a much more restricted activity and really only relates basically to our employment services and I am advised by my Chinese colleagues that, in fact, it is a more restricted word in Chinese as well.

MR. ALEX WU:—*I cannot agree with that statement but I would like to ask whether my honourable Friend consider that the two Chinese words interpreting labour '勞' 工 'represent the full picture of the activity of that department?*

COMMISSIONER FOR LABOUR:—Sir, as Mr. Alex Wu well knows, I am not myself a scholar in these matters but I will look further into this and seek advice from those who understand them better than I.

French restrictions on imports from Hong Kong

6. MR. TIEN asked:—*Will Government make a statement on the progress of formal consultation with EEC regarding French restrictions on imports from Hong Kong?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Sir, the short answer is that the first round of consultations held in Geneva last week were essentially exploratory and were adjourned after one day. They are due to be resumed in Paris next week.

I should record that these consultations are taking place within the framework of the General Agreement on Tariffs and Trade. There is a sequence to be followed and the extent to which it will in fact have to be used will be determined by whether or not we get satisfaction for our complaint.

The consultations are being conducted with the Commission of the European Communities representing France, in the presence of representatives of the member states of the EEC.

What we are seeking is the removal of discriminatory import restrictions maintained on nine categories of Hong Kong products which are, in our view, contrary to the provisions of the GATT. Eight of these are the residue of a once larger number of restrictions which have been gradually reduced over the years. The remaining eight, the number remaining since 1977, have been in place for more than twenty years, despite repeated attempts at many levels to have them removed. The ninth was imposed in October 1981, when a limit was unilaterally placed on French imports of Hong Kong quartz watches, effectively cutting back sharply on potential exports which had reached roughly \$240 million in value or 17 per cent of our total domestic exports to France in 1980.

MR. TIEN:—*In view of the public concern over the French restrictions, would Government consider taking some form of retaliation?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Sir, as I said, these consultations are taking place in accordance with GATT procedures. Should the present round of bilateral discussions not result in an improvement we could regard as satisfactory, the next stage will be for us to report this fact to the GATT, and ask that a special panel be appointed to examine the issue. If, as I am confident would be the case, the panel were to find the French action inconsistent with their freely accepted obligations under the terms of the GATT, this fact, or whatever other findings the panel might reach, would be reported to the GATT Council. Assuming again that the Council endorsed such findings, it would then be for the French authorities to bring their practices into line with their obligations: Should they fail to do so, however, the Council could then authorize Hong Kong, if Hong Kong so wished, to withhold substantially

equivalent GATT concessions, that is to say, in terms of discriminatory limitation of imports, from France. But that is a long way down the line and I do not think it is fruitful at this stage to speculate what might or might not be done at the end of that sequence of events.

What is perhaps more immediately pertinent, Sir, is the effect this continuing restrictive attitude toward Hong Kong by France might have on general French business prospects in Hong Kong. Members will have seen a number of public expressions of irritation and impatience, including appeals by affected manufacturers that countervailing action should be taken and that, and I quote from a newspaper advertisement placed by some of them, 'Hong Kong people should think twice about buying French products.' This echoes some cautionary words used by His Excellency the Governor, Sir, at the Hong Kong General Chamber of Commerce last month. He said and again I quote: 'Hong Kong is a major market in its own right and a major bridge to other markets. We have never restricted anyone's goods, we have never protected our own producers, we have never refused restraint when damage was fairly proved. But if countries seek to restrict our exports for no better reason than short term political expediency, there is bound to be anger. In this case, their contractors and exporters should not be surprised if this were to affect the choice of Hong Kong clients and buyers. They would only have the protectionist interest that had influenced their Governments to thank.'

It remains, therefore, for the French authorities to take seriously into account the long term damage to their *own* commercial interests which may be caused by the continuance of discriminatory import restrictions which have the effect of denying to what should be, I suggest, a valued trading partner the fair and legitimate access to the French market which Hong Kong has for too long been unable to enjoy.

DR. HENRY HU:—*Is the Director of Commerce aware that each Hong Kong resident has consumed 1½ bottles of high quality cognac last year? (laughter)*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Yes, Sir, I am quite well aware of it; I am not quite sure what the point is but I am quite well aware of it.

MISS DUNN:—*Sir, as the European Commission is participating in the present consultations, has the Government received any overt support from the United Kingdom Government, and has any indication been given as to the attitude of the European Economic Community itself regarding these restrictions maintained by the French against us in contravention of the GATT?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Sir, the answer to the first part of Miss DUNN's question is 'no' because it has not been sought nor, I suggest, would it be quite appropriate for us to seek the support of the United Kingdom Government in what is effectively a bilateral problem between Hong Kong and

France, albeit one which, because of the requirement of the Treaty of Rome, is handled on behalf of the French Government by the European Commission. The answer to the second part of Miss DUNN's question is that, as I said in my original answer to Mr. TIEN's question, the discussions so far have been purely exploratory. The form they took, in fact, was that the European Commission spokesman made a general presentation and then invited the representative of the Government of France to make a more detailed explanation of the situation. However, until the substantive negotiations resume in Paris next week, I think it would be premature for us to even attempt to interpret the position of the European Commission itself which is, of course, as the bureaucracy responsible for the outward presentation of the terms of the Treaty of Rome and the common commercial policy of the European Community, bound to represent the interests of the member states.

Rehabus scheme

7. MR. PETER C. WONG asked:—*With reference to the subvented Rehabus scheme operated by the Hong Kong Society for Rehabilitation, providing door-to-door transport service to severely handicapped workers and school children, will Government state:—*

- (a) how many severely handicapped persons were provided with such service in each of the last three years;
- (b) how many people are currently on the waiting list for this service and what is the average waiting time; and,
- (c) whether there are any immediate plans to increase such service?

DIRECTOR OF SOCIAL WELFARE:—Sir, (a) The Rehabus provides service on scheduled routes primarily to assist severely physically disabled people who are unable to use public transport to reach their places of work, vocational training centres or sheltered workshops. 149 disabled people were provided with the service in 1979-80; 184 in 1980-81; and 170 in the current financial year up to December 1981. The Rehabus also provides a 'dial-a-ride' service through which disabled people or groups and organizations can charter a bus either for specific tasks like attending medical treatment or for recreational outings and social gatherings. Over the past three years nearly 2 500 requests for the dial-a-ride service were received.

(b) There were 50 people on the waiting list as at the end of December 1981 of whom five are wheel chair bound, 14 on crutches or calipers, two are blind and 22 are mentally retarded.

The average waiting time for the severely physically disabled to obtain a place on one of Rehabus' existing 11 route is one to two months.

(c) There are plans to subvent an additional three buses with effect from April 1982 thereby expanding the fleet from 11 to 14 buses.

MR. PETER C. WONG:—*Will the three additional buses to be subvented in April be sufficient to provide for the 50 people now on the waiting list?*

DIRECTOR OF SOCIAL WELFARE:—Sir, this will go a very long way to doing so. Each bus looks after 11 people and I think it will go a considerable way to improving the position and make a considerable improvement on the waiting list position. If necessary, of course, we can consider an application for a further extension.

REVD. JOYCE M. BENNETT:—*Sir, are school children not included among those entitled to use the Rehabus bus? They are not mentioned amongst this answer.*

DIRECTOR OF SOCIAL WELFARE:—Yes, there are some school children who are catered for by this service.

Guidelines for employing teachers for remedial English and Chinese

8. REVD. JOYCE M. BENNETT asked:—*Will Government explain why the Education Department has not yet sent to secondary schools any circular directing them as to how they are to employ this September the two graduate teachers for remedial English and Chinese? Perhaps I should mention that the circular was received after this question was sent in but I would still like to ask it.*

DIRECTOR OF EDUCATION:—Sir, we planned to advise schools at the beginning of the new term immediately after the Lunar New Year holidays. A circular was issued last week and should have reached all schools by now.

REVD. JOYCE M. BENNETT:—*Sir, why was this circular not planned for earlier since the policy was accepted a long time before?*

DIRECTOR OF EDUCATION:—Sir, the policy on the language package was approved in June last year. However, in December last year, the package was overtaken by a much bigger package involving staffing in secondary schools and this package, in fact, covers the period of the next two years and years thereafter. For this reason, we started planning the circular after December last year, and because of the fact that the circular involves a change in the terms of service of some of the teachers in the light of the supply situation, we needed some time to plan ahead and therefore issuing the circular in early February is, I think, reasonable. There is the other reason that the great majority of schools do not start planning their recruitment for September until March and April each year, so we think that issuing the circular in February will be more than enough for schools to plan ahead.

REVD. JOYCE M. BENNETT:—*Sir, is the Department then not aware that schools are already discussing and planning about the new year and the schools who do not start employing until March and April should be encouraged to think ahead?*

DIRECTOR OF EDUCATION:—Sir, I am aware of this, but I think in actual practice teachers who change their employment do not tell their schools until about June each year. In practice, of course, many schools wish to plan ahead as early as January, but in fact it is not possible to plan very precisely until round about March or April of each year. Certainly we would be very happy to encourage schools to plan ahead as early as possible.

REVD. JOYCE M. BENNETT:—*Sir, this circular that I have received does not in fact tell us how the teachers are to be employed, i.e. we have still not been given the guidelines on how the remedial teaching is to be effected, since if the teachers are not used effectively they will be discontinued.*

THE PRESIDENT:—That is hardly a question, Miss BENNETT. Nevertheless, if the Director of Education would like to make a comment, he may.

DIRECTOR OF EDUCATION:—Yes, Sir. I think the circular mentioned in a paragraph that there would be another circular on remedial teaching guidelines and this will be issued about the end of this month.

Industrial promotion

9. MR. STEPHEN CHEONG asked:—*Will Government make a statement on:—*
- (a) the progress of its efforts in promoting Hong Kong as a base for new manufacturing industries; and*
 - (b) its future strategy for the diversification of our industrial base?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Sir, it is never easy to quantify the results of promotional activities. This is particularly true of industrial promotion, where it is in the nature of things that the time lapse between the initial stirring of interest and the commencement of production is rarely less than a year and can often be as long as five years.

In terms of numbers, I can say that the active enquiries resulting from our various overseas activities are now running at between six and seven hundred a year, three times what they were only four years ago.

This increase in interest despite widespread economic recession is, I believe, a consequence of the more focussed and professional approach in industrial promotion which we have been adopting in recent years. This has been based on the development of a sound data base, the recruitment of technically competent men to do field promotion and the creation of adequate back up facilities to support them.

Overseas promotion has so far been conducted by delegations sent out from Hong Kong. A resident industrial promotion officer has now been appointed in

Tokyo, however, where our office will formally open next month. Before the end of June we shall have three similar officers, selected for their technical and language qualifications, located permanently in Europe and the United States.

A 'One Stop Facility' has been set up in the Department of Industry. This is staffed by selected officers and links nineteen Government departments and trade and industrial organizations. It provides a comprehensive and rapid service to potential investors on such subjects as land, premises, labour, taxation, education, technology and technical back up services.

Investment promotional activities are co-ordinated through an Industrial Promotion Committee which was established following the report of the Advisory Committee on Diversification. It is chaired by the Commissioner of Industry and consists of senior executives of the Trade Development Council, the Chinese Manufacturers' Association, the Federation of Hong Kong Industries, the Hong Kong General Chamber of Commerce, the Hong Kong Productivity Centre and the Hong Kong Industrial Estates Corporation.

The acceleration of overseas activity is not deflecting us from conducting appropriate promotional activities in Hong Kong itself; and the services I have mentioned are, of course, available equally to local or overseas industrialists.

The last two years have seen a considerable refinement and development of industrial promotion efforts. The success of these will, as I have said, be hard to measure because of the time lag and the various ways the results can show, which include new industries, joint ventures, licensing arrangements, subcontracting or sale of technology.

Turning now to the second half of my honourable Friend's question, the Government's strategy for the diversification of Hong Kong's industrial base derives from the relevant recommendations of the Advisory Committee on Diversification. Honourable Members are aware of the progress that is being made in implementing these recommendations from the copies of the Information Notes issued on a six-monthly basis to Executive Council.

MR. STEPHEN CHEONG:—*Sir, by having residential industrial promotion officers in Europe and United States, presumably we shall have offices, too. Can the Director give a time scale as to when such offices will be operational?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—*Sir, as I said, the Tokyo office is, in fact, already open for business although it will not be formally opened until 5 March. We hope to have offices in both London and San Francisco operational by May or, at the latest, early June and in Frankfurt, by not later than the end of June.*

MISS DUNN:—*In the light of these various promotional activities in the last few years, what is the Government's assessment of the main factors which inhibit potential investors from coming to Hong Kong?*

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Sir, that is a big question which almost deserves a debate in itself...

THE PRESIDENT:—It is a legitimate question, I am afraid.

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Yes, Sir, I am not trying to duck it I can assure you. I am just trying to collect my thoughts to answer it. The point, I think, about industrial promotional activities from Hong Kong or anywhere else, is that one is selling a package and that in any package of this nature there are compensating advantages and disadvantages. The advantages of Hong Kong are I think very well known, although I think perhaps I should put them in just for the record. We do have perhaps one of the best environments for light industry in the world. We have an extremely capable entrepreneurial force, we have an extremely capable labour force, we have a low taxation system which is conducive to investment, which allows investors to carry their losses forward indefinitely until they become profitable. There is no need for us to give the tax holiday benefits which so many of our competitors do because our taxation structure is in itself much lower than the beneficial rates which are offered by our competitors. Many countries which have for example, a 40 per cent level of taxation offer a beneficial rate of 20 per cent. We have one flat rate of business profits tax of 16½ per cent. The disadvantages, I suppose, are equally obvious and equally well known to all of us here in Hong Kong. We are an over-crowded community and we are compelled for the greater part to develop our industry in high rise buildings. This is, of course, an inhibition to heavy industry, although in this respect we have developed the Hong Kong industrial estates both in Tai Po and Yuen Long where industries which qualify in accordance with the criteria laid down by the Industrial Estates Corporation can operate in low rise buildings at reasonable cost. The other inhibitions are protectionism in our overseas markets and, I suppose, the general structure of rents and the cost of land although the cost of industrial land has gone down very significantly in recent months, and the availability of industrial premises has increased quite considerably. So I do think the disadvantages are gradually and rapidly being offset.

MR. ALLEN LEE:—*Sir, again in view of various promotional activities, is the Government satisfied with the progress of Tai Po Industrial Estate which is defined by the Director as more attractive in a way than high rise buildings and the land prices, etc. offering non-industrial estate area?*

THE PRESIDENT:—I really do think that question is rather far removed from the original question, but the Director may answer if he wishes.

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Well, I may very briefly simply say, Sir, that I know that Mr. LEE made a public statement the other day regarding the utilization of the Tai Po Industrial Estate, and for the record I

would correct some of the figures he quoted and say that more than 50 per cent of the available land has already been allocated—not one-third as I think he was reported as saying. The progress of the Tai Po Industrial Estate, I think, is a matter of some satisfaction, not regret. We have attracted a great many industries which would not otherwise be established in Hong Kong and the quality of present applications is very much higher than they were in the first two years of operation.

Statements

Water Charges 1982

SECRETARY FOR LANDS AND WORKS:—Sir, firstly, I would like to apologize to the Members of this Council for a leak to the media which happened on the subject matter of this statement, however inaccurate that leak might have been.

Honourable Members will recall that the charges for water were last revised in 1979. In setting the level of the charges at that time the Government had regard to the ‘no subsidy’ principle which is the basis on which it seeks to manage public utility type undertakings. In other words, charges for water are aimed at recovering the full cost of the waterworks operation, including the cost of the capital employed. The cost of operating the desalter is *excluded*, as this is a strategic and standby facility and is not a component of the normal water supply operation.

A review of the operating costs of the waterworks indicates that the forecast expenditure for 1982-83 will exceed the expenditure in 1979-80 by 128 per cent. This compares with an increase in revenue over the same period of only 66 per cent.

An increase in the charge for water is necessary in order to meet in some measure the additional cost of operating the waterworks. These additional costs arise primarily from the supply and distribution of water, the principal factors being the increased volume of water requiring pumping and the associated increase in pumping costs; the increase in salaries arising from an expanding service and revisions in salary in the intervening period; and the cost of additional quantities of water from China coupled with the new rate which became effective on 1 January 1982. These factors have resulted in the in-year production costs increasing from \$9.50 per unit in 1979-80 to \$13.30 per unit in 1982-83, an increase of 40 per cent.

Having regard to the principle that the level of water charges should recover the full cost of operation, a revision of charges is necessary. This revision has been carried out and has had regard to the need to take into account the impact of increased water charges on consumers and the need to encourage the conservation of water. Accordingly, the Governor in Council has approved an

increase in the current rate of charge of 20 per cent. The increase in cost will only meet in part the deficit in the operating accounts, reflecting Government's concern at the possible inflationary consequences of full economic charges.

The new rates of charge in respect of water consumed on or after 1 April 1982 will be reflected in the first bills produced as a result of meter readings taken on or after 1 August 1982.

The effect of these new charges on domestic consumers is likely to be minimal. About 20 per cent of consumers will continue to pay no water charges: another 65 per cent will be required to pay less than \$1 per week extra.

With regard to trade consumers, some relief will be afforded to industries where the cost of water represents a significant proportion of their total operating expenses and where hardship might arise as a result of the imposition of the new rates. The Government intends to continue for a period of one year only a concessionary tariff. This will be the current charge of \$5.50 per unit for consumption in excess of 6 000 units per four-monthly billing period and will give those who qualify for it time within which to introduce, if they so wish, measures to help them economize in their use of water.

The Hong Kong Trade Development Council—Annual Report and Accounts 1980-81

MR. WONG PO-YAN:—Sir, among the papers laid on the table of the Council today is the 15th Annual Report of the Hong Kong Trade Development Council for the year ended 31 March 1981.

Since the establishment of the TDC, its network of overseas offices has grown from five in 1966 to 24 by the end of the year under review. These offices are now Hong Kong's major overseas trade representation throughout the world.

The TDC is steadily expanding into markets which show a good growth potential. During the year under review, Hong Kong's representation has expanded by three new offices in Osaka, Marseille and Nairobi which have been established to further assist our businessmen and to develop our trade growth in those regions.

Plans outlined in the report call for the continued expansion of the overseas network in 1982. The first new link will be in Mexico. Offices in Santiago, Chile and Miami, Florida are also under consideration. The proposed Miami Office will not only serve the south-eastern market of the USA, but also the Latin American and Caribbean areas.

Recognizing the growing economic importance of the New Territories the TDC, during the year under review, established its first local branch office in Tsuen Wan to service the rapidly developing industrial zones there.

The Council's overseas trade promotion programme offers Hong Kong businessmen opportunities to reach new business contacts in almost every country in the world. Without going into too much detail of the 63 major overseas trade promotions mounted by the TDC and mentioned in this report, I feel it is important to state here that the scale and scope of these promotions contribute, to a large extent, to Hong Kong's continued trade growth.

The scale of these promotions means that somewhere in the world—more than twice a week, every week of the year—there is a group of Hong Kong businessmen selling goods 'Made in Hong Kong'. In fact, over 5 000 Hong Kong companies have taken part in the TDC's overseas promotions since the inception of the programme in 1966.

Growing protectionism and the current weak economic conditions in our major markets have placed considerable pressures on our businessmen and the TDC to maintain Hong Kong's export performance.

However, by careful selection of products and venues of the TDC's export promotions programme, the Council has ensured that the 'Made in Hong Kong' label now stands for quality and reaches the right markets. As such, the TDC has placed great emphasis on specialized trade fairs and in more innovative marketing approaches. Hong Kong's participation in the Swiss Industries Fair in Basle to promote watches and jewellery, and the TDC's joint efforts with the Japanese Chain Stores group to expand exports to Japan are just two such examples.

The TDC's work is, of course, not limited to pure product exposure. In order to ensure future success in developing its overseas promotions, the Council maintains high-level contacts with business communities abroad. Over 116 000 direct trade enquiries had been handled by the Council's staff during the year under review and the TDC publicity department distributed more than 1.3 million publications in seven different languages to over 170 countries worldwide. In addition, TDC missions led by its Chairman, Sir Yuet-keung KAN, visited countries in Western Europe, the USA, Mexico, Africa, Japan and the Middle East.

These high level missions, in turn, prompted a succession of reciprocal visits to Hong Kong by many officials of foreign countries. 64 incoming missions were received by the TDC head office. Intensive programmes were arranged for members of these missions in order to give them exposure to Hong Kong's industries and infrastructure.

As a member of the Hong Kong Trade Development Council, I am happy, Sir, to have had this opportunity to present this Council with some of the highlights of the TDC's work and achievements.

Government business

Motions

MONEY LENDERS ORDINANCE

THE SECRETARY FOR ECONOMIC SERVICES moved the following motion:—That the First Schedule to the Money Lenders Ordinance be amended—

- (a) in Part 1, by adding the following new paragraphs—
- ‘9. A bank which is—
 - (a) incorporated or formed outside Hong Kong;
 - (b) recognized as a bank by a banking supervisory authority of the country, territory, state or province of its incorporation or formation;
 - (c) carrying on in that country, territory, state or province the business of banking; and
 - (d) for the purposes of this paragraph, considered by the Commissioner of Banking to be adequately supervised by that banking supervisory authority.

 - 10. An organization which—
 - (a) is a member of the International Union of Credit and Investment Insurers (‘The Berne Union’); or
 - (b) satisfies the Registrar that it was established by one or more national governments with the object of financing, or guaranteeing the financing of, the export of a country’s goods or services.’; and
- (b) in Part 2, by adding the following new paragraph—
- ‘11. (a) A loan made by a holding company to its subsidiary or by a subsidiary to its holding company or another subsidiary company of the same holding company.
 - (b) Subsections (4), (5), (6), (7) and (8) of section 2 of the Companies Ordinance shall apply to the interpretation of this paragraph as they apply to the interpretation of that Ordinance.’.

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

In moving the second reading of the Money Lenders Bill, my honourable Friend the Attorney General said that the object of the Bill was to provide a framework within which to tackle the problem of ‘loan sharking’ in Hong Kong. ‘Loan sharking’ he defined as lending of money at grossly excessive interest rates. In the First Schedule to the Ordinance are ‘exempted persons’ and

‘exempted loans’ to which Parts II and III of the Ordinance governing licensing and transactions other than interest rates and charges do not apply because, my honourable Friend said, these persons and loans are already subject to adequate control. Among ‘exempted persons’ in the First Schedule are banks licensed in Hong Kong, deposit-taking companies, co-operative societies and credit unions. Among the ‘exempted loans’ are loans made within a company, mortgages and loans made by companies in the course of their business. Section 3(2) of the Ordinance provides that this Council may by resolution amend this First Schedule.

On 6 January, in reply to a question by my honourable Friend, Mr. Andrew So, the Attorney General informed this Council that the Ordinance had had a beneficial effect by tightening control over money lenders generally and diminishing the incidence of ‘loan sharking’. He also mentioned that certain problems over the operation of the Ordinance had come to light and that proposals to deal with some of them, by extending the exemptions listed in the First Schedule, were in train.

So the purpose of the present Resolution is to add to the ‘exempted persons’ overseas banks considered by the Commissioner of Banking to be adequately supervised by the Banking Authority of their country of origin, members of the International Union of Credit and Investment Insurers (the Berne Union), and other government export financing bodies. All these organizations are properly controlled and do not need to be further controlled under Parts II and III of the Money Lenders Ordinance.

To the ‘exempted loans’ we propose to add loans between companies of the same group. We do not consider it necessary to protect companies against their own close relatives.

Sir, I beg to move.

Question put and agreed to.

TELEPHONE ORDINANCE

THE SECRETARY FOR ECONOMIC SERVICES moved the following motion:—That the Schedule to the principal Ordinance be amended in Part III by adding after item 6(c) the following—

‘(d) Direct Station Selection Unit	\$288	\$2,500.
(e) Attendant Station for Direct Station Selection Unit	\$420	\$400.’.

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

The Hong Kong Telephone Company is now able to offer, on rental terms, two pieces of equipment, which if used together in conjunction with one of their 'Gold Star' exchanges makes the operation of the exchange much easier.

The purpose of this motion is to add to Part III of the Schedule to the Telephone Ordinance the charges the Telephone Company propose for this new facility. The Postmaster General considers the charges reasonable.

Sir, I beg to move.

Question put and agreed to.

HOLIDAYS ORDINANCE

THE SECRETARY FOR SOCIAL SERVICES moved the following motion:—That in 1983 and annually thereafter—

- (a) in a year in which Lunar New Year's Day or the second day of Lunar New Year or the third day of Lunar New Year is a Sunday, the day immediately preceding Lunar New Year's Day be observed as a general holiday in substitution for the fourth day of Lunar New Year;
- (b) the second Saturday in June be observed as a general holiday as the day on which Her Majesty's Birthday is to be kept, in substitution for the Birthday of Her Majesty the Queen;
- (c) the Monday following the second Saturday in June be observed as a general holiday in substitution for the first week-day in July;
- (d) in a year in which Tuen Ng (端午 Dragon Boat) Festival falls on Sunday, or on another general holiday, then the week day immediately preceding or following, as may be ordered by the Governor, by order published in the *Gazette*, be observed as a general holiday in substitution for Tuen Ng Festival day;
- (e) the Saturday immediately preceding the last Monday in August be observed as a general holiday in substitution for the first Monday in August; and
- (f) in a year in which the day following the Chinese Mid-Autumn (中秋) Festival is a Sunday, the Chinese Mid-Autumn (中秋) Festival Day shall be observed as a general holiday in substitution for the day following that Sunday.

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

The Holidays Ordinance provides that there shall be 17 general holidays a year, in addition to Sundays, to be kept by all banks, education establishments, public offices, including the Courts, and Government departments. Although

there is no legal requirement for them to do so, many business and commercial undertakings also observe these holidays.

A review of both general and statutory holidays was recently conducted when the views of employers and employees unions and associations, the District Boards, City District Committees and other local organizations, as well as those of the Labour Advisory Board, were sought. Following this review it has been concluded that although no change should be made to the number of general holidays, the opportunity should be taken to regroup certain general holidays by bringing together holidays on a Saturday and the Monday following, where appropriate, to enable the public periodically to enjoy longer weekends.

Accordingly, it is now proposed that the Birthday of Her Majesty the Queen should be celebrated on the second Saturday in June, which is Her Majesty's official birthday, and to move to the Monday immediately following, the holiday now enjoyed on the first weekday in July. Her Majesty's Birthday has been celebrated in Hong Kong on 21 April since 1953 as a special concession for climatic reasons because April was a more suitable time for procession, parades and other large scale celebrations. Over the last few years the tendency has been to celebrate the occasion with sporting events and other informal territory-wide celebrations, none of which makes the retention of the earlier date necessary. It is similarly proposed that the holiday now enjoyed on the first Monday in August should be moved to the Saturday preceding Liberation Day which is celebrated on the last Monday in August: this long weekend will also coincide with the National Autumn Holiday in Britain.

With these changes it is possible that in future Tuen Ng Festival (Dragon Boat Festival) could fall on the day on which Her Majesty's Birthday is kept, or the Monday immediately following. When this arises the Governor may order that the week day immediately preceding, or following, be observed as the general holiday in respect of Dragon Boat Festival.

During the consultations I have referred to the view was expressed in the context of the statutory holidays under the Employment Ordinance that many workers, especially women workers, preferred to have the Mid-Autumn Festival Day, rather than the day following, as a statutory holiday and, as a result, many industrial undertakings used the floating holiday available to them to have both days off. Accordingly, in the motion before Council, it is provided that when the day following Mid-Autumn Festival falls on a Sunday, then the Mid-Autumn Festival Day itself will be celebrated as a holiday, instead of the week day next following as at present. Similarly, in a year when either the first, second or third day of the Lunar New Year falls on a Sunday, then Lunar New Year's Eve will become a holiday instead of the fourth day of Lunar New Year as at present.

A Bill will be introduced into Council later in the Session to amend the Employment Ordinance to give effect to the changes I have outlined in regard to

the Mid-Autumn Festival and Lunar New Year statutory holidays, and to add one additional floating holiday to increase the number of statutory holidays to 11 days with effect from 1983.

Sir, I beg to move.

Question put and agreed to.

FACTORIES AND INDUSTRIAL UNDERTAKINGS ORDINANCE

THE COMMISSIONER FOR LABOUR moved the following motion:—That the Factories and Industrial Undertakings (Electricity) Regulations 1982, made by the Commissioner for Labour on 8 January 1982, be approved.

He said:—Sir, I move the resolution standing in my name on the Order Paper for the approval of the Factories and Industrial Undertakings (Electricity) Regulations 1982, which I made on 8 January 1982. In accordance with section 7(3) of the Factories and Industrial Undertakings Ordinance, these regulations have been submitted to His Excellency and are now referred to this Council for approval.

The standard of electrical installation and maintenance in industrial undertakings is often low. Statistics of electrical accidents to employed persons reflect these standards. In 1981 11 persons were killed by electrocution and 152 non-fatal industrial accidents were reported from this cause. These figures understate the size of the problem for two reasons. First they represent only those cases where electrocution was the primary cause of death or injury. Many other accidents result from electrical causes which are not included. For example, a man working on a scaffold receives an electric shock and falls to his death or an electrical short circuit causes an explosion of inflammable vapours or, in short, is a cause of fire. Such cases would otherwise be classified statistically but in both cases the underlying cause is electrical. Secondly, electrical accidents differ from most industrial accidents in that the victim is normally either dead or very seriously injured or he is fortunate and insufficient injury is sustained to make the accident 'reportable'. There are few half measures with electrical accidents.

Hitherto, there has not been a single, comprehensive set of regulations governing the safe use of electricity in industrial undertakings. Some measures for the prevention of hazards arising from the use of electricity in industrial undertakings have been contained in different items of safety legislation and have been restricted to certain areas. For example, Regulation 47 of the Construction Sites (Safety) Regulations deals with the danger from contacting live overhead cables, and Regulation 6 of the Factories and Industrial Undertakings (Cargo Handling) Regulations deals with the protection of electrical equipment used in docks, quays or wharfs.

The regulations now tabled before this Council are based broadly on the Electricity Regulations made under the UK Factories Act. They prescribe general requirements to ensure safety in the use of electricity in industrial undertakings. The regulations place on the proprietor of an industrial undertaking the responsibility for ensuring that his electrical installations and apparatus are in safe working order. The regulations also deal with the insulation and the safeguarding of conductors, the construction of switches and switchboards, switch fuses, circuit-breakers and insulating links, means of isolating voltage and means of preventing electrical shock and fire. There are also requirements for the proper connection of flexible wires to portable apparatus and the provision of personal protective equipment for use by employees. Unauthorized persons are prohibited from entering into specified areas such as substations or places where live or bare conductors are present.

Part I of the regulations contains definitions and states which industrial undertakings the regulations apply to. This part also empowers the Commissioner for Labour to modify requirements if he is satisfied that reasonable freedom from electrical hazard can be otherwise secured or that no increase in electrical hazard will result.

Part II deals with general safety requirements such as the construction and use of apparatus, and the insulation and protection of conductors.

Part III provides that every switch, switch fuse, circuit breaker and isolating link shall be properly constructed, placed, protected and installed. This part also requires that every circuit shall be protected against excess current by means of a suitable fuse or circuit breaker and contains detailed provisions for cutting off and isolating all voltage in a system to prevent electrical hazard.

Part IV deals with switchboards and switchboard apparatus and includes provisions dealing with the location of switchboard apparatus, precautions against metal becoming live and precautions to be taken when persons are working with electrical apparatus.

Part V covers protective equipment, lighting and special risks. This part requires the provision of protective stands, screens, insulating boots and gloves in certain circumstances. It also deals with access to and working space for apparatus, the lighting of apparatus and precautions to be taken in special conditions.

Part VI contains detailed provisions on the construction of substations, and the control of and entry to substations, including those built underground.

Part VII contains penalty clauses which may be invoked in the event of any failure on the part of the proprietor of an industrial undertaking, or an electrical contractor or any person failing to comply with these regulations.

The Labour Advisory Board have endorsed the introduction of these electricity regulations in principle and the power companies have been consulted in detail on the proposed regulations.

I appreciate that proprietors may need time to make the necessary adjustments and modifications which will be required to meet the standards laid down in the regulations, for example, particularly the construction of switchboards and other items of apparatus and the appointment of competent persons, etc. I therefore propose that the regulations should come into operation about six months from now, probably with effect from 1 September 1982. In the meantime, the Factory Inspectorate will launch a publicity campaign for the general education of workers and employers on the contents of these regulations and will be giving advice to proprietors. Proprietors will also be able to find useful information on how to achieve proper compliance with these regulations in publications such as the regulations of the Institution of Electrical Engineers and in the power companies' supply rules. A gazette notification will be published in due course to remind proprietors of the date when these regulations will come into force.

Sir, I beg to move.

MR. S. L. CHEN:—Sir, I rise to support the motion before Council seeking approval for the Factories and Industrial Undertakings (Electricity) Regulations 1982.

As stated by the Commissioner for Labour, the standard of electrical installation and maintenance in most industrial undertakings is often low. This is partly the result of inadequate legislation to define the responsibility for safe use of electricity, and partly owing to inadequate supply of skilled manpower to ensure proper installation, operation and maintenance of electrical apparatus in factories and industrial premises.

I am therefore glad to see that the new Regulations, if approved, will clearly place the responsibility on the proprietor of an industrial undertaking for ensuring that his electrical installations and apparatus are in safe working order.

Obviously, whether or not the objectives underlined by the new Regulations would be achieved depends a great deal on the work and the quality of the 'competent persons' defined in these Regulations. Here one might ask: Do we have a sufficient number of 'competent persons' in the industry to provide the service needed to ensure a meaningful implementation of the new Regulations? How could the competence of such persons be assessed and who is to say that a person is competent or to set the standard of competence? As a first step leading to the implementation of the new Regulations, an attempt should be made to answer these questions.

With my experience in the electrical supply industry, I would like to suggest that Government should establish the number of 'competent persons' presently available in Hong Kong and whether the number is adequate for providing the necessary service. To this end, I further suggest that perhaps Government might wish to consider establishing an official register of persons who are qualified to perform the functions relevant to the requirements laid down by the new Regulations.

As to the second question, the establishment of a trade test centre would provide the answer. If Government is willing to consider establishing such facilities whereby persons in possession of such necessary knowledge and skill could get qualified, I am sure the power companies where the expertise lies would be only too willing to assist.

In closing, I would emphasize that unless we have an adequate supply of skilled manpower, the objectives of the new Regulations would at best be only partially achieved. With these remarks, Sir, I support the motion.

COMMISSIONER FOR LABOUR:—Sir, I should like to thank Mr. S. L. CHEN for his support in this important area of occupational safety, and the helpful suggestions he has made, deserve a further brief comment from me. I, too, am conscious that more needs to be done both by way of qualification and training. The question of registering and/or trade testing electricians at various levels of competence has ramifications much wider than the safety requirement in the context of these regulations where competence has to be related by experience or qualification to the particular job to be done. I will therefore draw Mr. CHEN's remarks to the attention of the various other authorities concerned, among whom these questions are already being considered.

With regard to training insofar as it is within my own purview, I should like to say that the steps taken to date to increase the output of qualified electricians include the designation of the trade under the Apprenticeship Ordinance and the bringing in by the Construction Industry Training Authority of a scheme to train electrician trainees. Also a proposal by the Hong Kong Training Council for a training centre for training electricians is currently under consideration by Government. These steps together should help ensure in time an adequate supply of trained electricians.

Question put and agreed to.

First reading of bills

BANKING (AMENDMENT) BILL 1982

DEPOSIT-TAKING COMPANIES (AMENDMENT) BILL 1982

ARBITRATION (AMENDMENT) BILL 1982

POLICE FORCE (AMENDMENT) BILL 1982

APPRENTICESHIP (AMENDMENT) BILL 1982

LEGAL AID (AMENDMENT) BILL 1982

HOUSING (AMENDMENT) BILL 1982

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) BILL 1982

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

He said:—Sir, I move that the Banking (Amendment) Bill 1982 be read the second time.

The principal amendments contained in this Bill, and in the Deposit-taking Companies (Amendment) Bill 1982 on which I shall be speaking shortly, are intended to enable Hong Kong fully to accept the international responsibility which accompanies its position as one of the largest financial centres in the world.

The most important aspect of this responsibility is the duty of the Hong Kong Government, acting in the interests of depositors around the world, to supervise the activities both outside and inside Hong Kong of banks and deposit-taking companies which are incorporated in Hong Kong.

Over the period since 1974 much work has been done by banking supervisors in many countries to improve and extend the effective supervision of international banking. This work is assisted by the Committee on Banking Regulations and Supervisory Practices, which was established by the Central Bank Governors of the Group of ten countries and Switzerland in 1974: the Committee is based in the Bank for International Settlements in Switzerland. Although Hong Kong is not a member of this Committee, the Hong Kong Government fully supports its work and its objectives. In particular the Government entirely accepts the principal tenet of the Concordat drawn up by the Committee and endorsed by the Central Bank Governors in 1975, which states that the supervision of the solvency of a bank's offices outside its country of incorporation rests first of all with the banking supervisory authority in that country of incorporation. The Concordat also emphasizes the need for practical co-operation and exchanges of information between the supervisors in the different countries in which an international bank maintains branches, subsidiaries, or joint ventures.

So far as banks and deposit-taking companies in business in Hong Kong are concerned, the responsibilities, and the need for co-operation and a flow of information, are very much two-way. Just as the Hong Kong Government is responsible for supervising the solvency of the 116 branches and agencies maintained outside Hong Kong by nine locally-incorporated banks and by

eight locally-incorporated deposit-taking companies, so the supervisory authorities in 21 countries are responsible for supervising the solvency of the branches in Hong Kong of 89 banks and 12 deposit-taking companies incorporated in those countries.

The Government has therefore, after lengthy discussion, drawn up the necessary legislative amendments to cover these aspects of banking supervision.

In summary the two Bills before honourable Members today contain proposals to enable the Commissioner of Banking to obtain from locally incorporated banks and deposit-taking companies such information as he requires about the activities of their branches outside Hong Kong, and about all their subsidiaries and associates. The Bills cover the examination by the Commissioner of overseas branches of these banks and deposit-taking companies (in the same way as he now examines their branches in Hong Kong); and also the examination by overseas supervisory authorities of the Hong Kong branches of banks or deposit-taking companies incorporated in their countries. Finally the Bills cover the supervision by the Commissioner of representative offices established overseas by Hong Kong-incorporated banks and deposit-taking companies, or established in Hong Kong by overseas banks. The provisions of the two Bills are set out in full detail in the two clear explanatory memoranda, and I direct serious students of these affairs to them.

The gathering of information by the Commissioner is not an end in itself, but a means to an end. When the Commissioner has an adequate understanding of what locally-incorporated banks and deposit-taking companies are doing overseas, or through their subsidiaries or associates, the Government will be able to develop, and then to seek the powers to implement, a system of on-going balance-sheet ratio controls based on consolidated balance sheets—a concept which is being much discussed in the Cooke Committee and elsewhere.

The Bills before this Council today are also designed to permit the Commissioner to provide to the banking supervisory authority in a country overseas information about a bank or deposit-taking company. This will be done only where there is a definite link with that country—e.g. there is a branch in Hong Kong of a bank incorporated in that country—and where it would be in the interests of depositors at that bank to pass on that information, provided always that the supervisory authority in that country is subject to adequate secrecy requirements. I must emphasize that in no circumstances whatsoever will the Commissioner be able to pass on to anyone, whether in Hong Kong or elsewhere, any information relating to the affairs of any particular customer. He cannot, and does not, pass on such information now; and he will not be able to do so in the future.

The opportunity has been taken to include certain minor amendments in these two Bills, as a further step in the continual process of revising and

adapting our prudential supervisory legislation to take account of changes in the financial structure of Hong Kong.

Sir, I move that the debate on this motion be now adjourned.

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

Question put and agreed to.

DEPOSIT-TAKING COMPANIES (AMENDMENT) BILL 1982

THE FINANCIAL SECRETARY moved the second reading of:—‘A bill to amend the Deposit-taking Companies Ordinance and to make consequential amendments to other Ordinances’.

He said:—Sir, I move that the Deposit-taking Companies (Amendment) Bill 1982 be read the second time.

The principal provisions of this Bill are essentially identical to those of the Banking (Amendment) Bill 1982 on which I spoke a few minutes ago: so I hope that honourable Members will forgive me if I do not repeat all that I said then. I should however point out that the scale of the supervisory task, in respect of their overseas operations, is smaller for locally-incorporated deposit-taking companies, which have 12 overseas branches and agencies and seven overseas representative offices, than for locally-incorporated banks which have 104 overseas branches and agencies and 13 overseas representative offices.

The opportunity has again been taken to include in this Bill certain minor amendments by way of revision of the Ordinances.

Sir, I move that the debate on this motion be now adjourned.

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

Question put and agreed to.

ARBITRATION (AMENDMENT) BILL 1982

THE ATTORNEY GENERAL moved the second reading of:—‘A bill to amend the Arbitration Ordinance to give effect to recommendations of the Law Reform Commission in relation to arbitration in respect of civil matters; and for matters connected therewith’.

He said:—Sir, I move that the Arbitration (Amendment) Bill 1982 be read a second time.

This Bill implements the recommendations made by the Law Reform Commission in their Report on Commercial Arbitration, and Members have copies of that Report in the papers before them. Sir, I am sure that honourable Members would wish me to both thank and congratulate, in particular the members of the Sub-committee, whose hard work and detailed research contributed so significantly to the Report, and also to thank the members of the Commission itself which of course included my honourable Friends Mr. T. S. LO, Mr. Alex WU, Mr. F. K. HU and Mrs. Selina CHOW for their input into it.

Sir, the Commission approached the question of commercial arbitration in Hong Kong from two angles. First, the submissions made to the Commission made it clear that there was a strong and widely-held belief expressed from many different sources and from many different nationalities that there was a need in the Asian and the Pacific region for an acceptable centre for holding international arbitrations. At present, as honourable Members know, all such arbitrations perforce go to London, Geneva, Paris or Stockholm where there are institutions specializing in arbitration who have all the necessary facilities of arbitrators, lawyers, logistic support and so on. Accordingly, one task of the present Bill is to meet this need, and it contains provisions designed to help Hong Kong to do so. The second angle from which the problem was approached was to improve the legal framework governing arbitration so far as local arbitrations are concerned.

Sir, the present Arbitration Ordinance in Hong Kong is based on English legislation passed originally in 1950 but since amended from time to time. Serious criticisms arose of that legislation, in particular by international agencies of Governments who were parties to international agreements and contracts, and in 1979, the British Parliament fundamentally altered those laws. The Law Reform Commission has considered the extent to which those alterations should be adopted in Hong Kong. They have come to the conclusion that it would be wise to adopt most of the English amendments of improvements, but they have modified some in the light of local circumstances and have, in my opinion, advanced the position beyond and improved it beyond that existing at present in the United Kingdom, and they have done so by looking at Hong Kong and the local scene and introducing changes specifically designed to reflect the special circumstances of Hong Kong.

The central thrust of the Bill is to remove, so far as possible, the opportunities which at present exist by way of successive, protracted appeals in the courts, for unmeritorious parties to delay the final day of judgment and the final day of payment. In these days of currency fluctuation, and not to mention inflation, such delay in achieving finality is unacceptable to businessmen. The present system, as honourable Members and certainly my honourable and learned Friends who are Members know, is that at the end of the arbitration, a High

Court Judge on demand must review the arbitrator's decision. His decision then can be on appeal to the Court of Appeal and again in some cases to the Privy Council in London, thus delaying very considerably finality. The Bill, if enacted, will change and instead provide a different system under which arbitrators have to give reasons for their judgments, but appeal from the arbitration will only be permitted in certain strictly limited instances which are described in clause 9 of the Bill. Moreover, and this is particularly important in regard to international arbitrations which is one area which it is hoped to attract Hong Kong, it will, under the Bill, be permissible for the parties to international arbitrations to restrict and exclude altogether the right of appeal. This is particularly important to some countries and some Government agencies who, for political reasons, are not willing to submit to the jurisdiction of the courts of a different state.

The Bill also provides other new sanctions against delay in litigation. By clause 11, a duty is laid on the claimant, which at present does not exist, for him to prosecute his claim with all due speed and despatch. If he does not do so, and if by reason of lapse of time and the dimming of memories thereby, unacceptable delay is introduced into the proceedings so that a fair trial is no longer possible, then the courts have the power to stay and terminate the proceedings there and then. It is hoped that this will encourage claimants to carry their cases on with speed, so that defendants don't have stale claims hanging over them and hanging around in their accounts, in some instances, for years and sometimes years. There are of course other sanctions dealt with in clause 23C to control delaying tactics adopted by defendants.

As honourable Members are of course aware a feature of many contracts made in the Asian region is a provision that when a dispute arises before litigation ensues, there shall be a conciliation process. Clause 2 of the Bill contains provisions which are fully described in the clear Explanatory Memorandum which are designed to assist that conciliation process without at the same time introducing undue delay. This I believe to be the first time in either the English common law or indeed the American system that legislation has recognized and assisted such an important matter as that of conciliation prior to litigation. It does seem to me to be a particularly appropriate and indeed important feature so far as Hong Kong and the attitudes of people in Hong Kong itself are concerned.

Various detailed improvements which are fully described in the Explanatory Memorandum are proposed to be enacted by clauses 3, 4, 6 and 8 which deal with various new powers in the court which are fully set out in those clauses and in the Memorandum.

Sir, a further feature to which I make short reference is this: many parties choose to arbitrate so that their commercial disputes can be heard in private. It has always seemed to me odd that when they appeal to the courts from there, it then enters at once the public arena and there have been instances known, I am sure, to many of the lawyers present where winning parties in an arbitration

have settled rather than faced the publicity, the commercially undesirable publicity, of an appeal. It is intended, therefore, if this Bill is passed into law, to provide by rules of court, that such appeals from arbitrators will in future be heard behind closed doors if either party so wishes.

Sir, there has been in English legislation for some time a power permitting judges, with the permission of the Lord Chancellor, to sit as arbitrators. A similar proposal is contained in clause 7 of the Bill empowering the Chief Justice, in the case of judges, and the Attorney General, in the case of lawyers or other public servants such as surveyors or architects, to give similar provision. In view of the shortage of experienced arbitrators in Hong Kong, this is an important provision. Obviously before permission is given, the workload of the particular public servant will be carefully considered. There will be no cost to the public revenue because the fee to be charged for the arbitrator will reflect the full cost to Government of that individual's employment. This is a positive contribution by the Government to meet the acknowledged fact, as pointed out by the Law Reform Commission, that there at present exists in Hong Kong a shortage of experts experienced in the various fields of arbitration—arbitrators, in some instances, lawyers, in some instances, other professional parties.

If this Bill is enacted and passes into law, I believe that a satisfactory and viable legal framework will have been provided for arbitrations. But of course much remains to be done, and one may ask what part has the Government to play in the future in carrying ahead what the Law Reform Commission has started? I believe that the following is important: first, that whilst the Government may put forward ideas and of course give whatever help it can by way of publicity and so on, it is those in the private sector who must from now on carry the matter forward so as to ensure that the needs of their clients, the parties seeking to arbitrate in Hong Kong, both local and international, are met. This no doubt will involve discussions between local bodies concerned with arbitration, such as the Hong Kong General Chamber of Commerce, the Hong Kong Branch of the Institute of Arbitrators, the American Chamber of Commerce who shows a great interest and has made submissions to the Law Reform Commission, the Law Society, the Bar Association and many other bodies to consider how the present shortage of trained personnel can best be cured and the other necessary facilities and logistic support best provided. It will also no doubt be necessary to consider and agree and draft rules under which Hong Kong arbitrations can be conducted, and perhaps to draft and publish proforma clauses that can be inserted in contracts nominating Hong Kong as the place for arbitral conciliation if contractual differences and disputes arise.

Sir, much therefore remains to be done. But I am confident myself that there is a need in Hong Kong in particular, and in the Asian and Pacific region, for an arbitration centre and I feel that Hong Kong can, and indeed will, meet that need.

Sir, I move that the debate on this reading of the Bill be now adjourned.

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

Question put and agreed to.

POLICE FORCE (AMENDMENT) BILL 1982

THE SECRETARY FOR SECURITY moved the second reading:—‘A bill to amend the Police Force Ordinance’.

He said:—Sir, I move that the Police Force (Amendment) Bill be read a second time.

As is explained in the Explanatory Memorandum the main purpose of this Bill is to improve and simplify the law governing the disciplinary procedures and awards of the Police Force. Some other amendments to the Ordinance are also included.

I should like to refer to four matters of Police discipline which experience has shown require change.

First of all, clause 4 amends section 23 of the Ordinance to permit the Commissioner of Police to accept from a non-commissioned officer or constable wishing to resign either a shorter period of notice than one month, or a lesser amount of salary in lieu of notice. There have been cases in which it would have been right for the Commissioner to have such a power in special compassionate circumstances, or where the officer has not completed his basic training, or where the best interest of the Force warrant an earlier release of the officer. The clause will provide this power. Clause 5 seeks to make broadly similar provisions for inspectors wishing to resign.

Secondly, the law at present provides for disciplinary punishment to be imposed only where an officer has been convicted of an offence punishable by imprisonment. This had been found to be both unduly cumbersome and unsatisfactory. Accordingly clause 8 amends section 37 of the Ordinance to permit disciplinary action to be taken against a police officer as a result of his conviction of an offence by the Courts, whether or not the conviction was recorded.

Clause 8 also introduces a further power of punishment that of compulsory retirement with or without a reduction in the officer's retirement benefits. The purpose of this measure is to provide the Governor (in the case of an inspector) and the Commissioner (in the case of a junior Police officer) with a means of removing unsuitable officers from the Force without resorting

to the more extreme course of dismissal, which would necessarily involve the officer's forfeiture of all terminal benefits. The addition of this power follows a recommendation of the UMELCO Police Group to the Governor. It also brings the Police Force Ordinance into line with Colonial Regulations, and is comparable to similar powers added last year in respect of the Fire Service.

Finally, clause 8 provides that for the purposes of disciplinary punishment following upon an officer's conviction for a criminal offence, a conviction incurred outside Hong Kong will be regarded in the same way as a conviction incurred here. Similar provisions exist in respect of the other disciplined services.

These proposed measures taken with the necessary amendments to the Discipline Regulation which will be required should this Bill pass through all stages, will streamline the disciplinary procedures under which the Commissioner administers the Royal Hong Kong Police. I commend them to Council.

Sir, I move that the debate on this motion be adjourned.

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

Question put and agreed to.

APPRENTICESHIP (AMENDMENT) BILL 1982

THE SECRETARY FOR EDUCATION moved the second reading of:—‘A bill to amend the Apprenticeship Ordinance’.

He said:—Sir, I rise to move the second reading of the Apprenticeship (Amendment) Bill, 1982.

The promotion of apprenticeship and the regulation of employment and training of young persons in designated trades are integral parts of industrial training, and training *per se* and the promotion and regulation of apprenticeships must remain closely linked. This Bill is consequential upon the Vocational Training Council Bill which is on the Order Paper to be further considered later this afternoon. If that Bill is enacted, a statutory Vocational Training Council will be established to promote industrial training and technical education. One of its functions will be to assume the advisory role of the Hong Kong Training Council in relation to apprenticeships. Also it has been agreed that from 1 April 1982, a new Department of Technical Education and Industrial Training will be established to support the Council and be responsible for the promotion and regulation of apprenticeships. Thus, it is appropriate for the

main responsibilities under the Apprenticeship Ordinance to be transferred to the Vocational Training Council and the Director of Technical Education and Industrial Training from the Hong Kong Training Council and the Commissioner for Labour respectively.

Much of the Bill is concerned with this transfer of responsibilities but at the same time, the opportunity has been taken to make some minor deletions and amendments to parts of the Ordinance which are no longer required or modifications of which have proved necessary in the light of experience. Clause 6 will delete section 18(1) of the principal Ordinance which related to contracts in force when it was enacted in 1976 and which have long since been completed. Clause 9 will provide a new section so that amended designations of a trade or occupation can be read into existing contracts of apprenticeship. I can assure Members that this provision will be applied only to the amendment of a trade designation of a contract and not the terms of any of the 10 500 contracts now registered or any to be registered in the future.

Another minor textual amendment would be made by clause 8 to section 45 concerning the Governor's powers to specify designated trades. The object of the clause is merely to improve the wording of the section and not to alter its intention. In this connection, it may be appropriate for me to reiterate the assurances given by the then Commissioner for Labour when introducing the Apprenticeship Bill in 1976 that the Hong Kong Training Council, or, in future, the Vocational Training Council, would be consulted before the Governor is asked to exercise his powers under sections 44 or 45 and that the Council would also be consulted on the criteria for exemption on any grounds set out in section 6(2) of the Ordinance.

It is now nearly six years since the apprenticeship legislation was first introduced. During this time, many thousands of young persons have benefited from the systematic training which apprenticeships afford for the acquisition of skills and knowledge needed for their trade. It is to the credit of employers generally and to the persuasive skills of officers of the Industrial Training Branch of the Labour Department that no prosecutions have been necessary under the Ordinance. The amendments proposed in this present Bill do not alter the main purpose of the Ordinance but, by maintaining a close link between education and training, will make easier the continuing improvement of our industrial work force.

Sir, I move that the debate on this motion be adjourned.

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

Question put and agreed to.

LEGAL AID (AMENDMENT) BILL 1982

THE LAW DRAFTSMAN moved the second reading of:—‘A bill to amend the Legal Aid Ordinance’.

He said:—Sir, I move that the Legal Aid (Amendment) Bill 1982 be read the second time.

This Bill seeks to make legal aid available in civil appeals to the Privy Council. At the moment those who wish to appeal to the Privy Council but are unable to afford the unavoidably high legal costs, can only do so if they obtain from the Privy Council special leave to appeal in forma pauperis i.e. as paupers.

There are considerable drawbacks to this procedure, not the least of which is that an applicant must swear that he has not more than £ 100 sterling in all the world. That amount is lower than the corresponding amount applicable to civil cases heard within Hong Kong. In fact it is so low that anyone who qualifies is unlikely to be able to meet the costs of producing the necessary documents and making an application for leave to appeal in forma pauperis.

A further difficulty is that counsel and solicitors who act for petitioners in forma pauperis do not receive fees for their services. Notwithstanding this, counsel and solicitors both here and in London have at considerable personal sacrifice generously given of their time and services in pauper appeals. The Legal Aid Department, too, has helped as far as it can on an informal basis. But there are difficulties and the time has come to provide aid in civil appeals to the Privy Council on a proper basis.

That is what this Bill seeks to do, to provide legal aid in a manner similar to that which applies to civil proceedings in Hong Kong. It will, of course, certainly not mean legal aid on demand for every party to civil proceedings who wishes to appeal to the Privy Council or to oppose such an appeal. On the contrary legal aid will only be granted where the Director of Legal Aid is satisfied first, that an applicant has reasonable legal grounds for seeking to appeal or to oppose an appeal; and second, that he meets a means test. An applicant refused legal aid by the Director of Legal Aid will be able to appeal to a Review Committee consisting of the Registrar of the Supreme Court and nominees of the Bar Association and the Law Society.

The financial implications of the Bill, which have already been considered by the Finance Committee, are explained in the Explanatory Memorandum of the Bill.

I should mention that a similar extension of legal aid for appeals to the Privy Council in criminal cases is also proposed. This will be achieved by means of amendments to the Legal Aid in Criminal Cases Rules to be made by the Chief Justice under the Criminal Procedure Ordinance and for which the approval of this Council will be sought.

Sir, I move that the debate on this motion be adjourned.

Motion made. That the debate on the second reading of the Bill be adjourned—THE LAW DRAFTSMAN.

Question put and agreed to.

HOUSING (AMENDMENT) BILL 1982

THE SECRETARY FOR HOUSING moved the second reading of:—‘A bill to amend the Housing Ordinance’.

He said:—Sir, I rise to move the second reading of the Housing (Amendment) Bill 1982.

Home Ownership Scheme and Private Sector Participation Scheme

Following the announcement last October that the value of land would in future be excluded from the sale prices of Home Ownership Scheme flats, the first batch of flats to be priced under the new arrangements has already been advertised for sale. There are altogether 1 548 flats in this phase and, judging by the number of application forms issued, demand for them will be very high indeed.

Restrictions and Controls

As Members are aware, the exclusion of land value from the flat prices is coupled with the introduction of extended restrictions on the resale of the flats. The main purpose of this Bill is to give legal effect to those restrictions, and to provide a better legal framework for control.

The Schedule to the Bill describes the restrictions on resale, which are—

- (a) during the first five years a flat may only be resold to the Housing Authority, or its nominee, at the original selling prices;
- (b) subsequently, resale will only be permitted to the Authority, or its nominee, at a price related to that for similar flats being offered for sale at that time; and
- (c) after ten years of occupation, however, a home owner may be permitted, if he so desires, to pay a premium to the Government, the amount of which will be the proportion of the current market value of the flat which he did not originally pay, thereby removing all restrictions on resale. For example, if a purchaser paid, say, 60 per cent of the market value for his flat and then after ten years, he wishes to remove the alienation restrictions, he will first have to pay a premium equivalent to 40 per cent of the open market value of the flat at that time.

Flats produced under the home ownership schemes are intended for one purpose only—to provide homes for people eligible for them. It is not the

intention of the schemes to give opportunities for speculations, or to provide such housing for people who fall outside the eligibility criteria. For this reason realistic sanctions are provided against abuses.

It is proposed that the maximum penalty for making a false declaration of eligibility for the flats be increased to a fine of \$200,000 and one year's imprisonment. Additionally, should a purchaser be convicted of making a false declaration, it is proposed that forfeiture of the flat should be mandatory, or that, exceptionally, the offender should forfeit an amount equivalent to the difference between the original purchase price of the flat and its market value at the time of conviction. Similar provisions will apply in the event of a false statement being made by a member of an applicant's family in connection with the application.

To ensure that flats are actually used by those who purchase them it is proposed that authorized staff be empowered to require owners to provide information on the occupancy of their flats; and, should it prove necessary, to check on the occupancy position. The Bill proposes that the maximum penalty for refusing to furnish information to an authorized officer be increased from \$1,000 to \$10,000, and that in the event of conviction for alienating a flat in breach of the restrictions, the offender shall be liable to a maximum fine of \$200,000 and to imprisonment for one year. Additionally, it is proposed that any alienation of a flat in breach of the restrictions shall be null and void.

Since it is intended that flats produced under the Private Sector Participation Scheme and the Middle Income Housing Programme also shall have land value excluded from their sale prices, the Bill has been drafted to encompass these schemes within its framework of controls and sanctions.

Details of the conditions applicable to flats sold under all the schemes are contained in simple language in the explanatory leaflets provided to all prospective purchasers.

Unofficial Membership of the Housing Authority

Another very important aspect of this Bill concerns the composition of the Housing Authority.

Section 3 of the Ordinance empowers the Governor to appoint up to 13 unofficial members of the Housing Authority, of whom eight shall be Urban Councillors. However, in view of the shortage of developable land in the urban area, an increasing amount of the Authority's housing production is now centred in and around the new towns and this trend will continue. It is therefore, necessary to consider appropriate representation on the Authority of New Territories' interests in addition to those of the urban area. Furthermore, District Boards are now being formed and some have already started to function. To tie in with this development, it is considered that there should also be representation on the Authority of unofficial members of District Boards.

In order to reflect these changes, it is necessary to amend the Ordinance to provide for an increased number of unofficial members on the Authority. While there will no longer be specific reference in the Ordinance to Urban Council membership, it is proposed that the present close liaison between the Housing Authority and the Urban Council should be maintained, and it is not intended for the foreseeable future that the number of Urban Councillors on the Authority should be very different from the present.

Appeals Procedure

The opportunity is also taken in this Bill to revise the procedures under which Housing Authority tenants may appeal against termination of their tenancies.

Section 20 of the Ordinance gives an Authority tenant the right of appeal against termination of his tenancy, providing the appeal is lodged within ten days of the serving of the notice of termination. It is proposed that this section be amended to provide that where a tenant is unable to submit the appeal personally, it may be lodged by a member of his family who is an authorized occupant under the tenancy agreement. It is also proposed to increase the time limit for lodging an appeal to 15 days.

Parking and Traffic Control in Housing Authority Estates

Finally, Sir, the Bill proposes certain measures designed to help bring to book those who commit traffic offences in Housing Authority estates.

At present the Ordinance requires the lapse of seven days before action can be taken against illegally parked vehicles in Authority car parks and two days in the case of vehicles parked illegally on roads in estates. Clause 11 proposes the removal of these time constraints. The Bill also proposes that the Authority be empowered to make by-laws to enable staff to obtain from registered owners the particulars of drivers of vehicles at the time of alleged offences. By-laws made by the Authority to achieve this will be presented to this Council for approval at a later date.

Sir, I move that the debate be now adjourned.

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

Question put and agreed to.

INLAND REVENUE (AMENDMENT) BILL 1982

Resumption of debate on second reading (20 January 1982)

Question proposed.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

VOCATIONAL TRAINING COUNCIL BILL 1982

Resumption of debate on second reading (6 January 1982)

Question proposed.

MR. TIEN:—Sir, in rising to support the Vocational Training Council Bill which has come before this Council, I believe it is necessary to take the opportunity to survey developments this far, and offer a few thoughts and suggestions for the future.

Vocational training is for Hong Kong more than just a form of training. Given our situation as an exporting city-state, it is an ideal of the highest order. Many years ago, a loving father heard that his young son wished to abandon his comfortable home to join a circus. The father was at first upset, especially when he found the boy up to his knees in mess in the lion's cage. The boy was, however, the picture of happiness. 'Father', he said, 'I've found my true vocation. I'm in show business' (*laughter*). Happiness comes from a job well done.

It is gratifying to me to see the enactment of a Bill which seeks to establish a statutory body with the means to ensure a comprehensive system of industrial training geared to the developing needs of Hong Kong's economy.

The need for such a body is strongly brought home by a cursory glance at the present economic difficulties faced by the United Kingdom. Realization has now come there that vocational training is the best way forward for that faltering economy. How much better is it for *us* to take our precautions now. We need to take account of the old fable of the industrious ant and the grasshopper.

The ant worked hard during the good times of summer; the grasshopper danced and sang. When times of famine and hardship appeared, the ant was well provided for. The grasshopper had nothing but the memory of his dancing and singing. Sir, I have nothing personal against dancing and singing (*laughter*).

Sir, I must mention what has been achieved. The foundations of our future have been laid by the Hong Kong Training Council with its training boards and Committees. For example, assistance has been given towards the drafting of a number of industrial training bills, the one presently before this Council being the fourth.

When established, the Vocational Training Council will not only carry out the current advisory functions of the Hong Kong Training Council, but also the executive role which will involve the future management of these and possibly other training schemes. This is a task at the same time daunting and challenging, for the new VTC must ensure, through a steady supply of trained manpower, that Hong Kong's commerce, industry and specialized services are properly catered for.

The Hong Kong Training Council has been able to accomplish the objectives set by you, Sir, mainly because of the broadly-based membership of the whole complex, the enthusiasm of its members, both unofficial and official, and not the least, the professional officers of the Labour Department who have provided professional and secretarial services to the whole complex.

Thus, Sir, there needs to be within the VTC a broadly-based element of persons with substantial general business and administrative experience. At the same time the experience of the two existing Training Authorities could be put to good use. I believe too that the new training centres should be responsive to the needs of the industries for which they will be established. To that end, the respective training boards must be given the responsibility for directing the operation of the training centres.

Finally, Sir, with the establishment of the VTC, the Hong Kong Training Council will retire into history. Of the old Council and its past work, let me say, in the words of Sir Winston CHURCHILL, 'That is not the end. It is not even the beginning of the end. But it is perhaps the end of the beginning.' We look forward to tomorrow with every confidence.

With these remarks, Sir, I support the motion.

MR. ALEX WU:—Sir, I shall take up with Mr. Francis TIEN—his sweeping generalization about ants and grasshoppers as well as dancing and singing—on another occasion (*laughter*). Sir, the arrangements proposed under this Bill stem largely from the realistic examination of the situation in 1979 by the Advisory Committee on Diversification.

Government should be congratulated for having moved sufficiently fast to implement, in such an imaginative and constructive manner, the recommendations of the Committee to Review Post-Secondary and Technical Education. I must express the hope that the new Council and Department will be as businesslike in action. Having been set up in the pursuit of productivity they must themselves be models.

To some extent their success will depend upon the executive structure through which the Council will operate and I hope the Secretary for Education will clarify the exact relationship between the Council and the Department.

I would like to have his assurances that the benefits of merging elements of the Labour and Education Departments will be directly evident in terms of work on the ground rather than in administrative organization.

We don't need another Government department unless it can do what has not been done well enough before, do it more efficiently than was possible under the existing arrangements and exercise freedom of action when new opportunities present themselves.

With these remarks, Sir, I support the motion before Council.

REVD. JOYCE M. BENNETT:—Sir, I am pleased to support this Bill, because it rationalizes our technical education and industrial training at the operative, craftsman, technician and technologist levels.

There has previously been some confusion on the status and importance of the Technical Institutes. I am glad we have now recognized they must serve fully the purpose for which they were created—the training of skilled workers to a high standard of technical efficiency. Hong Kong needs to maintain a high reputation of excellence in our industry and in the technical field. Inefficiency and poor quality will destroy our capability to increase productivity and improve the standard of living of our whole community. I believe this Bill will ensure that Hong Kong's industry will further maintain its position in this part of the world and challenge more effectively the highly sophisticated markets of the West.

There is one other point to which I wish to draw the attention of the Secretary of Education and the Director of Education. The changes to the Technical Educational Division in the Education Department will further isolate the Hong Kong Technical Teachers' College. I hope that within the next few months Government will also rationalize Teacher Training at the non-graduate level. We need to unify the four Colleges at present responsible for Teaching Training. This will greatly improve our efficiency in this sphere, too. We are certainly wasting a great deal of money in this respect at the moment. I shall speak in more detail on that aspect in the Budget Debate. In addition, we are frustrating the ambitions of our young people who are desirous of teaching subjects learnt at the Technical Teachers' College and one of the others. I can instance those wishing to teach Accounts and Bookkeeping (the courses for which are now available at the Technical Teachers' College) and in addition Dressmaking for which the students have to study at Sir Robert Black College of Education.

With these remarks, Sir, I am glad to show my support for this Bill before us today.

MR. S. L. CHEN:—Sir, in the Report of the Advisory Committee on Diversification, Recommendation (26) states 'The appropriate Secretary should investigate whether the technical institutes could achieve greater flexibility of response to the needs of industry if they were moved from the Education Department and placed under the control of either the Hong Kong Training Council or the Polytechnic.' I should like to add that what was uppermost in the minds of that Committee was that the technical institutes needed to achieve

greater flexibility of response to the needs of industry and placing them under either the Training Council or the Polytechnic was only a means to that end.

As a follow-up to this recommendation, the Committee to Review Post- Secondary and Tertiary Education considered various possibilities whereby the effectiveness of the technical institutes would be enhanced, and concluded that the best way would be to place them under the control of an autonomous and statutory body responsible for technical manpower development. This body is the subject of the Bill before Council.

Because I had the honour of being a party to both these recommendations, I am naturally anxious that the proposed legislation would provide a proper base on which the new Vocational Training Council is to be established and from which it will carry out its functions and duties. If this new body is to achieve the objective considered essential by the Advisory Committee on Diversification, that is, greater flexibility of response to the needs of industry, it is important to ensure at the very outset, *first*, that the new Council would be able to operate with reasonable freedom from red tape to provide the training and technical education the economy requires and, *secondly*, that the Council's executive secretariat should be appropriately established with a proper and effective working relationship with the Council.

With regard to the first point, I think the proposed legislation would provide the necessary freedom of operation. As to the second, I shall cover this point later.

On the important question of financing the new Council's activities, I was glad to learn from the Secretary for Education at his recent meeting with the Ad Hoc Group formed by Unofficial Members of this Council that it would be a UPGC-type arrangement, that is, on a triennial block grant basis. This, of course, was what the President of this Council told us on 1 October 1980. Such an arrangement would give the new Council the flexibility needed both for the planning of long-term objectives and the means of achieving them. But this arrangement is not specified in the Bill. I hope Government will assure this Council that the new Vocational Training Council will be financed through a UPGC-type block grant.

Sir, subsequent to moving the second reading of the Bill, we have been informed that arising from comments by the Ad Hoc Group, Government now proposes to remove clause 10 of the Bill at the committee stage. I welcome this move and give my full support to this amendment.

I shall now return to my second point. With the removal of clause 10 of the Bill, we must now consider the most appropriate form which the new Council secretariat should take and its proper relationship with the new Council.

In his speech on the 6 January, the Secretary for Education stated that the staff currently employed in the Education Department at the technical institutes, along with those of the Technical Education Division of the Education Department and the Training Council and Apprenticeship Divisions

of the Labour Department, will form a new department of Government to be placed under the new Council.

With respect, Sir, I do not think what is needed is a new Government department. *First*, it must mean substantial additional expenditure. *Secondly*, nothing would be gained because a new Government department would be under the same constraints as all Government departments and would not contribute anything towards enhancing the flexibility in the way the Advisory Committee on Diversification had in mind. *Thirdly*, because the legislation envisages the Vocational Training Council would employ and remunerate its own staff, clause 6(2)(n) refers, the Council will have under its control a mixture of civil servant and non-civil servant staff. I am not aware of a parallel in any existing Government department and such an arrangement would certainly create insurmountable administrative problems for the new Vocational Training Council.

The longer-term objective must be for the Vocational Training Council and its executive secretariat to become wholly detached from Government and function along the lines of the Polytechnic Council and the Polytechnic. For few will deny that the Polytechnic was able to achieve its flexibility only after it was detached from Government.

Of course, the new Vocational Training Council must have an effective working secretariat right from the very outset. As an *interim* arrangement to get things off the ground quickly, I suggest that whilst not losing sight of the long-term objective, the secretariat of the new Council may be constituted partly by staff from the Education Department and partly from the Labour Department. Rather than forming a new department, such staff can remain administratively in these departments but functionally they will work to and be under the control of the Vocational Training Council, in the same way that the UMELCO Office which is mainly manned by civil servants is both the secretariat and executive arm of the UMELCO.

Sir, with these observations I support the motion.

MR. WONG LAM delivered his speech in Cantonese:—

督憲閣下：在本港面臨其他工商業地區激烈競爭的情況下，成立職業訓練局實在是刻不容緩的事，本人絕對支持此項提議。

不過，本人特別要提出的，是現有的職業訓練計劃，大多着眼於學習期較長，而課程內容較複雜的訓練班；對於學習期較短的則着力較少。這點表面看來合理，但實際上頗值得商榷，因為很多行業，例如駕駛貨櫃車，公共巴士或相類的工作，目前有意投身這類行業者並不容易得到正規的訓練，但這類行業對本港工商業的發展，肯定起了極重大的作用。本人認為職業訓練局一旦成立，應當對此較為着意。

督憲閣下，本人支持此項動議。

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

Sir, in the face of keen competition from other industrial and commercial regions, the establishment of a new Vocational Training Council in Hong Kong is a task that brooks no delay. Therefore, I give my full support to the Bill.

Nevertheless, I wish to point out that most existing vocational training programmes place emphasis on relatively long and sophisticated courses, while less attention is given to courses of shorter duration. This state of affairs appears to be reasonable, but in fact there is still room for discussion. Take for instance, for those people who wish to be drivers of container-tractors or public omnibuses, or to take up jobs of a similar nature, they find it difficult to obtain formal training in these fields. But these kinds of trades certainly play an important role in the development of Hong Kong's commerce and industry. Thus, I am of the opinion that upon its inauguration, the Vocational Training Council should pay more attention to the issue.

Sir, with these remarks I support the motion.

DR. HUANG:—Sir, clause 5(b) of the Bill provides for the Vocational Training Council to 'institute, develop and operate schemes for training operatives, craftsmen, technicians and technologists needed to sustain and improve industry'. The term 'technologist', as it is generally understood, refers to professionally qualified people; their education and training are, of course, the responsibility of the Universities and the Polytechnic, and these institutions are under the aegis of the University and Polytechnic Grants Committee. In order to avoid confusion and even duplication of effort, it seems necessary that the responsibility of the proposed Council in this area should, for the record, be clearly specified.

With this remark, Sir, I support the Bill before Council.

DR. HO:—Sir, the Vocational Training Council Bill 1982 provides a legal framework to implement the recommendations made by the Advisory Committee on Diversification and the Committee to Review Post-Secondary and Technical Education. The proposed Council is vested with greater power than its forerunner, the Hong Kong Training Council, in that it has executive, as well as advisory, functions. The additional power should enable the Council to efficiently and effectively perform its objects declared in Part II of the Bill.

In order to sustain the ever-rising level of productivity required in our industries, commerce and services, it is not sufficient just to keep the supply of skilled manpower in step with demand. Rapid technological advancements tend to make obsolete skills and techniques acquired from a narrowly-specialized, task-oriented programme. Workers trained from a cook-book type of programme will soon find themselves out-paced by technological developments and will be liable to be laid off for want of vocational re-training. Planners of vocational training, especially at the technician and technologist levels, should therefore finely balance the training contents by incorporating broad principles

and concepts, to infuse in students and trainees an essential ability to think, judge and make appropriate decisions. With these qualities, our workforce will be better able to adapt and respond quickly to new developments and requirements of our industry. To me, Sir, the setting up of this statutory Council must not result in producing merely human robots in meeting the short-term industrial manpower needs. The Council must do all it can to produce educated, skilled and versatile workers capable of flexibly adjusting themselves to the challenges of rapidly changing technology. I therefore echo the Secretary for Education's sentiments that a fair proportion of representatives from the educational, in addition to the industrial, field should be appointed to the Council.

At present, facilities for vocational training for the disabled are very inadequate indeed. Only the Lee Wai Lee Technical Institute, out of the existing five institutes, has been designed with the needs of handicapped students in mind, and only a small number of places are available for such students. I urge that more of these facilities should be included in the planning and design of the new industrial training centres and institutes, with particular care that easy access is provided for the physically handicapped.

With these comments, Sir, I support the Bill.

MR. ALLEN LEE:—Sir, I rise to support the Vocational Training Council Bill 1982.

This Bill represents a major step taken by Government in linking technical education and industrial training together. For many years, I have been involved in the Hong Kong Training Council and the Electronics Training Board. I have urged the Government on numerous occasions to set up training centres through general levy as I believe we must upgrade our products and provide adequate training to our labour force in order to compete. Our competitors have in the past few years improved their quality of products and their increase in the market share has surpassed ours even though we still enjoy a respectable growth rate. It is inevitable Hong Kong must stay ahead in our exports and industrial development. Our future economic growth, I believe, will still depend upon our ability to export. Therefore, I am not going to argue the merits of general levy as we cannot afford to delay industry-wide training programmes any longer. Financing the training centres from general revenue represents Government's commitment to provide industrial training; linking it with technical education gives us a cohesive approach.

Hong Kong will and must enter a new phase in our industrial development not only because of competition but we are now also affected by China's modernization programmes with China's announcement of free economic zones located geographically close to us. There are already many Hong Kong manufacturers, even though most of them are not involved in large scale investment, entering various manufacturing programmes across the border. It is

beyond any doubt that these activities are good for both China and Hong Kong. However, we must think about what we are going to manufacture. The answer, I believe, lies in better quality, more advanced products. Therefore, the importance of this Bill need not be further expressed by me and I believe it will be widely supported by industrialists in Hong Kong.

Finally, Sir, clause 9 specifies that the Director of the Technical Education and Industrial Training Department should be the Chief Executive of the new Council. I would like to say a word about the Council's Chief Executive because he will obviously be a key figure in the future development of both technical education and industrial training. In my opinion, not only must he be an acknowledged authority in these fields and have a proven track record, he must also have the confidence of the Council under which he will serve.

With these remarks, Sir, I support the motion.

MR. WONG PO-YAN:—Sir, the Vocational Training Council Bill now before us today is the result of an issue which has long been raised, discussed and considered but not so much argued in principle—for it is obvious that the co-ordination and development of a comprehensive system of technical education and industrial training are badly and urgently needed to energize the locomotive of our industrial and commercial activities. Though hardly too soon, the Bill now sets in train a whole new era in vocational training in Hong Kong with far-reaching effects on its economy and the well-being of its people.

In retrospect, long before the need for technical education was generally felt by the community at large, our perceptive industrialists saw fit to donate (through the Chinese Manufacturers' Association) \$1 million in 1955 towards the establishment of the then Hong Kong Technical College, which has been expanded to become the Hong Kong Polytechnic. Over the years, Government became more and more aware of and then recognized the importance of vocational training. So far, we have five technical institutes, 23 secondary technical schools, 12 prevocational schools and various other industrial training facilities, many of which have been set up with the help of generous donations and contributions from philanthropists, and the industrial and commercial sectors.

It is fair to say, Sir, that all these vocational training facilities have helped, in no small measure, to contribute towards the outstanding achievement of Hong Kong's economic growth today.

The Bill now before this Council shows clearly Government's determination and new initiative in providing better coordinated and more vocational facilities for the development and training of our manpower—which is the only major resource of Hong Kong. I sincerely hope that Government's new initiative in bringing about more effective training for and better utilization of Hong Kong's manpower resources will be matched by other equally helpful

measures to assist our industry and that there will be greatly accelerated programmes in manpower development organized professionally with the full participation and continued support of the business community.

The time is changing. We are now more mature in our economic development. But, whilst the whole world and our neighbouring competitors are moving ahead quickly, we simply cannot afford to lag behind. Our industrialists might be contented in the 1960s with workers armed only with the basic skills to operate their machines. Now, in order to remain competitive to survive, and to make our diversification and move up-market viable, our workers must be trained to enhance their technological capability and broaden their horizons with the ability to use, and use well, not only their hands but also their brains in their jobs, to improve the designs and effectiveness of their machines. In short, we must now aim to train our workers to be highly productive, innovative and adaptive, to meet the industrial and commercial requirements today, as well as the challenges of tomorrow. Therefore, one of the main duties of the new Vocational Training Council should be to ensure that a fine balance is achieved among the short, medium, and long term objectives for the benefit of commerce and industry whilst taking into consideration the need to provide our industrious, educated and versatile workers with a sound and solid base for self-actuation. With the proposed composition of a widely representative membership of the Council, I believe this task can be fulfilled without too much difficulties.

With these remarks, Sir, I am pleased to support the motion.

MR. CHAN KAM-CHUEN:—Sir, after hearing all the speeches by my senior colleagues, it almost left me speechless.

However, I shall endeavour to look at vocational training, which is the subject of this Bill, from the employees' or prospective employees' point of view.

If any developing country wishes to declare war on poverty, its government would probably find that provision of social security would only give temporary relief and that direct redistribution of wealth by draconian measures would also achieve only negative results.

In the long term, it is education in general and vocational training in particular which would benefit their citizens, especially the underprivileged and younger generation. The acquired technical know-how would support their industries and if their citizens work diligently and intelligently, it would unshackle them from the scourge of mankind—that is, poverty caused by ignorance.

Hong Kong has little material resources. Our only valuable asset is our human resources and we must train, develop and make use of them to the fullest benefit of our community.

In this part of the world, parents are too obsessed with securing professional or university education for their children. It may be a noble goal. But some

children may be better with their hands; others may have artistic talents or a technical bent. If for these and various other reasons, they do not go into a university, it is not the end of the world. In fact, many who have an interest in and learned a trade, would lead a successful and happy life. Their opportunities to climb up the social ladder are equal in a free society like Hong Kong, and many an enterprising industrialists today were blue-collar workers, who had worked their way from the ranks to the top.

In some other countries, too many university graduates have created the 'educated unemployed' class. Fortunately, Hong Kong has not yet reached this stage, witnessed by thousands of local students going abroad each year for tertiary education due to the limited places in our Universities and the Polytechnic. Of course, Sir, I am in support of the continued increase in the growth rate of our student population at the tertiary level, but I am just stressing that the community cannot be run solely with professionals. We also need in greater numbers technicians and skilled workers of various disciplines to operate, maintain, develop and produce the required goods and services whether for export or for local consumption. We must therefore maintain a balance in manpower training geared to our planned needs.

Some people may think that technical and vocational training only benefits commerce and industry, but it is not so—it benefits society as a whole by providing the means to employment, stability and affluence. Do we require housing, transport, catering, clothing, repair and other services? These basic requirements of our everyday life are catered for and maintained more efficiently and effectively as a result of vocational training.

I hope by now I have explained why vocational training should be paid for by general revenue.

As we are now placing more emphasis on moral education and since some of the applicants for vocational training may have left school for some time, I suggest that they should not only learn their trade through practical experience, but their training programme should also be supplemented with an appropriate injection of concepts on community spirit, civic responsibility as well as industrial safety, to produce skilful and responsible citizens.

Sir, I believe this Bill, which brings together existing vocational training facilities with scopes for further expansion to meet future challenges under one new Council with a concerted, more rational and effective development and utilization of our precious manpower resources, will be warmly welcomed by both employees and employers alike.

With these observations, Sir, I am pleased to support the motion.

MR. STEPHEN CHEONG:—Sir, speaking as someone who has benefited from the fruitful efforts of the about to be defunct Hong Kong Training Council, I hail that its successor, the Vocational Training Council, has been given the much

needed statutory teeth, not only to continue the good work but to expand the scope of its responsibilities in order to try and lay the necessary foundation for our future economic growth.

Sir, the concept of the need to bolster vocational training efforts had long been accepted and desired. It was really unfortunate that the necessary implementation has to be delayed until now. Industry and commerce must feel a sense of relief that finally something is being done. Perhaps our hard pressed officials also felt relieved of the tremendous pressures levied upon them in the past couple of years. But, before anyone of us gets into any state of complacency, I wish to comment on two points which, in my opinion, will have major long term implications for the future success of the new Vocational Training Council.

First, on the intended establishment of the new Government Department as described by the Secretary for Education when he introduced the Bill to this Council, the now proposed deletion of clause 10 at the committee stage of the Bill does provide an opportunity to rethink on the concept of setting up a new department. Before Government makes a final decision, I would urge the Administration to look very carefully into the *cost elements* involved. A detailed comparative costing exercise is perhaps timely. If a new department does cost more but does not bring with it the desired additional benefits commensurate with the additional cost, or worse still, as Mr. S. L. CHEN had already suggested, if having a new department would be liable to hinder progress of the VTC towards the degree of autonomy it requires, then it would be indeed unwise to embark on such a venture hastily.

After all, in the light of the present forecast of prolonged unfavourable world economic climate, any degree of growth in the rate of Government expenditure must be watched very carefully and weighed against all other possible cost- saving options so that the cost effectiveness of any new venture must not be lost sight of.

I would now like to say a few words on the second point which I consider will have a great bearing on the future performance of the VTC. I refer, Sir, to the Director of Technical Education and Industrial Training to be appointed under clause 9 of the Bill. It is my belief that the future success or failure of the VTC will depend to a large extent on its Chief Executive. Therefore, it is of utmost importance that the person appointed to the post must have, in addition to administrative qualifications, considerable professional stature and be capable of providing the professional leadership required. He needs to be a well-qualified specialist and must have extensive experience in both technical education and industrial training. Indeed unless he is thus qualified, he will have an uphill battle in harnessing the efforts of all concerned to fulfill the tremendous hopes of industry and commerce.

Sir, I am not alone in voicing this concern and with your permission I would like to draw your attention to a recent editorial in a leading local paper, in which

it said that it would be a pity if the Director to be appointed were to be a general administrator when a specialist was required, and suggested that if such a person could not be obtained locally, we should look overseas for him.

That the VTC should succeed is of paramount importance to the continued economic well-being of Hong Kong and I respectfully submit, Sir, that it would be vital that the Administration use their best endeavours to avoid making hasty or expedient decisions right from the outset.

Sir, with these observations I support the motion.

SECRETARY FOR EDUCATION:—Sir, I would like to thank honourable Members for their support in this Bill. That so many Members have spoken is an indication of the importance attached to the topic. I echo what Members have said; continued prosperity depends on a combination of many factors but an educated and well-trained workforce is not the least important. In social terms also, as Mr. CHAN Kam-chuen said, it is right that technical education and industrial training be developed together for the benefit of our young generation.

I shall be proposing two amendments to the Bill at its committee stage; one concerning clause 10, and the other concerning clause 23. But first I will comment upon some specific points made by Members.

Mr. TIEN has mentioned the excellent ground-work in the field of industrial training undertaken by the Hong Kong Training Council which is to be superseded by the new Council. He has not mentioned the very important part he himself has played in the work of the Training Council as its chairman over the past several years.

Miss BENNETT supported the proposals for the Technical Institutes and hoped that something similar could be arranged for the Colleges of Education and the Technical Teachers' College. I hope I may be forgiven if I deferred comments until we have her more detailed comments in the Budget Debate. (*laughter*)

Dr. Ho Kam-fai and Mr. WONG PO-yan stressed the important of appointing to the Council a fair proportion of representatives from the educational, as well as the industrial, field so that workers are educated to use their minds as well as their hands so that they can become adaptable, innovative and highly productive. This point is well taken, Sir. A Council entirely ruled by industrialists, or equally by educationalists, would not, in my view, achieve the desired results as Dr. Ho also made a point concerning the facilities for vocational training of the disabled and urged that suitable facilities for disabled persons are included in the design of new technical institutes and training centres. There can be none of us who disagrees with this and I will certainly pass on the points to the new Council.

Dr. HUANG raised a point concerning clause 5(b) and the training of technologists. It is true that the education of technologists is the responsibility

of the Universities and the Polytechnic and these institutions are under the aegis of the UPGC. The Hong Kong Training Council has a well-established role in industrial training of technologists. Indeed, one of the priorities of the new Council will be to establish an industrial training centre for graduate engineers. Dr. HUANG is quite right, however, in saying that there is scope here for some confusion and duplication of effort. I shall be on my guard to see that this doesn't happen.

Mr. WONG Lam made a plea for short industrial training courses to enable workers already trained generally, to be able to perform specific tasks. He quoted the example of drivers who wish to become drivers of container tractors or public omnibuses. I will see that his views are passed to the new Council, but the Council has a great deal of work ahead of it and will have to assess its own priorities at an early date. It may well decide, initially, its efforts should be concentrated on courses for workers to acquire basic skills rather than courses designed to upgrade those skills. As I have said, it is a matter of priorities.

Mr. CHEN made two points while supporting the Bill. Firstly, he asked for an assurance that the new Council will be financed through a UPGC-type block grant. Second, he said that he did not think a new Government department was necessary. It is intended that the new Council will prepare a programme of activities and its annual estimates within the context of a three-year period. Once the first year's estimates have been approved, the Council will be able to assume, with reasonable certainty, that the further two year's funds will also be forthcoming. The following year, it will be able to update its proposals for a further three years, and so on. Thus, it will have the necessary scope to achieve its objectives by being able to assume that funds will be available for three years ahead always.

Mr. CHEN's second point concerned the establishment of the new Department. Mr. WU and Mr. CHEONG also had reservations on this. This proposal arose from the Committee to Review Post-Secondary and Technical Education, which discussed the matter thoroughly.

Important considerations in the mind of the Review Committee, if I recall correctly, were the need for continuity, including an orderly and intelligent transition, and for arrangements that could be carried into effect quickly. We are, after all, not starting the world on a Monday morning, we have to start out from where we happen to be. It was felt that a new department with its own head would provide the best mechanism for putting into effect the Council's policies, in particular to achieve effective co-ordination between technical education and industrial training. The Council will have the freedom to engage non-civil servants. It may wish to exercise this freedom in respect of those functions which it feels cannot be satisfactorily undertaken within the civil service structure. While I would hope the Council would try to work with the arrangements that the Review Committee envisaged, if it should feel at some future time that new arrangements will be more effective, the Government would give careful consideration to their proposals.

I do assure Mr. WU that the object in setting up the new department is to make things happen on the ground, not to create an expensive organization of abstract but ineffective elegance.

I am bound to refer to Mr. Allen LEE and Mr. CHEONG's views of the essential qualities of the Head of the new Department. They see the Head of the new Department as essentially a well-trained specialist. The Government has seen the role particularly in the initial phase as an administrative one. The translation of the Council's decisions into action, the drawing together of the staffs of two different departments, budgeting and so on. This doesn't mean that the Director would lack expert advice either from the Council or from other sources. The role may change over time but at any time the need for administrative skills should not be overlooked or underestimated.

As I have said, Sir, I will be proposing two amendments at the committee stage of the Bill. I will be proposing that clause 10 be deleted. As drafted, the clause would require the Council to discharge its functions through the Department. Thus, the clause attempted to establish a direct relationship between the Council and the Department. However, the functions of the Council are specified in detail in clause 6 and are intended to give the Council a considerable degree of autonomy. When taken together, clauses 6 and 10 would seem to thwart this intention and to fetter the Council to an unacceptable extent; in fact, taking away from the Council the very independence which the Bill strives to create. The clause could be amended to specify the relationship between the Council and the Department but on further examination, it becomes apparent that clause 10 served no fundamental purpose and could be omitted. The link between them through the Executive Director will be sufficient.

The other amendment is relatively minor and concerns clause 23. It has been argued that directions to the Vocational Training Council should be given by the 'Governor in Council' rather than the 'Governor'. There seems to be no hard-and-fast rule about whether prestigious Councils or Boards should be subject to directions from the 'Governor in Council' or by the 'Governor'. I will, however, be proposing such an amendment at the committee stage to provide for directions by the Governor in Council.

Sir, I move that the Vocational Training Council Bill be read a second time.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

HEUNG YEE KUK (AMENDMENT) BILL 1982**Resumption of debate on second reading (20 January 1982)**

Question proposed.

MR. CHEUNG YAN-LUNG:—Sir, I rise to support the Heung Yee Kuk (Amendment) Bill 1982 now before the Council.

Even though this amendment is no more than a technical adjustment, it is a most honourable one.

In his Proclamation of 1899, the then Governor, Sir Henry Blake said, and I quote:

‘The most respected of your elders will be chosen to assist in the management of your village affairs, to secure peace and good order and the punishment of evil-doers.’

His words became reality in 1959 with the formal institution of the Heung Yee Kuk.

Many of us consider that Sir Henry’s words are the foundation upon which the Heung Yee Kuk was built. Like its foundation, the Kuk is of solid construction. But to perform its duties, the Kuk must adapt itself to changing needs in changing circumstances.

With these remarks, Sir, I support the motion.

Question put and agreed to.

Bill read the second time.

Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).

Committee stage of bills

Council went into Committee.

INLAND REVENUE (AMENDMENT) BILL 1982

Clauses 1 to 3 were agreed to.

VOCATIONAL TRAINING COUNCIL BILL 1982

Clauses 1 to 9 were agreed to.

Clause 10

THE SECRETARY FOR EDUCATION:—I move that clause 10 be deleted.

Proposed amendment

Clause 10

That clause 10 be deleted.

The deletion was agreed to.

Clause 10 was deleted.

Clauses 11 to 22 were agreed to.

Clause 23

THE SECRETARY FOR EDUCATION:—I move that clause 23 be amended as set out in the paper circulated to Members.

Proposed amendment

Clause 23

That clause 23 be amended by deleting ‘Governor’ wherever occurring and substituting the following—

‘Governor in Council’.

The amendment was agreed to.

Clause 23, as amended, was agreed to.

Clauses 24 to 26 were agreed to.

HEUNG YEE KUK (AMENDMENT) BILL 1982

Clauses 1 and 2 were agree to.

Council then resumed.

Third reading of bills

The Attorney General reported that the

INLAND REVENUE (AMENDMENT) BILL and

HEUNG YEE KUK (AMENDMENT) BILL

had passed through Committee without amendment, and the

VOCATIONAL TRAINING COUNCIL BILL

had passed through Committee with amendments and moved the third read of each of the Bills.

Question put on each Bill and agreed to.

Bills read the third time and passed.

Unofficial Member's Bill

First reading of bill

THE HONG KONG AND CHINA GAS COMPANY (TRANSFER OF INCORPORATION) BILL 1982

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

Second reading of bill

MR. LOBO moved the second reading of:—‘A bill to provide that conditionally upon The Hong Kong and China Gas Company Limited, a company incorporated in England, being authorized under the law of the United Kingdom to become a company incorporated under the Companies Ordinance, it may become a company so incorporated; and for purposes incidental and ancillary thereto’.

He said:—Sir, I move that the Hong Kong and China Gas Company (Transfer of Incorporation) Bill 1982 be read a second time.

The purpose of this Bill is to enable the Hong Kong and China Gas Company Limited, a company incorporated in England, to transfer its corporate registration to Hong Kong and to be treated as a company incorporated under the Companies Ordinance (Chapter 32).

Sir, I move that the debate on this motion be adjourned.

Motion made. That the debate on the second reading of the Bill be adjourned—MR. LOBO.

Question put and agreed to.

Adjournment and next sitting

THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday, 24 February 1982.

Adjourned accordingly at ten minutes past five o'clock.