

**HONG KONG
GOVERNMENT
INFORMATION
SERVICES**

**DAILY
INFORMATION
BULLETIN**

(Part I)

Wednesday, May 10, 1972

CROWN RENTS ON RENEWABLE CROWN LEASES

Motion Carried In Legislative Council Meeting

A motion dealing with Crown rents on renewable Crown leases was carried in today's (Wednesday) Legislative Council meeting.

The motion that "in view of the public concern and objections to the present policy of assessing Crown rents on renewable Crown leases, this Council would welcome a thorough review by Government of its policy" was moved by the Hon. Oswald Cheung.

Six other Unofficial Members spoke in support of the motion. They were the Hon. Wilfred Wong, Dr. the Hon. S.Y. Chung, the Hon. T.K. Ann, the Hon. G.M.B. Salmon, the Hon. P.C. Woo and the Hon. Szeto Wai.

Two Official Members -- the Colonial Secretary, the Hon. Sir Hugh Norman-Walker; and the Financial Secretary, the Hon. C.P. Haddon-Cave -- also supported the motion.

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FULL MARKET VALUE ASSESSMENT

Wrong In Principle And Practice

The Hon. Wilfred Wong today urged the Government to reconsider, for economic and social reasons, the present "empirical" formula of assessing Crown rents.

He said that for the Government to charge what the market could bear was "wrong in principle and practice."

He was speaking at the Legislative Council in support of a motion by the Hon. Oswald Cheung that the Council would welcome a thorough review by Government of its policy.

Mr. Wong said: "It might have been tenable in the hey day of pure laissez-faire for a Carnegie, a Rockefeller to charge what the traffic can bear. It should not be the case with Government in this day and age."

He said that inflation must and can be restrained, otherwise the effect on rents and hence the cost of living would be disastrous in pricing Hong Kong out of the world market.

He pointed out that the existing formula which contains 5 per cent compound interest over 75 years increases the original figure of the rent by four times. The formula which he favoured for Crown rents for leases renewable for both 75 years and for a shorter term was 1/75th of the value of the land, without charging any interest at all.

This, he said, would be in the interest of stabilizing the cost of living and of the present lease-holders.

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Mr. Wong said the purpose of reassessing Crown rents upon expiry of renewable Crown leases were two-fold: first, to bring Crown rents to a more realistic level in line with market conditions, and, secondly, to derive a higher revenue from them.

"Under ordinary conditions, this step would be the normal procedure in the financial administration of a government. However, every one is now aware of the abnormal inflation in land values in recent years."

As the price of land affects rent, which is an important component in the cost of living, it would be injudicious for Government to adopt a formula which raises the Crown rents to too high a level, he said.

"If we do not control rent or at least Crown rent, which we can, we will find that we will face the problem of controlling another factor of production which is more tedious and almost impossible."

He said many of the leases concerned were industrial lots, and already some industrialists had become disillusioned with the high land price policy of Government and they had moved their factories elsewhere.

"If this policy is allowed to continue, the ill effects on our economy should be obvious," he said.

Mr. Wong pointed out that the present lease holders were generally not the original lease holders -- many were recent ones and owned small lots for the purpose of their own living.

He cited several examples, where the share for a flat owner of the new Crown rent, on renewal of the Crown lease, would amount to more per annum than the total annual rental income.

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DR. HON. S.Y. CHUNG ON CROWN RENTS

Moral And Social Need For Reconsideration

Dr. the Hon. S.Y. Chung said today the renewable Crown lease issue was a "delicate and cogent" problem and warned that if not properly handled by Government, it could lead to confrontation between people and Government to the detriment of the whole community.

"It is more than economical, it is moral and social, and above all, the confidence of the people on Government," he said.

He was speaking in the Legislative Council in support of a motion by the Hon. Oswald Cheung calling on Government to review its present policy of assessing Crown rents on renewable Crown leases.

Dr. Chung said: "I do hope that Government will not under-estimate the gravity and seriousness of this issue."

He said he was inclined to agree with some others that on Crown rents, Government was acting "unilaterally and unsympathetically" and that the present formula was "unreasonable, far too excessive, and contrary to public understanding."

He cited two cases in which two similar lots of land at Kwun Tong were bought in public auctions in 1963.

In one case the purchaser has to pay twenty instalments of \$30,600 until 1982 and then retains the lot free of further payments until 1997. In the second case the purchaser has to pay twenty instalments of \$46,600 but will have to pay a very much higher Crown rent upon renewal of the lease in 1983.

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At the time of public auction, he said, Government had failed to inform the potential purchasers fully and clearly that the new Crown rent would be assessed in a totally different manner as compared to that for the present one.

There was no indication whatsoever that there are two completely different types of Crown rent as contained in the printed version of the Particulars and Conditions of Sales, he said.

"Since Government has failed to do so, the public were then misled into the belief that the new Crown rent would be evaluated in a similar manner as the present Crown rent and hence the premiums offered by the bidders were based on this misunderstanding."

Dr. Chung said he felt, as many people did, that Government owed these leaseholders a great deal of moral obligation.

On market price or scarcity value of land, Dr. Chung said it is subject to extreme fluctuations even within a period of a few weeks and is therefore open to dispute.

"What justification can Government make to demonstrate to the satisfaction of leaseholders that its assessments on capital value are fair and realistic?" he asked.

Dr. Chung also challenged the Government on its public announcement that the five per cent interest rate was in itself a substantial concession on the part of Government made to those holders of renewable leases.

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He said Government was already accepting five per cent interest rate for payment of premium by instalments from those successful bidders of new lots of land.

"I fully support the view of my Honourable colleague, Mr. P.C. Woo, in that there must be a substantial distinction between a person who does not own the land he is buying and a person who is already in possession of that land which he seeks to renew by virtue of the option he holds," he said.

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ADVERSE CHAIN REACTION FROM EXISTING CROWN RENTS POLICY

Manufacturers' Burden Should Be Alleviated

The Hon. T.K. Ann said today that the effects from the existing Crown rents policy could forebode a chain reaction of cut-throat competition, insolvency, unemployment, labour disputes and social unrest.

He was speaking in support of the motion to call for a review of the Crown rents policy at the Crown Rents Debate at the Legislative Council.

Mr. Ann feared that the existing policy, which was intended to benefit the whole community, could "boomerang to the detriment of all."

He said that the present policy on renewable leases had been the subject of a recent study conducted jointly by the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries, with the assistance of information provided by the Crown Lands Office. The survey had shown that the present policy would impose a burden on the manufacturers which was both too heavy and too sudden for them to bear.

The study, Mr. Ann pointed out involved exclusively factories operating in self-owned premises. It showed that the revised Crown rents, when related to sales turnover of the respective factories, averaged 2.4 per cent.

"It can be seen then that the increased Crown rents, on the average, will mean that the manufacturers concerned must either increase their sale prices by 2.4 per cent, or must reduce their profit accordingly, so as to pay for the increased Crown rent.

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"With the slowdown in exports and keen overseas competition, as a direct result of economic depression in our main markets, it is unlikely that they will be able to pass on this increased cost to their customers," he added.

On the other hand, in view of the average small margin of profit of 4.73 per cent in terms of sales turnover, a figure arrived at for the year 1969/1970, it was unrealistic to assume that industry could absorb such an immensely increased burden.

"Chopping 2.4 per cent from 4.73 per cent is in reality amounting to a cut in the profit to the extent of more than 50 per cent, not to speak of the effect that continuously rising labour costs will have on profit margin," Mr. Ann said.

"Appropriate steps should be taken to alleviate the heavy and sudden burden on those manufacturers who are, unfortunately, caught in this dilemma, and thus ensure our economic stability," he suggested.

It had been stated publicly by a government official that the high cost of land had been deterring many foreign companies from setting up promising new industries in Hong Kong because they could not bear the high land costs.

"Now our existing industries are being threatened by the Crown rents policy.

"Industry must not be allowed to be stifled inadvertently; it must be allowed to continue its growth so that it will continue to provide employment, especially for the large numbers of young people emerging from our schools," Mr. Ann stressed.

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HON. G.M.B. SALMON CRITICISES CROWN RENTS POLICY

Inflation Should Be Contained, Not Aggravated

The Hon. G.M.B. Salmon today described the present Crown rent policy as a "policy of inflation" and suggested the Government must contribute towards containing rather than aggravating inflation.

He was speaking in the Legislative Council in support of a motion by the Hon. Oswald Cheung that the Council would welcome a thorough review by the Government of its present policy of assessing Crown rents on renewable Crown leases.

"If Government's Crown rent policy was to scak only the rich, it might have some support in certain quarters," he said.

But this is not the policy, he said. It is one to hit not only the big industrialist and the big property owner, but also the small factory owner, the small flat owner as well as tenants of affected properties whose rents will go up.

Mr. Salmon said "I am, and we must all be, very concerned if manufacturers' essential contribution to our well-being is threatened."

He said every one who was concerned agreed that a major modification of Government policy was needed.

As far as he knew, he said, it had not yet been disclosed what the anticipated extra revenue from Crown rents in 1973 and over the next few years would be under the existing policy and he saw no reason why this information should be withheld from the public.

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He continued: "I think we should all know the sort of sums we are talking about, and the effect on revenue, any modification that has been suggested and that Government in their wisdom may introduce, would have on forward revenue projections and financial planning."

Mr. Salmon brought up a point of detail on a Government leaflet concerning those cases where a new Crown lease, for one reason or another, could only be issued by the Colonial Treasurer Incorporated in respect of a property held in co-ownership by a number of owners.

"There is an actual case, I am informed, of a block of 650 flats, and if just one of these 650 owners is absent or for some reason cannot formally apply for 'Legal Option Renewal', then all are dealt with by Colonial Treasurer Incorporated.

"But I see there will be an administrative fee of no less than \$1,000 for each assignment ... and this does seem too heavy for people who really cannot afford \$1,000," he said.

Mr. Salmon hopes this flat fee will be reconsidered.

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GOVERNMENT URGED TO RECONSIDER CROWN RENT POLICY

Fair And Reasonable Method Of Computation

The Hon. P.C. Woo today strongly urged Government to reconsider its policy and to adopt a fair and reasonable method of computation of Crown rent for the holders of renewable Crown leases.

He was speaking in the Legislative Council in support of a motion by the Hon. Oswald Cheung that Government make a thorough review of its existing Crown rents policy.

Referring to the case of Chang Lan Sheng Appellant and the Attorney General - Respondent, Mr. Woo said the judgment of the Privy Council in that case had only limited connection with the "problem under consideration by this Council today."

The problem was what would be a fair and reasonable manner in which to reassess Crown rent on those Crown leases which are due to expire within the next few years and which provide for renewal in the hands of the existing lessee.

At the trial, the appellant had claimed that the use of the words "fair and reasonable rental" in a proviso to the lease had indicated an intention that the standard should be something other than the full market value and, since the proviso had been evidently intended to confer a benefit on the lessee, that it should be lower than the full market value, he said.

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Although their Lordships had disagreed with the contention that a reasonable rent must of necessity be something different from the full market rent, Mr. Woo pointed out, it was extremely important to note that, in saying that the two things need not necessarily be something different, their Lordships had made it equally plain that the two things need not necessarily be the same.

Their Lordships had said: "It must be obvious that whether a full market rent is 'reasonable' or 'fair' depends upon the nature and condition of the market."

NEW CASE

Should a new case be brought before the Privy Council, the Appellant would be able to show without any difficulty at all that the nature and condition of the market in Hong Kong today was grossly abnormal; so much so that the market rent could not possibly be regarded as fair and reasonable, he said.

Mr. Woo stressed that the market was one in which prices were forced up to extremely high levels by shortage of land -- the commodity which was being auctioned -- and the value was not a fair and reasonable value but was a "greatly inflated scarcity" value.

Each case had to be judged on its own merits and it might well be contended by a future litigant that the true market value had been inflated by circumstances, he added.

These circumstances could be the boom in the conditions in Hong Kong at the time, land speculation, or even the very system adopted by the Government of "selling" leases might have caused the rents to be "highly unreasonable" when based upon the market arrived at by competition at land auctions, Mr. Woo pointed out.

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"Whether or not that scarcity value should be charged to a person who does not already have a lease of the land in question but who is prepared to pay the inflated price -- prepared to pay whatever the price may be in order to obtain the land -- is one question."

"But, Sir, a completely different question is whether that same inflated scarcity value should be charged to a person who already has a lease of the land in question and furthermore is entitled to a renewal of that lease.

"This is a most important distinction to make, that is, between the person who does not own the land he is buying and the person in whose possession it already is by virtue of his holding a renewable Crown lease," he said.

FORMULA

Mr. Woo pointed out that the formula for assessing Crown rent for the latter should not be the same as for the former.

"If it is, then what is the benefit of having in one's lease a proviso providing for renewal for a further term at a fair and reasonable rent?"

The renewal clause, in such circumstances, meant nothing and was valueless, he said.

It was a burden because it required the lessee, if he was to hold on to his property, to pay in order to retain that property the same full inflated scarcity value as was paid for land coming up for auction for the first time, he added.

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"I cannot believe that the intention of the Crown is to place the two categories of purchaser in the same position," he said.

So far as a sitting lessee was concerned, he should be able to renew his lease not at a scarcity value but at such a fair and reasonable rent as would apply if, for example, there had been an unlimited supply of land available for purchase, or at any rate a supply reasonably in balance with the demands.

"This would be quite a different value from the scarcity value in the present market in Hong Kong. Such a market is not a true open market but is more like a black market such as exists in food in times of crisis or war," he added.

Examples

Examples had been furnished to UMEICO of cases where the revised Crown rents will exceed the amount received by the landlord from protected tenants whose rental payments are controlled. If such a case were taken to the Privy Council, could their Lordships be expected to rule that the Crown rent is fair and reasonable?

"I would be surprised indeed if the Attorney General or any member of the legal profession were to advise under such circumstances that the revised Crown rent computed on the present basis is fair and reasonable" Mr. Woo said.

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HON SZETO WAI SPEAKS FOR THE SMALL COMMON MAN

Urges Crown Rents Be Related To Rateable Value

The Hon. Szeto Wai said today that to the average man the present method of reassessing Crown rents on renewable leases was either a case of inconsistency of Government policy or that of lack of clarity in the terms of the original lease.

He was adding his voice to the general concern expressed by other Unofficial Members who had earlier spoken on the motion to review the present policy of reassessing Crown rents.

"It remains for me to plead the case of the small common men who undoubtedly form a greater bulk of the people being called upon to shoulder the colossal burden and hardship," he said.

He explained that he had in mind the old-age pensioners, the widows, the working men, etc. who had spent most of their life-long savings in purchasing a humble small flat in one of the multi-storey, multi-unit post-war developments, hoping to live out their lives happily and securely.

This group of people scarcely suspected that they would be called upon to face the demand of a staggering reassessed Crown rent -- a sum in most cases beyond their conjecture not to mention their reach, he added.

He explained that prior to the publication of Government's Consolidated Statement concerning the terms and conditions for renewal of these leases, even a legal mind could have been misled by the original conditions which, to all intents and purposes, conveyed that the lease could be renewed at expiry without payment of premium or fine but at a Crown rent for the second period to be fairly and impartially fixed by the Director of Public Works as the fair and reasonable rental value of the ground at the date of renewal.

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Over 4,000 lots and sections of lots in New Kowloon alone would fall due for renewal in 1973. These cover residential, commercial/residential and industrial uses.

Mr. Szeto Wai estimated that probably 100,000 units in which hundreds of thousands of people live would be affected by the renewal policy.

"In most cases the developers had made their profits and moved on to bigger profits, leaving the small owner-occupier to face the devastating re-assessed Crown rent."

The position of such a person was aggravated if he was still paying for his property by means of instalment payments covering the capital cost plus interest, he added.

He said it was more justifiable to reassess Crown rent as a proportion of rateable value of the property which includes elements on the land and the buildings on it.

Such a method was less arbitrary and more equitable compared with the present policy, he stressed.

Its merits are:

- 1) Rating is a continuous and rational process; it will iron out the volatility of the real estate market which is one of the objections to the present policy of re-assessment based on rising market land values.
- 2) Crown rent will be directly related to the income that can be derived from the land at the time of renewal and thus avoid hardship that would otherwise be created by unfairly re-assessed Crown rent which may exceed the existing rent roll.
- 3) Factors such as appreciation, enhancement of values due to economic development of locality, lease restrictions, rent control, etc. are reflected in rating and hence would also be reflected in the Crown rent.

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MOTION ON EXISTING CROWN RENT POLICY

By Hon. Oswald Cheung

The Hon. Oswald Cheung said today no one inside or outside the Government could say, at present with any facility, what a moderate or reasonable Crown rent was for any particular property.

The reason was, he pointed out, that the Government had failed to revise Crown rents at moderate rates continuously, in the way that rates had been constantly revalued and revised.

He was speaking in the Legislative Council while moving a motion that "in view of the public concern and objections to the present policy of assessing Crown rents on renewable Crown leases, this Council would welcome a thorough review by Government of its policy."

He said: "Had Government done with Crown rents what they had done with rates, it would have been possible to say at any given time what such reasonable Crown rent would be with reasonable accuracy."

It would have been preferable for Government to have maintained a continuous reappraisal, he added.

"Sometime after 1910 when the Crown decided to auction a particular lot, it did not carry out the process of assessing what a proper moderate Crown rent of it should be", he pointed out.

Now the Government, in order to work out what a fair reassessed Crown rent should be, has to start working backwards. It starts with what the market value of the land is on the basis that the Crown lessee pays a nominal rent.

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The Government determines this capital value by ascertaining from recent market transactions what other purchasers have paid for similar sites as well as by forming a judgment on this data, and uses a five per cent interest rate for converting the capital value so ascertained into annual payments.

Five per cent is a fair and proper long term rate of interest; there is a case for saying it should be 4%; but Mr. Cheung said he was not disposed to argue it should be a lesser rate. On the other hand, there was nothing "concessionary" about that rate, as certain Government spokesmen have tried to make out.

Full Market Rent

By this process, Mr. Cheung said the Government is reassessing Crown rents at the full market rent and not at a fair and reasonable rent without fine or premium.

"With the utmost respect to those in Government who have devised that policy, I would submit, that just as those who advocate adoption of Zone Crown Rents (nominal rents) have gone to one extreme, the Crown has gone to the other extreme. Neither school of thought is correct."

A fair and reasonable rent without fine or premium is one which avoids extremes. It is somewhere in between a nominal rent and a full market rent. It was a phrase perfectly well understood at the turn of the century when it was introduced into renewable leases. It was perfectly well understood because for 50 years before that the Crown rent on land auctioned had been reserved at rather less than half the full market rent, leaving the other half to be taken by way of a premium. This was done expressly on the instructions of the Secretary of State, who ordered that "moderate" crown rents be reserved. And "moderate" means to avoid extremes, somewhere near the middle, the same thing as a "fair and reasonable rent".

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That a moderate rent of this order of size was reserved, rather less than half the market rent, is patent from an examination of the Gazette notices advertising auctions of Crown land. Unfortunately this very important fact was not placed before our Courts here nor before the Privy Council in the case that went on appeal there. On the contrary, their Lordships were told that since 1850 only nominal Crown rents, or Zone Crown rents had been reserved. In the circumstances it was understandable that the Courts came to the conclusions they did. It was even more understandable because the Crown Lessee had submitted an argument that the reassessed Crown rent should be the Zone Crown rent, a nominal rent.

Renewal

He suggested that, generally, Crown rents on renewal ought to be about 40% of the full market rent.

"It may be that, to make allowance for the difficulty of assessing what the market value of a piece of land is and for fluctuations in market value with the forces of supply and demand, it would be fairer to use a range of 25% to 55% rather than a flat 40%," he said.

For converting the capital value into annual payments, Mr. Cheung said 5% interest rate was as much as Government ought to use.

He suggested that for Crown leases renewable for 75 years, the annual payments of Crown rent should be not more than 1.89% of the capital value in a normal market; about 1% in an overheated market; and about 2% in a depressed market.

In other words, on a piece of land valued, without buildings, in a normal market at \$100,000, the reassessed Crown rent should be about \$1,900 per annum. The Crown at present reassesses it at \$4,900 per annum. That is \$3,000 too much.

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When the market is overheated, and land values unnaturally high, so that the same piece of land might be valued at \$150,000, the appropriate rate should be 1¼%, or again, roughly \$1,575.

In a depressed market, like that of 1967, when the same piece of land might be valued at \$70,000, the appropriate rate should be 2¼%, or again, roughly \$1,900.

Again using a 5% interest rate, the annual payments for a 24 year Crown lease should be something like 2¼% of the premium in a normal market, per year, he said.

The premium on a 24 year lease is less than one for a 75 year lease, probably about two thirds. The same considerations about an overheated market and a depressed market ought to be applied to them.

Sites

Speaking of the category of sites on which pre-war buildings stand, with the rents controlled at the low levels allowed by the Landlord and Tenant Ordinance, Mr. Cheung said they require very special treatment.

"The Government, which in the public interest severely limits the rents, ought to increase the Crown rents only by an amount commensurate with the increases allowed by the Landlord and Tenant Ordinance until the buildings are demolished and the property re-developed," he said.

As regards the category of sites on which post war buildings stand, though very much underdeveloped, he said "some concession, unquantified as yet, is made."

"It would be right to come to some specific formula in terms of discount in any review of this whole question," he added.

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LAND -- HONG KONG'S ONE NATURAL RESOURCE

Adequate Payment Should Be Made For Its Exclusive Use

Hong Kong has very little land and the terms on which it is transferred to and retained in private hands must be carefully protected.

The Financial Secretary, the Hon. C.P. Haddon-Cave stated this today in the Legislative Council. He was replying to points raised by Unofficial Members on a motion to have the present policy of assessing Crown rents on renewable Crown leases reviewed.

"This has been recognised by the Government and, I believe, by the people of Hong Kong for many years," he said.

Anything concerning land -- Hong Kong's one natural resource -- concerned everyone, he added.

Government and the community as a whole are all concerned that those who are granted exclusive rights over Hong Kong's limited resources of land should develop their lots in such a way as to maximise their economic value.

"We are also concerned that they should pay the community adequately for the benefits conferred upon them by such exclusive use."

The level of payments made by private interests for the exclusive use of land was, therefore, a matter which concerned the community as a whole, he said.

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It had always been a cardinal principle of policy that when a Crown lease expires at least a proportion of the increment of value since the lease had been originally granted should accrue to the public purse for public purposes, he added.

The Financial Secretary pointed out that the existing policy had been applied since the first lease had been renewed in 1948 and had been the subject of particular consideration over the past ten years because of the number of leases falling due for renewal in 1973.

Consideration had been given to working out ways and means whereby the straightforward application of the policy could be varied to meet the particular circumstances of particular groups of owners of leases, he said.

Problems

Honourable Members had stressed the problems of these owners, and rightly so.

"But I must say here and now that it is not part of Government policy to diminish those rights or to confiscate them in any way," the Financial Secretary said.

Various methods were available to land owners for renewal of their leases because the problems referred to by Honourable Members had been recognised.

Land owners generally formed a comparatively wealthy segment of the community and had by and large, done very well in Hong Kong in recent years.

"It is this segment of the community, which includes the large property companies, which stands to gain most if the present policy on renewal is changed in the way proposed by honourable Members.

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"And it is the public interest, the wider interest of the community as a whole, which would be prejudiced by such a change," the Financial Secretary said.

He explained that the practice of selling land for development by private enterprise on 75-year renewable Crown leases started in 1988.

It had been decided then that the leases should be such as to give the lease owners the option of renewal and yet reserve to the public purse the future enhanced value of the land, he added.

Yet the method of renewal left a large share of the enhanced value of the land with the lessees. Because of the low assumed rate of interest used in calculating the renewal rent over 50 per cent of the enhanced value at the time of the renewal was left with the owner.

Balance

"This is fair and just and reasonable and had been accepted as such by the highest judicial tribunal in the Commonwealth. This rate which is essentially a concessionary rate, strikes a balance between the public interest, on the one hand, and the legitimate needs and aspirations of landowners, on the other," he said.

"And let it be stressed that the nature of an option is that the person in whose favour the option is conceived, in this case the Crown lessee, is not obliged to take it up," he added.

However, out of 79 lots or sections the leases of which expired in 1972, the owners of 51 had so far accepted renewal on the terms offered to them and none had refused, he pointed out.

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Presumably this was because all had recognised that whatever rent might be charged by the Government upon renewal, it would be much less than the rent that would be charged by a private landlord for the same or similar premises, he said.

Owners had also been given the choice of renewing early and paying in a lump sum, or paying over the term of the lease or renewing on the basis of the existing development and paying a rent of about 30 per cent of actual income from the property, he added.

Although there were a considerable number of leases due for renewal in 1973, they represented only a fraction of the total number of properties in the Colony, the Financial Secretary said.

Leases

He pointed out that among the leases due for renewal in 1973 there were none on Hong Kong Island, none in Kowloon, a group of 2,900 lots comprising some 5,000 properties in New Kowloon, and about 90 lots in the whole of the New Territories.

For that reason alone the increased rents landowners had to pay on renewal could not be passed on to tenants to a greater extent than was permitted by market forces, for they could not exercise a great deal of influence on the general level of rents, he said.

Excluding about 290,000 old schedule lots in the New Territories which were in no way affected, the leases subject to renewal in 1973 represented a mere seven and a half per cent of all other lots in the Colony.

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The Financial Secretary pointed out that there were four salient points to bear in mind as regards the main groups concerned, namely, industrial tenants, domestic tenants, owner-occupiers and owners.

Tenants, both industrial and domestic, where not benefitting from controlled rents would pay the same market rents to their landlords irrespective of what their landlords had to pay by way of renewal of Crown rents, he said.

Less than 200 industrial properties were being affected by the renewals scheduled for 1973 and therefore he found it impossible to foresee the widespread repercussions on the industrial economy predicted by so many commentators even if rents for the factories in those properties could rise above market levels.

Occupiers

Owner occupiers, like other lease owners, could renew at a rent that need never be more than one third of the market rent of the flat or factory. In many instances, where fully developed property was concerned it would be as low as one fifth or one sixth of the rent that the flat or factory would command in the market.

On renewal owners were being granted a further period during which they would have the exclusive use of the lots they occupied and it was only reasonable that they should pay for the privilege, the Financial Secretary said.

Furthermore, under the existing policy they were in a far better financial position than owners of non-renewable leases, or purchasers of Crown land at auctions, he added.

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The latter would pay, in a lump sum or by instalments including interest, the full market value of the land, he explained.

Owners of 75-year non-renewable leases had to pay the full market value of the land for the regrant of their lots and where they chose to pay by instalments they were charged 10 per cent interest.

By contrast, owners of renewable leases retain the whole value of the buildings on the land, plus over 50 per cent of the value of the land itself.

"Further concessions to this group of landowners would inevitably lead to demands for similar concessions from other categories of landowners - and the whole economic basis of our carefully thought-out land policy would be seriously undermined," he said.

Revenue

The anticipated revenue from the renewal of Crown leases had been allowed for since the year 1973-74 first came within the scope of the annual five years forecasts of revenue and expenditure in 1969-70.

The fiscal or expenditure implications or both would have to be faced if the sums involved amounting to some \$150 million in 1973-74 rising to \$200 million a year by 1975-76 were to be diminished in any way, he said.

"Yet it would be quite unrealistic to suppose that any necessary adjustments to the revenue earning power of other levies or to expenditure plans could be arranged in a way which was equitable in terms of the general public interest," he said.

/The fact

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The fact was that lease owners would be, by any change in long standing policy, beneficially treated, he added.

"Let us not imagine that those lease owners who are also landlords will pass the benefits of any such change on their tenants."

Landlords would, in general, continue to charge their tenants the highest rents the tenants were willing to pay and the law permitted, regardless of the rents that the landlords were paying to the Crown, the Financial Secretary said.

"Sir, subject to these remarks, I support the motion," he concluded.

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SUBSTANTIAL INCREASES IN CROWN RENT JUSTIFIED

Public Interest Must Be Considered

The Colonial Secretary, the Hon. Sir Hugh Norman-Walker, said today that for its part, Government had to consider the public interest as well as the private interests of the 5,000 or so leaseholders involved.

He was speaking in the Legislative Council on a motion to have the present policy of assessing Crown rents on renewable Crown leases reviewed.

As a general proposition very substantial increases in Crown rent on the renewal of Crown leases were justified, he said.

This would ensure that part of the enhanced value of property at the time renewal took place accrued to the body of taxpayers as a whole, and not only to a tiny proportion of them, he added.

It was true, he said, that there would always be exceptions to this general principle to meet the problems of particular groups of owners.

He cited land on which there was property subject to rent control, or land which its owner was for one reason or another not able to develop to the fullest extent.

Other matters had emerged which might require a particular solution, he added.

"But those leaseholders who are not in these special categories, and they are the vast majority, must expect to pay for the renewal of the lease of their property," Sir Hugh said.

/The payment

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The payment would be unpopular with lessees and they had nothing to lose in pressing their objections on any grounds and through any channel, he added.

"But this does not mean that those objections are necessarily or all justified," he said.

Sir Hugh pointed out that leaseholders whose leases were nearing the expiry date had enjoyed those leases for a great number of years and had profited from them.

At the same time, the value of land had grown over the years as a result of the efforts of all those who had contributed to Hong Kong's increased prosperity, he said.

Only Reasonable

"In these circumstances it is only reasonable to insist that leaseholders should pay a part of the increased value for the benefit of renewal of their leases for a further term," Sir Hugh said.

There might be disagreement about the proportion they had to pay but there could be none on the principle that they should pay, he stressed.

Government was satisfied on the question of principle and moreover that it was legally entitled to charge a renewal rent calculated by the present method.

"The question now before us is whether it is reasonable to exercise this right to the extent to which it is now being exercised; whether increases of this order can be absorbed in a single jump; and whether the general level is too high.

/"These

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"These are matters, which, as I have said, will be given further thought and upon which the advice of Executive Council will be sought," he said.

In the light of this debate and the many suggestions made, Government would now reconsider its policies from two angles -- first, their initial impact and second, from the point of view of the eventual level, Sir Hugh said.

Some had held that the values in 1973 would be unrepresentatively high.

"Myself I admit to confidence in the maintenance of land values in the Colony, but arguments have been adduced indicating that at the point of time we are discussing such values could not be regarded as representative.

Consider Deeply

"These are matters which as I say we will consider very deeply," he said.

The Colonial Secretary asked Honourable Members to bear in mind that the various methods of reducing renewal rents in favour of which they had been arguing would result in very substantial reductions in the forecasts of revenue on which present planning was based.

He explained that it was from the provisions of those forecasts that the many suggestions for improvements they had made at the time of the budget debate had to be paid, and on which Hong Kong's social and other development schemes depended.

/He pointed

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He pointed out that any reduction in revenue from this source might require to be made good from another -- even though a different group of contributors to revenue might be involved.

"In other words I ask them to remember that the dilemma of choice which Government has to face between the interests of the community as a whole and those of the leaseholders is a practical one which cannot be ignored even in such a stimulating debate."

"Sir, I support the motion," he concluded.

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Release Time: 10.30 p.m.

**HONG KONG
GOVERNMENT
INFORMATION
SERVICES**

**DAILY
INFORMATION
BULLETIN**

(Part II)

Wednesday, May 10, 1972

HONG KONG'S RESERVES AND U.K. STERLING GUARANTEE

Statement By Financial Secretary On Discussions In U.K.

The Financial Secretary, the Hon. C.P. Haddon-Cave, said today the minimum sterling proportion of Hong Kong's total official external reserves is now 89 per cent as opposed to the 99 per cent originally applicable.

He said he had ascertained during his recent visit to London that the Hong Kong Government could take advantage of this right to diversify into other currencies or bonds denominated in non-sterling terms without restriction as to timing or the currencies and bonds to be selected.

He was speaking in the Legislative Council in reply to the Hon. Wilfred Wong who had asked him to make a statement on his recent discussions in London concerning the Colony's reserves and the U.K. sterling guarantee.

Mr. Haddon-Cave explained that the main purpose of his visit to London was to clarify certain aspects of the 10 per cent diversification facility, in respect of reserves, offered to Hong Kong and other members of the sterling area last September.

/The question

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The question now to be decided is whether and, if so, how this facility should be shared between Government and the banks, to which about 46 per cent of eligible sterling assets are attributable, he said.

He said that for Government owned assets to be diversified in effect by 20 per cent or thereabouts would appear to be equitable and in the public interest, but he proposed to consult the banks at the earliest possible opportunity to ascertain their views before putting forward to the Governor any final recommendation.

As regards the sterling guarantee itself, the Financial Secretary said this relates to the sterling U.S. dollar parity in force in 1968, and it would thus be implemented at US\$2.40, in other words, on the terms on which it was originally negotiated.

"The agreement as it stands at present expires in September 1973, and my personal view is that moves ought to be put in hand in good time to renegotiate the Sterling Guarantee Agreements for a further period effective from September 1973 or earlier, and naturally I would expect the terms of these new arrangements to reflect present day and not 1968 realities."

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GOVERNMENT'S FLATTED FACTORIES

Design Economical In Land Use

The basic philosophy behind the design of Government's flatted factories is to tailor the supply of the factory accommodation to match the number and type of squatter/permittee factories which are to be cleared.

This was stated by the Director of Public Works, the Hon. J.J. Robson, in reply to a question by Dr. the Hon. S.Y. Chung in the Legislative Council today.

Dr. Chung had asked: "Will Government explain the reasons for limiting resettlement flatted factory buildings to five storeys high and ensure a more economical use of valuable land in future development?"

In reply, Mr. Robson said: "In 1963, the number of storeys in resettlement flatted factories was increased from five to seven in order to cater for an increasing demand for factory space arising from clearance operations."

He explained that the original five-storey factories were H-shaped, with factory units placed back-to-back in the two wings and with access from external balconies.

The later seven-storey factories, he continued, were rectangular in shape, having a depth which would provide three working units with areas a little larger than the original units.

"This design is economical in the use of land," Mr. Robson pointed out, "and in this context it would be wrong to confuse the optimum development which can take place on a given area of land with the maximum permitted under the Buildings Ordinance."

/He added:

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He added: "From experience gained in the operation of these factories, any increase in height above seven storeys is considered impracticable unless the site is large enough to provide much greater ground-level working areas suitable for vehicular parking, loading and unloading and the delivery of materials to and from the individual factory units in the block."

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"JUMBO" FLOATING RESTAURANT FIRE ENQUIRY

Report To Be Published In Two Weeks

The report of the enquiry into the "Jumbo" floating restaurant fire in Aberdeen last October will be published in two weeks' time.

This was announced in the Legislative Council today by the Colonial Secretary, the Hon. Sir Hugh Norman-Walker.

"The Report of the Commission of Enquiry into the fire on the "Jumbo" Restaurant at Aberdeen will be laid on the table of this Council on May 24, that is to say the next meeting of this Council will be published both in Chinese and in English on the same day."

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CONNAUGHT ROAD CENTRAL FROM EDINBURGH PLACE TO RUMSEY STREET

Widening Work About 60 Per Cent Complete

The Director of Public Works, the Hon. J.J. Robson, said today work on the widening of Connaught Road Central from Edinburgh Place to Rumsey Street was now about 60 per cent complete and all road works should be finished by mid-1973.

He was speaking in the Legislative Council in reply to the Hon. Szeto Wai who had asked about the progress in the improvement of that section of Connaught Road Central, and when the grade-separated pedestrian crossing facilities in that road section would be put in hand.

Mr. Szeto had also asked: "How will these facilities fit in with the recent scheme to improve traffic in Central District with particular reference to franchised bus and Public Light Bus stops?"

Mr. Robson said the new bus concourse situated to the east of the present one would be ready by September this year, and this would allow widening work on that section of Connaught Road in front of Vehicular Ferry Pier to be put in hand for completion by early next year.

"The extension of the Star Ferry Subway across Edinburgh Place to link up with the Star Ferry car park is also included in this project and will be completed by August of this year."

He said three footbridges were to be provided across Connaught Road Central. The first, to the east of Pedder Street between Union House and the new Connaught Centre, is being provided by the Hong Kong Land Co. Ltd, and should be completed towards the end of this year.

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The second footbridge is situated outside the Fire Brigade Building, and the third to the east of Gilman Street near the International Building.

"Streets (Alteration) Ordinance procedure for these footbridges is being put in hand and assuming no objections are received work could commence towards the end of 1972 for completion by the end of 1973," he said.

In addition to these, he said, two further bridges are planned, one crossing Pedder Street linking the General Post Office and Union House, and the other one crossing the new road being built to the west of Connaught Road.

Bridges

"Both of these bridges will link up with the bridge being provided by Hong Kong Lands and will be ready at the same time," he said.

Mr. Robson reiterated that the recent traffic measures to combat increasing congestion in Central represented an interim stage for improvement to traffic generally as completion of the Connaught Road widening scheme would provide a marked increase in road capacity.

"This should allow through traffic to have a much smoother passage and syphon off a large proportion of the traffic now using Queen's and Des Voeux Roads Central. This in turn should improve the flow of traffic in the area, particularly in Des Voeux Road Central, to the benefit of public transport using that route."

By that time, a review of stopping facilities for both franchised buses and public light buses will have been undertaken, he added.

He repeated his recent warning that it might also being necessary to place restrictions on kerb side activities at certain times of the day.

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DETAILS OF CHANGE IN BASIS OF SALARIES TAX ASSESSMENT

Has Yet To Be Worked Out -- Mr. Haddon-Cave

The Financial Secretary, the Hon. C.P. Haddon-Cave, said today details of the change in the basis of assessing salaries tax proposed by him in his Budget speech had yet to be worked out, embodied in legislation and put to the Legislative Council for enactment.

He was speaking in the Legislative Council in reply to the Hon. G.M.B. Salmon who had asked whether, under the Financial Secretary's proposals, deductions for premiums for life assurance and charitable donations would be allowed for the current year ending March 31, 1973.

Mr. Haddon-Cave said both the income and the deductible allowances for the year ending March 31, 1973 would not be used as the basis of a final assessment to tax in respect of the first year after transition, namely 1973-74.

"In that year, provisional tax will be calculated with reference to income earned in 1972-73 and deductible allowances based on the circumstances of the taxpayer in that year.

"But his final assessment will be based on the actual income earned in 1973-74 and the deductions for which he is eligible in that year," he said.

In other words, he said, so far as the great majority of taxpayers who are in continuing employment are concerned, they will be assessed to tax in 1972-73 on the present preceding year basis using 1971-72 figures.

In 1973-74, they will be finally assessed on the basis of 1973-74 figures of both income and deductible allowances, he added.

"In each of these years of assessment, the Commissioner of Inland Revenue will still be concerned with one year's income and one year's deductions only."

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NATURE CONSERVATION FOR N.T. AND H.K. ISLAND

The Finance Committee of Legislative Council will soon be asked to approve funds for recreational development and nature conservation in the New Territories and on Hong Kong Island.

The Colonial Secretary, the Hon. Sir Hugh Norman-Walker, said combined proposals of the two advisory committees would shortly be submitted to the Finance Committee.

He said the Committee would be invited to consider the financial implications of the two programmes. These involved approximately \$25 million in capital expenditure over five years and a recurrent commitment of about \$3.3 million per annum, which was subject to re-assessment and review.

The Colonial Secretary was replying to a question by the Hon. H.J.C. Browne, who had asked if any decisions had been made "on the recommendations of the Advisory Committees for Recreational Development and Nature Conservation for the New Territories and for Hong Kong Island, and if so what action is proposed?"

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IMPROVEMENTS TO MACAU FERRY WHARF

Work On Stage I To Start At Year End

Work on stage I of improvements to the terminal building at the Macau Ferry Wharf is expected to begin at the end of the year and to be completed within about nine months.

The Financial Secretary, the Hon. C.P. Haddon-Cave, said this in the Legislative Council today when he replied to the Hon. H.J.C. Browne, who had asked about Government's plans for improving the facilities for passengers at the Macau Ferry Wharf.

Mr. Haddon-Cave said Stage II generally provides for an expansion of office accommodation, changing and toilet facilities and for the establishment of canteens in the premises presently occupied by the Transport Office.

"However, these premises will not be vacated until July 1973 at the earliest," he added.

The Financial Secretary said: "In addition to the comprehensive plans for solving the present overcrowding problems in the terminal, the departments concerned are considering the problems of traffic congestion outside the terminal building."

The measures being considered include improving the traffic arrangements in the vicinity, the demolition of the public latrine which obstructs access to the terminal and the re-location of the metered parking spaces fronting the Arrival/Departure Hall to make way for a taxi rank.

Other measures include the demolition of the recently vacated Waterfront Police Station and Revenue Station to permit lorry access to the Wharf and the reservation of an area in the vicinity of the ticket offices for use by tourist buses.

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SPRING PROGRAMME FOR THOUSANDS

Entertainment Of Young In Sheung Shui, Fanling, Sha Tau Kok, Ta Ku Ling

Thousands of young people in the New Territories districts of Sheung Shui, Fanling, Sha Tau Kok and Ta Ku Ling are being entertained in a special Spring Programme organised by the Social Welfare Department's Sheung Shui Social Centre.

The programme began on May 1 and is due to end on May 13 with a variety show and a prize-giving ceremony in the Shek Wu Hui Playground, Sheung Shui, beginning at 7 p.m.

Mr. Chen Siu-jeung, Assistant District Officer, Tai Po, will officiate at a ribbon-cutting ceremony, and Mr. Tang Yan, Senior Education Officer, will distribute prizes to winners of the quiz competition.

Mr. Kwok Ka-chi, Principal Social Welfare Officer, Group and Community Work Division, will present prizes to the winners of the Painting Competition. The Reverend Peter Wong, General Secretary of the Church of Christ in China, will do the same for winners of the Calligraphy Competition, Mr. S.J. Flower, Senior Superintendent of Police, Frontier Division, for winners of the Story-Telling Competition, and Mr. Lau Yam-man, Chairman of the Kik O Community Centre, for winners of the New Year Greeting Card Competition.

The four chairmen of the four district rural committees will present volunteer workers in the programme with suitable banners.

Mr. Lam Ping-kuen, Officer in Charge of the Sheung Shui Social Centre, says: "The Spring Programme was organised to provide a healthy recreational and cultural outlet for children in the four districts.

/"The opportunity

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"The opportunity was provided to involve district leaders in an enterprise that has meaning for the young people and themselves.

"Remote villages were brought into the programme. We had great support from everyone, and there is unanimous agreement that we must do more of this."

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COURT ORDER AGAINST PARENT

Might Be Useful Deterrent Against Juvenile Crime

The Attorney General, the Hon. D.T.E. Roberts, said today he agreed that there were cases in which an order against a parent under section 10 of the Juvenile Offenders Ordinance might serve as a useful deterrent.

He was replying in today's Legislative Council meeting to the Hon. Wilson Wang, who asked whether the Attorney General would take steps through prosecuting officers to invite the Courts, in cases where such action would be an effective measure for combatting juvenile crime, to make orders under this section on the parent or guardian of a child or young person.

These orders would be for the payment of a fine, damages or costs or requiring the parent or guardian to give security for good behaviour.

Mr. Roberts said: "I will accordingly ask prosecuting officers to suggest to the courts that they should consider making use of this section in appropriate circumstances."

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VISIT BY PO LEUNG KUK DIRECTORS

Annual Event At Social Welfare Department

Mr. Chan Kang-fout, Chairman of the Board of Directors of the Po Leung Kuk, accompanied by nine committee members, maintained an annual tradition by calling at the Social Welfare Department today.

The party was received by the Hon. G.T. Rowe, Director of Social Welfare; Mr. Thomas C.Y. Lee, Deputy Director; Miss Annie Chan, Assistant Director (Social Work); and Mr. T.P. Khoo, Senior Principal Social Welfare Officer and head of the Family Services Division.

During a discussion, Mr. Chan praised the close and amicable relationship existing between the Department and the Kuk. He referred to the impending construction of a five-storey welfare building, for which the Government had approved half of the cost, or \$900,000, and he hoped the Department would consider some additional form of capital grant to help with interior partitioning and equipment.

Mr. Rowe said the Government, through the Department, had always given favourable consideration to the Kuk's financial needs, and would continue to do so.

The visit ended with a group photograph and tea.

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REPLY TO PETITION FROM HONG KONG FEDERATION OF STUDENTS

An answer has been sent today to the Hong Kong Federation of Students in reply to the petition which they delivered to Government House yesterday.

In the letter of reply, the Private Secretary to the Governor said:

"His Excellency has read your petition of May 9 about your wish to hold a peaceful demonstration on May 13 over the transfer of the Senkaku Islands.

"He is ready to authorise permission for such a demonstration provided you hold it in an orderly way, and he notes that this is your intention. But the demonstration must be held somewhere that does not inconvenience the rest of the community, and that does not make a breach of the peace likely.

"The Government has ruled that the Central area, including Edinburgh Place which you mention, is unsuitable for demonstrations, and permission is never given for demonstrations in it. The Commissioner of Police has pointed this out to you. His Excellency has reconsidered this policy and is satisfied that it is right and should be upheld, and that no exception should be made for you or for anyone else. He emphasises that this policy has nothing to do with the object of a demonstration whether Government sympathises with it or not. His Excellency wishes you to understand the reasons behind this. Central is a crowded area, Edinburgh Place itself lies between two of the busiest streets in Hong Kong. Not only would a demonstration there cause disruption of pedestrian

/and vehicular

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and vehicular traffic, and in consequence be of great inconvenience to the public, but in such a crowded place you could not guarantee that what you commendably intend to be a peaceful demonstration would not become a brawl. Moreover, you should realise that if permission were granted in this case, it would be difficult to refuse others.

"The Military parades, Festivals and Garden Parties to which you refer are entertainment offered by Government. It is surprising that you should think them comparable to a demonstration by a private group whose stated object is to express anger.

Demonstration

"If, therefore, you do not want to call off the demonstration you should consider the Commissioner's reasonable suggestion that you should instead apply to hold it in Victoria Park or one of the other places in Hong Kong designated for demonstrations and public meetings. In doing so you would be showing good sense and responsible citizenship.

"With regard to your proposal to hold a large procession through the streets to the two Consulates General, His Excellency points out that the same arguments apply. The streets are already far too crowded, especially in the middle of a Saturday. The Commissioner has told you that he cannot allow such a procession, but has told you that instead he would have no objection to small groups visiting the Consulates General to hand in petitions, travelling there either on foot or by bus. This would be perfectly compatible with your object."

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LARGE INCREASE IN OCCUPATIONAL ACCIDENTS

Due To New Reporting System

The Commissioner of Labour, the Hon. Paul Tsui, said today a new reporting system together with a wider coverage of the Workmen's Compensation Ordinance were jointly responsible for the seemingly large increase in the number of occupational accidents reported in 1969.

This conclusion will become more apparent when the number of occupational accidents reported during 1971 is available for comparison with the 1970 figures, he said.

He was speaking in the Legislative Council in reply to a question by Dr. the Hon. S.Y. Chung.

Dr. Chung had asked: "In the light of the rapidly rising number of occupational accidents reported under the Workmen's Compensation Ordinance during the year 1970 (from 1,301 cases in January to 3,349 in December 1970), will Government explain:

(a) how far the 1970 figures reflect a real increase in the number of occupational accidents and how far they are the result of defects in the pre-October 1969 reporting system;

(b) what steps Government is taking to educate employers and in particular the work force in matters of industrial safety and to what extent is Government spending financially on the promotion of industrial safety; and

(c) the respective number of employers and employees who in 1970 were reached by the activities of the Industrial Safety Training Centre?"

/Mr. Tsui

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Mr. Tsui said that under the system of reporting occupational accidents introduced during the last quarter of 1969, nurses at the four major hospitals help by notifying his department of all such accidents.

"Of the total of 24,610 accidents for 1970, 19,571 were of a very minor nature involving only a few days off from work. A further 2,023 were slightly more serious involving permanent disability varying from one to five per cent. Many of these would have previously gone unnoticed and unreported," he explained.

The coverage of the Workmen's Compensation Ordinance was widened by the implementation of an amendment on January 1, 1970, by raising the wage ceiling of non-manual workers from \$700 to \$1,500 a month and by covering for the first time domestic servants, agricultural workers and certain other categories of employees previously excluded, he said.

On steps taken by Government to educate employers in matters of industrial safety, Mr. Tsui said the Industrial Safety Training Centre conducts industrial safety training courses, makes available films, prepares and issues posters.

Officers of his department also give T.V. interviews on industrial safety and related matters, he added, and safety training and education also forms an integral part of the curriculum at technical institutions and vocational training centres.

As regards the amount of money Government spends on promoting industrial safety, he said this expenditure, both direct and indirect, amounted to almost \$5 million in 1971-72, and that for 1972-73 is estimated to be of a similar order.

/Mr. Tsui said

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Mr. Tsui said it was not possible to state how many employers and employees were reached by the activities of the Industrial Safety Training Centre.

"Of those attending course, some came from large factories, others from small ones. Some supervisors on completion of their training will have applied their newly acquired knowledge to many workers. Others will have done nothing."

The Commissioner of Labour pointed out that although carelessness by workers causes many accidents, many employers remain regrettably apathetic to accident prevention.

"Many employers seem to consider that industrial safety is not their concern but solely that of Government. This, of course, is not so. Accident prevention should be an integral part of good management," he said.

He told the Council that his department would continue to do all it could to extend the influence of these procedures for the benefit of workmen and employers alike.

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PROCEEDINGS RECORDED

Note to Editors: Proceedings of today's Legislative Council meeting have been recorded. You are welcome to consult the recording.

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TWO BILLS PASSED IN LEGISLATIVE COUNCIL

After Committee Stage And Third Reading

Two bills passed their committee stage and third readings in the Legislative Council today and became law.

They are the Adoption (Amendment) Bill 1972 and the Chit-Fund Businesses (Prohibition) Bill 1972.

Four other bills had their first and second readings. They are the Criminal Procedure (Amendment) (No. 2) Bill 1972, the University of Hong Kong (Amendment) Bill 1972, the Pharmacy and Poisons (Amendment) Bill 1972, and the Legal Practitioners (Amendment) Bill 1972.

Debate on the Matrimonial Causes (Amendment) (No. 2) Bill 1972 was resumed.

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Release time: 10.00 p.m.