

**THE LEGISLATIVE COUNCIL DEBATES  
OFFICIAL REPORT  
IN THE SESSION OF THE LEGISLATIVE COUNCIL OF  
HONG KONG  
WHICH OPENED 16TH OCTOBER 1974  
IN THE  
TWENTY-THIRD YEAR OF THE REIGN OF HER MAJESTY  
QUEEN ELIZABETH II  
LEGISLATIVE COUNCIL CHAMBER  
Wednesday, 16th October 1974**

**The Council met at half past two o'clock**

**PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR CRAWFORD MURRAY MACLEHOSE, KCMG, MBE  
THE HONOURABLE THE COLONIAL SECRETARY  
MR DENYS TUDOR EMIL ROBERTS, CBE, QC, JP  
THE HONOURABLE THE FINANCIAL SECRETARY  
MR CHARLES PHILIP HADDON-CAVE, CMG, JP  
THE HONOURABLE THE ATTORNEY GENERAL  
MR JOHN WILLIAM DIXON HOBLEY, QC, JP  
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR DENIS CAMPBELL BRAY, JP  
THE HONOURABLE JAMES JEAVONS ROBSON, CBE, JP  
SECRETARY FOR THE ENVIRONMENT  
DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP  
DIRECTOR OF MEDICAL AND HEALTH SERVICES  
THE HONOURABLE IAN MACDONALD LIGHTBODY, CMG, JP  
SECRETARY FOR HOUSING  
THE HONOURABLE DAVID HAROLD JORDAN, MBE, JP  
DIRECTOR OF COMMERCE AND INDUSTRY  
THE HONOURABLE LI FOOK-KOW, JP  
SECRETARY FOR SOCIAL SERVICES  
THE HONOURABLE DAVID AKERS-JONES, JP  
SECRETARY FOR THE NEW TERRITORIES  
THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, JP  
DIRECTOR OF EDUCATION  
THE HONOURABLE IAN ROBERT PRICE, TD, JP  
COMMISSIONER FOR LABOUR  
THE HONOURABLE WILLIAM COLLINS BELL, JP  
DIRECTOR OF PUBLIC WORKS (*Acting*)  
DR THE HONOURABLE CHUNG SZE-YUEN, OBE, JP

THE HONOURABLE WILSON WANG TZE-SAM, OBE, JP  
 THE HONOURABLE LEE QUO-WEI, OBE, JP  
 THE HONOURABLE OSWALD VICTOR CHEUNG, OBE, QC, JP  
 THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP  
 THE HONOURABLE MRS CATHERINE JOYCE SYMONS, OBE, JP  
 THE HONOURABLE PETER GORDON WILLIAMS, JP  
 THE HONOURABLE JAMES WU MAN-HON, OBE, JP  
 THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP  
 THE HONOURABLE LI FOOK-WO, OBE, JP  
 THE HONOURABLE JOHN HENRY BREMRIDGE, JP  
 DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP  
 THE HONOURABLE MRS KWAN KO SIU-WAH, MBE, JP  
 THE HONOURABLE LO TAK-SHING, JP  
 THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

### ABSENT

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

### IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL  
 MR KENNETH HARRY WHEELER

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### Oath

MR PRICE took the Oath of Allegiance and assumed his seat as a Member of the Council.

HIS EXCELLENCY THE PRESIDENT: —I would like to welcome Mr PRICE to this Council.

### Address by H.E. the Governor

HIS EXCELLENCY THE GOVERNOR: —

	<i>Page</i>
<i>Crime</i> .....	5
<i>The Consumer Council</i> .....	8
<i>Prisons</i> .....	8

	<i>Page</i>
<i>Independent Commission Against Corruption</i> .....	9
<i>Recreation and Sport</i> .....	10
<i>Urban Council</i> .....	12
<i>Labour</i> .....	12
<i>Medical and Health Services</i> .....	14
(i) <i>Unregistrable Doctors</i> .....	15
(ii) <i>Narcotic Addiction</i> .....	15
(iii) <i>Family Planning</i> .....	17
<i>Immigration</i> .....	17
<i>Transport</i>	
(i) <i>The Green Paper on Transport</i> .....	17
(ii) <i>The Mass Transit Railway</i> .....	18
(iii) <i>The Bus Companies</i> .....	18
(iv) <i>The Kowloon-Canton Railway</i> .....	18
(v) <i>Roads</i> .....	19
<i>Industrial Land</i> .....	19
<i>Building</i> .....	20
<i>Social Welfare</i> .....	20
<i>Anglo-Chinese Relations</i> .....	21
<i>The Economy</i> .....	21
<i>Review of Government Programmes</i> .....	24
<i>The New Towns</i> .....	26
<i>Housing</i> .....	27
<i>Education</i>	
(i) <i>White Paper</i> .....	29
(ii) <i>The Universities</i> .....	31
(iii) <i>Polytechnic</i> .....	31
<i>Conclusion</i> .....	31

[HE THE GOVERNOR]

Honourable Members, last year I spoke to you shortly before the outbreak of the Arab/Israeli war and the drastic change in the cost of oil, the savage twist to world inflation and all the financial and other problems which followed.

The year which ensued has not been easy for Hong Kong though it has been better than might have been expected. And though I expect the year which now begins to be better in Hong Kong than in many other cities in the world, it too will probably not be easy either. This coincides with a period during which in any case your Government has thought it right to take stock, and to consolidate and maintain progress in its existing fields of endeavour, rather than to launch out into new ones.

In the last quarter century life in Hong Kong has been dominated by the way in which the growth in population out-stripped the capacity of any government to provide for residents and immigrants alike some of the basic infrastructure of life. But the problem was faced and very great progress was made. So much so that two years ago your Government concluded that the time had come when it could draw up programmes to make an end to these deficiencies. As a rough guide we set ourselves the time span of a decade. To make this effort, and I have never under-rated how great the effort would have to be, the machinery of Government was overhauled, and procedures were streamlined and geared to the new requirements.

I would like honourable Members to realize what great pressure on the public services this generated, and I would like to record my admiration for the enthusiasm and the devotion with which they have responded.

In recent months, in the new economic climate of the world, there has been much speculation and concern not only about whether all these plans taken together are viable or require some cutting back, but also how far the reduced growth of world trade and the many international financial problems that have emerged and remain unsolved, will affect these plans and more immediately the livelihood of people here in Hong Kong. I am sure that such thoughts as these are very much to the fore in your minds, and therefore much of this address will be about them.

But I would like to say at the outset that, though no firm prediction is possible at this time of the exact duration either of the downturn in some of our markets, or of its effect on our own economy, it

may well be temporary, and certainly will be so in comparison to the time span over which our plans are to be implemented. We would therefore be making a most serious mistake at this stage to allow it to deflect us from our long term aims except to the minimum extent that common prudence will dictate. I therefore reiterate my belief that it is upon the realization of these aims that the future happiness, cohesion and prosperity of this community depends.

In consequence, in spite of these new and unexpected difficulties, your Government has continued to devote a great deal of its time and energy to the elaboration and implementation of long term plans for housing, social welfare, education, medical and health services and transport. I am sure that in this our priorities are right, and later in this address I will explain the practical implications of the work that has been done. But before doing so I would like to mention some other aspects of administration to which I attach importance and for which I hope to have your support.

### *Crime*

First and foremost, crime and the fight to master it. Fear of crime and criminals continues to be one of the most disturbing factors in the life of our community, and particularly in the lives of its poorer members. This Government has the clear duty to restore their peace of mind.

I will not recapitulate the detailed account I gave last year of your Government's many-sided approach to this problem. But in the last year the thrust has been developed on three main fronts: firstly to recruit, train and sensibly deploy more policemen; secondly to improve police techniques, procedures and organization; thirdly to mobilize people in neighbourhoods to assist each other and the police to deter crime. With a successful combination of all these things we should have a larger and more efficient police force tackling crime in circumstances which would be much more difficult for the criminal. Neither the police alone nor the public alone can turn back this tide, but acting together as a united community I believe we can.

Your Government is of course also pressing on with other action which might bear on crime. The provision of assisted secondary education for all is one of them; expansion, co-ordination and improved supervision of recreational and community facilities is another. I am sure that boredom and lack of healthy outlets for energy breed crime. But while such measures could, and I hope will, help in the long term, we are confronted with an immediate pressing problem calling for more effective action to deter crime.

[HE THE GOVERNOR]

The substance of the problem—a rising crime rate—is still very much with us, and indeed it would be surprising if dramatic results had been achieved here in so short a time over a problem that has proved so intractable elsewhere.

Crime statistics make bewildering reading and can be bedevilled by so many extraneous factors, but certainly the trend of crime over the last year has continued upward. It is true that the increase in serious crimes, which are those against which our main drive has been made, has levelled off. But while both police and public can take heart from this first ray of hope that can be discerned following the great efforts they have made, it would be wrong to read too much into this tendency of the last six or eight months. Nor is there any question of our doing so. The level is in any case unacceptably high, and there can be no room for self-congratulation until a significant and sustained decrease has been achieved. But though success still eludes us, the outlook is not by any means all black, because real progress has been made in the essential pre-requisites, the groundwork that must be laid, before there is much prospect of getting decisive results.

In the first place there has been a break-through in recruitment for the police. This is at last proceeding at a satisfactory rate, and with a new intake of high quality. The net increase this year in the constabulary is likely to be at least 1,500 (as against 300 last year), and there is a reasonably satisfactory net increase in the inspectorate.

No doubt this greatly improved situation is due to many factors, including improved conditions of service, improved recruiting techniques and perhaps, to a lesser extent, to a tighter labour market. But I think that the prime cause is improved relations between police and public and the good spirit of our young people. For the present high quality of recruit I suspect there are softer jobs for the money, but they join for a chance of an active life in protection of the community, and Hong Kong has every reason to be proud of them.

Progress has also been made in the re-organization of the police force to fight crime and in retraining it for its changed relationship with the public to which we all attach so much importance. The Secretary for Security will be explaining the details later in the debate.

But I would like to speak about what the public—those at the receiving end of crime—have done. The creation of 1,500 mutual aid committees, with the accompanying superstructure of area committees, is not only a considerable administrative achievement, but indicates the

great need that these organizations fill. There was indeed a void: a void which was as dangerous for the Government as it was unwelcome to the ordinary citizen, who was left without means of influencing conditions outside his own front door. Some of these committees are more effective than others, but they have done much to discourage crime in their own areas. In many cases they have installed alarm systems, and engaged watchmen to patrol the premises, and they constitute a new deterrent to criminals that can be made increasingly effective and is very welcome to police and public alike.

I always leave meetings with mutual aid committees encouraged by the knowledge that in this field attitudes are changing fast. We have many good citizens willing to give a lead on how the people of a neighbourhood may help each other and help the community by making their own areas safer, cleaner and better to live in.

We have always had in mind that the ultimate aim was to develop regular policing on a neighbourhood basis, with, in addition, separate forces deployed to attack crime in accordance with strategic and tactical plans directed by District and Divisional Commanders. For this we first needed civilian neighbourhood organizations—we now have them. We also needed more regular policemen available for deployment—these too we are now beginning to have. Finally we needed trained auxiliaries from the neighbourhood to form a link between the regular police and the civilian population. We are now beginning to have all these and you will have seen the beginnings of the neighbourhood policing scheme which we intend progressively to develop.

I am extremely interested in these new methods. Two new sorts of relationship are being built up. The first is between the people who live in a block or a neighbourhood; the means of knowing each other, as the families of a village used to know each other, is being offered and often taken with relief. Secondly a new relationship is being created between the people of these neighbourhoods and the public service. The growth is new and too much must not be expected or claimed for it at this stage, but it is a healthy growth, and it must be carefully and consistently encouraged, commensurate with the ability of the Department of Home Affairs to provide the necessary support. The aim must be quality rather than quantity. So far this new process of cooperation has been largely confined to the fields of cleanliness and crime, but rightly all the time other subjects are being thrown up and thus direct consultation and participation over a widening field is being evolved. In short a new path can now be seen opening up before us and I am sure that we should take it with confidence and perseverance.

[HE THE GOVERNOR]

*The Consumer Council*

Before leaving this subject of community relations I wish to mention briefly the Consumer Council. First of all much of its membership was quite new to the working of public advisory bodies but was representative of sections of the community on which the rise in prices was pressing particularly hard. Secondly it successfully achieved its purpose of reassuring the public that where prices were high because of unreasonable manipulation or mark up in Hong Kong itself, something could be done about it. Thirdly it achieved its results through the quick and impartial investigation of facts on the one hand, and the use of persuasion and public opinion on the other. Surely we should proceed in this quick and informal way whenever we appropriately can, rather than always rely on the procedures of legislation, police investigation and the law courts. It is so much better to persuade than to punish. I would like to record my gratitude to Sir Yuet-keung KAN for his able and imaginative chairmanship of this Council.

*Prisons*

Increased crime, more vigorous measures to combat it, more prosecutions and the longer sentences being imposed, have produced a marked increase in the prison population. The total number of inmates on the 30th September this year was about 7,600 as compared with 6,400 a year ago.

In Stanley Prison alone the population was just under 3,000 whereas the prison was designed for 1,500. Honourable Members will know of the incidents that have occurred.

Something has already been done to strengthen the physical security of Stanley Prison and to improve management and operating procedures. However, in the long term new institutions will be needed and Stanley Prison itself will have to be progressively rebuilt. Two new institutions at Pik Uk on Clearwater Bay Road will be completed within the next few months and will help to ease the position. Although other projects in the Public Works Programme, including a new maximum security prison, will eventually accommodate about 3,000 offenders, it will be some time before these are completed. We are therefore looking for other temporary accommodation which could be used to solve the immediate problem of over-crowding with its attendant risk of disorder.

The detention centres have now completed their first two years and the system is being evaluated. The preliminary conclusion is that they have been successful and repaid the immense amount of care and effort put into them by the Prison's Department. So far, only 10% of those who have passed through them have been reconvicted. We can be satisfied, I think, that our Prisons Department is making constructive and reasonably successful progress in their problem of dealing with the young offender who is not yet a hardened criminal.

#### *Independent Commission Against Corruption*

A year ago in this Council I announced my intention of setting up an Independent Commission Against Corruption under a civilian commissioner. Within four months the Commission was in being and working under a new ordinance. While the Operations Department—the investigatory arm of the Commission—is the only section so far fully functional, the Corruption Prevention and Community Relations departments are now being set up and will soon be at work. As soon as their staff are in position, two advisory committees on Corruption Prevention and Community Relations will be established, together with a small high-powered supervisory committee to advise the Commissioner and myself on major policy aspects of the Commission's work. The public has responded well to this new organization; and reports made to it have increased by some 300% compared with those made during a similar period last year.

The Operations Department has already made some impact. About 80 prosecutions for corruption and kindred offences have been launched against a wide variety of Government servants and members of the public, and this is double what was done in the same period last year. In considering this record it is necessary to remember that some 80% of the Operations Department have a civilian background.

Inevitably this has meant a tremendous effort to train staff in their entirely new role. But these enthusiastic newcomers are an impressive, well-educated lot directed by experienced investigators, and under the overall direction of Mr PRENDERGAST, one of the most successful policemen in the Commonwealth.

Building up the initial momentum of our fight against corruption will depend very largely on the success of the Operations Department. It is inescapable that to deter the corrupt and to secure public confidence, a satisfactory volume of detection and punishment is essential. But once it has become apparent that corruption does not pay, the Corruption Prevention and Community Relations sides of the Commission will be able to play vitally important parts. There can be no

[HE THE GOVERNOR]

real victory in dealing with this problem unless there are changes of attitude throughout the community. Though this will take time, we are totally committed. I have faith in Mr CATER and the able and devoted people who are directing and manning the Commission. A more difficult task has rarely been undertaken in Hong Kong. They know they can count on the complete support of the Government. But in the long run their best ally will be the good sense of the people of Hong Kong and the sincerity of their demand that the time for new standards has come.

### *Recreation and Sport*

Now let me turn to the much pleasanter subject of recreation and sport.

Last year I spoke of the importance of more facilities in this overcrowded city. We need to maximize use of the facilities already in existence and to provide more and there is a parallel need to develop the countryside, the mountains and the beaches to provide recreation and fresh air when people have time to get to them.

This must be a co-operative effort between the Government departments and the many private clubs and voluntary agencies already in the field. It was to co-ordinate and expand these efforts that the Council for Recreation and Sport has been set up. It is now getting into its stride.

One of its first steps was to recommend that District Recreation Officers should be appointed whose duty it would be to encourage and advise on how to maximize recreational facilities in each district, and also to encourage the use of the country-side by people of the city. A pilot scheme for five City Districts and for Yuen Long is now in operation.

The Council has done much *ad hoc* work greatly helped by a generous private donation. For instance in the urban areas and the New Territories something of the order of 190 concrete ping-pong tables, volley-ball and basket-ball pitches have been ordered or are in process of construction, along with a considerable volume of equipment. Funds have also been channelled through the Council for the expansion of activities in various standing camps, or the construction of new ones, that will result in supervised week-ends in the country for at least 15,000 more young people next year. In addition plans of the Department of Agriculture and Fisheries for providing countryside

amenities are now beginning to make real progress: 60 new picnic sites came into commission last year, with an accompanying infrastructure of 5 miles of paths, and 30 more sites will be completed in the coming year. If I might say so they have been built and equipped with notable imagination and good taste and they are well fulfilling their function of attracting more visitors to the countryside.

The young people of Hong Kong are taking more and more to picnicking, hiking and camping. This has developed on their own initiative. But to help the movement gain momentum funds have been put into the Outward Bound School to expand it to make room to teach leaders from the urban areas and from schools how the countryside can best be enjoyed. Similarly I was delighted to learn of the formation of a Youth Hostels Association in Hong Kong, and the Government is giving all the assistance it can in the provision of sites for hostels.

These are all comparatively small steps in the direction we must go, but they are already of some significance.

Such heavy use of the countryside brings with it its problems of conservation. During the year additional Agriculture and Fisheries Department litter gangs and Urban Services cleansing gangs have been established, and also more fire-fighting crews, and with its traditional civic spirit, the Civil Aid Services are now training to provide additional fire-fighting coverage in the countryside this winter. These services are steadily improving the cleanliness and reducing the fire hazards in the main points at which visitors congregate. But there remains the litter and the bush fires left by the thoughtless and the careless who roam further afield. Many members of regular hiking and picnicking clubs and others who know and care for Hong Kong's countryside, are already acting as scavengers for the careless who still do not. Now that this admirable trend to walking and picnicking is developing so fast, it is evident that in parallel there must be systematic education of all concerned about how to preserve the mountains and the beaches that they visit.

I have emphasized these expanding uses of the countryside because they offer a natural balance to the lack of space for facilities in the city. But they can never be more than supplementary to what is done and provided in the urban areas. The efforts of the Urban Council, the Education Department and the many voluntary agencies concerned are therefore vital. The Urban Council has continued to make rapid progress in this field, and honourable Members will be aware that the Council has completed during the last year 36 new public gardens, 20

[HE THE GOVERNOR]

children's playgrounds and 26 courts for basket-ball or volley-ball. They also completed a further swimming complex in Kennedy Town. Members will also have noted the steady progress being made by the Parks Department in the provision of more greenery, shade and colour in our city.

#### *The Urban Council*

And here might I pay my tribute to the new-style Urban Council. Earlier this year it completed its first year under the new autonomous financial arrangements, and I am sure that in this Council which contains both serving members and alumni of the Urban Council, honourable Members would wish me to say how much we all admire the vigour and imagination with which the new Council has set about its task.

#### *Labour*

I should now like to say something about labour legislation. Hong Kong's prosperity depends fundamentally on its principal resource, its diligent and adaptable work force. The well-being of this labour force rests primarily in the hands of workers and trades unions on the one hand and of employers on the other. But the Government too has a significant responsibility to ensure that reasonable minimum standards are applied. Much has been done in recent years to secure a steady improvement in working conditions and terms of employment through an extensive programme of labour legislation. This is a continuous process and today I will review some of the main areas of recent achievement and indicate what your Government proposes for the coming year as well as in the longer term.

First, good progress has been made in the continuing review of the Employment Ordinance. This was originally so framed that further parts could be added progressively to build up a comprehensive code of employment, and a number of major amendments have been made over the past two years. Holidays with pay and sickness allowance have been extended to all employees covered by the ordinance; entitlement to sick leave has been increased and the qualifications for it simplified; controls have been introduced over employment agencies to ensure that workers, whether to be employed in Hong Kong or overseas, are not exploited; workers have been afforded statutory protection as members of trade unions in relation to their employers. Finally, severance payments have been made a statutory entitlement for redundant workers. This measure alone represents a significant

advance. The rates of severance pay provided are lower than those paid by most larger employers, but it was necessary that they should be set at a level which could be afforded by those many smaller employers who formerly gave little or no severance pay at all, and it is particularly in this area that a real improvement has been made.

With regard to the coming session, regulations will be submitted to this Council to reduce the maximum permissible overtime for women and young persons. We have in mind a reduction from 300 to 250 hours a year from the beginning of next year and a further reduction to 200 in 1976.

I mentioned in this Council last year that the Labour Tribunal had proved an immediate success. This has been sustained, and this year a second tribunal has been established and the Labour Tribunal Ordinance has been made permanent. During the coming session your Government hopes to introduce for your consideration a new Labour Relations Bill. This bill is designed to provide statutory backing for the Labour Relations Service of the Labour Department and for procedures to be followed in a labour dispute when conciliation has failed. Labour relations have traditionally been good in Hong Kong. But it is hoped that this bill will help to facilitate settlements when other means have failed. As now conceived it deliberately avoids provision of powers to impose compulsory settlements. Perhaps honourable Members will agree that elsewhere such compulsory powers have proved conspicuously ineffective.

The promotion of industrial safety still requires further urgent attention. Safety regulations made during the last two years have covered the more dangerous industrial activities including construction work, the use of lifting appliances and lifting gear and work in confined spaces. Further regulations will soon be introduced to cover cargo handling at wharves, quays and godowns. Others are projected for a variety of specialized industrial processes but the only major area on which a good deal of work remains to be done is that of guarding machinery. Of course improved industrial safety cannot be achieved solely by the enactment of special regulations. The cooperation of employers and workers is essential and steps are being taken to encourage this through a five year programme of action including the extension of safety training and increased publicity.

The Workmen's Compensation Ordinance, like the Employment Ordinance, is kept under constant review. Recent amendments have raised the maximum wage ceiling for entitlement of non-manual workers under these two ordinances from \$1,500 to \$2,000 a month.

[HE THE GOVERNOR]

At the same time the maximum amounts that can be claimed in workmen's compensation were correspondingly increased by 30%. The Workmen's Compensation Ordinance is due for a major overhaul over the next two years but one related matter deserves attention. This is silicosis, one of the most serious occupational diseases occurring in Hong Kong, which has never been included in the schedule to the ordinance because it takes a long time for the disease to become apparent. A special compensation scheme for those suffering from the disease will be introduced during this session.

During its first full year of operation the Hong Kong Training Council has been considering the draft bill designed to provide a legislative framework for apprenticeship schemes. Work on this is in the final stages and it is intended that the bill should reach this Council during the coming session. The rate of further progress in this field will be to some extent dependent on the success of efforts to recruit suitably qualified technical staff to support the recently created training division within the Labour Department.

Honourable Members, we have now reached the stage where legislation already enacted or about to be enacted covers most of the major areas in the labour field. We must now aim to consolidate this position. Many of the measures provide only minimal standards and there are some gaps to be filled. This can be done in part by reviewing and revising existing legislation but there are also other important tasks to be undertaken such as developing and improving the factory and labour inspectorates and also the promotion of industrial safety.

Let me say that in this programme of labour legislation the Government has no wish to place industrial relations in a strait jacket. I know that this is not the wish of either workers or employers—both of whom value the flexibility which has contributed so much to both the tradition and the strength of Hong Kong. Broadly speaking we intend to continue to move only after close consultation with the Labour Advisory Board, and other organizations concerned.

#### *Medical & Health Services*

In the field of Medical and Health Services we now have in the White Paper published in July a realistic and forward looking framework for future development, and I am most grateful to Sir Albert RODRIGUES and the Medical Development Advisory Committee for all

the work they put in. I am also grateful for the comments and advice from professional bodies and the public.

The proposals in the White Paper and the accompanying work that has been done, now provide a framework within which co-ordinated progress has been charted over a ten year period. They envisage the construction of new hospitals and clinics, the extension of Medical and Health Services to the new towns and the New Territories, measures to relieve overcrowding in Government hospitals and to make fuller use of beds in Government-assisted hospitals, more specialist treatment particularly for psychiatric patients and the elderly, and a general improvement in standards wherever practicable.

But the point I wish to make today—and I will be returning to it in connection with other major programmes—is that this programme has been prepared in a way which will enable us to go forward in an orderly series of progressive and inter-related steps year by year, with each step costed and given its priority. The scale of this programme has been based on the best assessment now possible of the resources likely to be available. It will be subject to regular review each year. As well as indicating what we hope at present to be able to achieve, the plan also provides guidelines within which flexibility can be applied according to rational priorities if necessary, and if more or less resources are available than seem likely now, or if the needs of the Medical and Health Services change, as to some extent they are bound to do over a ten year period.

Before leaving medical services, I should like to say something of one or two areas in which the Government has now become more directly involved.

#### *Unregistrable Doctors*

The question of non-Commonwealth medical graduates, the so-called unregistrable doctors, has aroused lively public interest. We should not underestimate the complexity of some of the issues involved however simply and forcefully they may be argued by their protagonists. What we now need is authoritative unbiased advice on which the community can rely. I am sure that this is exactly what we can expect from Sir Ronald HOLMES and his working party.

#### *Narcotic Addiction*

I mentioned last year the formation of the Medical and Health Department's new division to develop and co-ordinate programmes for the treatment and rehabilitation of drug addicts.

[HE THE GOVERNOR]

Two pilot methadone substitution projects are being conducted by the Medical Department and the Discharged Prisoners' Aid Society. Both have been operating for almost two years and they are to continue for a further year. The rather encouraging results obtained so far have been carefully checked and compared with what is being done in other parts of the world.

One of the world's foremost experts in this form of drug treatment will arrive in Hong Kong towards the end of this year to help us to evaluate further these two projects and to plot the way ahead for this form of therapy and its proper relationship to other forms of drug treatment.

As I see it, our objective must be to couple the most vigorous and ruthless attack on the means of supply of drugs, with provision of a means of treatment that can be made available *en masse* to addicts. Nothing but frustration can result from denial of the drug without offering treatment, or from offering treatment without denying the drug, or at least making it so scarce as to be prohibitively expensive. You will have noted the growing success of the attack on supply of drugs. This results both from improved methods here and improved liaison abroad. But the means of treatment present an even more difficult problem. However if our pilot projects are judged successful we will have at our disposal a therapy for addiction that is much cheaper than present methods, need not involve incarceration, and consequently can be applied *en masse* and with minimum disruption of an addict's daily life or earning capacity. So far, as I say, the experts have been encouraged. But in this field there are many pitfalls. Before we launch out into the provision of facilities for treatment on the massive scale that would be necessary to have real impact, we must be absolutely sure that we are working on lines of proven reliability.

Meanwhile I am conscious of the importance attached to this issue by honourable Members. Might I add what a relief it is now to have advice on these complex medical, social and police issues co-ordinated and centralized through a body as strong as the Action Committee Against Narcotics as now constituted, with its own secretariat and Commissioner, and under the vigorous and distinguished chairmanship of Sir Albert RODRIGUES.

### *Family Planning*

When I addressed this Council last year the integration of a family planning service into our maternal and child health programme was just starting. Let me say it has made excellent progress.

By the end of this year, the family services will be offered in a total of 37 Government clinics and additionally at 32 locations manned by the Family Planning Association. This coverage will be further expanded next year.

Your Government is very conscious of the social and financial implications of excessive population growth. Our first objective has been to see that there are enough clinics conveniently available to all members of the public. Once we have reached that point, and we are getting near it, we will be in a position to concentrate on bringing home to the public the benefits to be derived from using these clinics. I am aware of proposals going much further than this, for fiscal and other discrimination against large families. The Government has an open mind on this, but I am sure honourable Members would agree that such a course should only be considered after the results can be seen of other action to secure our ends by educational and voluntary means.

### *Immigration*

The work of family planning is obviously vital if our plans for improvement in standards of life are to have the effect intended. So too is the level of immigration. Hong Kong's net gain by migration last year is believed to have been over 60,000 of whom the bulk came from China either legally or illegally. Though the numbers have been brought down substantially from the high level of September last year, they remain too high, and discussion of this mutual problem with the Chinese Government continues.

### *Transport*

#### *The Green Paper on Transport*

A green paper was published in June setting out for public comment proposals for dealing with Hong Kong's transport problems. A comprehensive transport study, in which the problem will be quantified on the basis of data from wide ranging surveys, is now in its final stages and is expected to produce results for policy guidance early next year. These results, together with the public's reactions to the green paper, will provide material for the preparation next year of a definitive

[HE THE GOVERNOR]

White Paper on transport. This will give firm indications on how the Government intends to cope with Hong Kong's transport needs over the years ahead.

*The Mass Transit Railway*

The green paper envisaged that a major role should be played by a mass transit railway. Your Government still holds to this view, provided agreement can be reached on the basis of the specified price at which the railway is calculated to be commercially viable. Doubts have recently been expressed as to the wisdom of continuing with this project in present circumstances. I would have thought it apparent that what was judged an acceptable proposition a year ago, at the same price is an acceptable proposition now. There is a tide in such affairs, and if we miss this one it will be some years before we could float the project again. Moreover, we have every right to have confidence in our future; the project is still judged to be within our resources; the Financial Secretary and his team have put an immense amount of work into the intricate and technical work of negotiating the contract; and provided they can do so at the specified price, I am sure we should all heartily wish them success.

*The Bus Companies*

Detailed negotiations have been conducted over the past months with both the Kowloon Motor Bus Company and the China Motor Bus Company with a view to agreeing revised franchises for their operations. The discussions have now produced agreement on detailed schedules of services, route-by-route for 1975-76 together with the numbers of buses to be provided to achieve acceptable frequencies. Plans for bus capacity looking ahead to the year 1980 have also been agreed. I hope that these discussions will lead to final agreement between the Government and the two companies under which new franchises can be granted to commence next February. An essential element in these would have to be direct Government participation in the direction of the Companies' affairs through representation on their Boards of Directors.

*The Kowloon - Canton Railway*

New passenger rolling stock has been delivered to the Kowloon-Canton Railway and double-tracking between Hung Horn and Sha Tin will commence shortly. A review of the future development of

the railway has also been undertaken, and I hope that these improvements I have referred to will prove to be only the first steps in establishing it on the one hand as a modern suburban railway, linking urban Kowloon with the New Territories, and on the other as an improved communication link with China for freight and passengers alike.

### *Roads*

This year there has been a sharp increase in expenditure on new roads and the intention is that an average of \$350 million (at 1974 prices) will be spent on roads in each of the next four financial years, and this compares with an average of less than \$130 million during the three preceding years.

All these developments indicate that your Government is putting a great deal of effort and priority into measures to cope with Hong Kong's growing transport needs, and that this effort will be continued and intensified in the years to come.

### *Industrial Land*

Honourable Members have frequently urged the need to provide more land for industry, and for more land-intensive industry as well as that in high-rise buildings. This your Government entirely accepts. The first steps along the path have now been taken with the provision of land on special terms to two new industries in Tsing Yi. In the long term I believe the eventual answer is, as it were, to expand the harbour westwards by developing the north shore of Lantau for industry by means of a bridge from the mainland. But though planning for this now is essential, it is a very large project and in the nature of things its impact could not be felt before the '80s. For the immediate future more rapid action is necessary, and your Government believes that the right answer is to establish industrial estates along the lines of those found so successful elsewhere. With this in mind a feasibility study has been commissioned for Junk Bay, and similar studies are far advanced of much easier sites at Tai Po and Yuen Long. These projects will be given high priority. The amount of land planned for ordinary industrial development in the New Towns is also being reconsidered. I think it essential that in this period when there is slack in the construction and engineering industries we should press on with work that will make Hong Kong a more attractive place for investment when the upturn in the financial climate of the world comes again, as come it will.

[HE THE GOVERNOR]

*Building*

We must also do what we can meanwhile to encourage building. Clearly the Government has an obligation to ensure that new building conforms with planning, safety and other requirements. But at this time it is more than ever necessary that these checks should not avoidably hold up the putting in hand of new work. I have therefore directed that further efforts should be made to streamline procedures to ensure swifter transaction of business about land and buildings. I am particularly concerned that projects which are known to have ready sources of finance at this time and whose backers are ready and anxious to proceed should be subjected to the minimum of delay, and I think that if necessary special procedures to ensure this must be adopted for the time being.

*Social Welfare*

I now wish to refer briefly to the development of our social welfare services. The Secretary for Social Services will no doubt be speaking at greater length later in the debate.

This has been a year of consolidation following the introduction last year of many new schemes and projects in the context of the White Paper and Five Year Plan. The first full annual review of the Five Year Plan has now been completed. The joint planning and consultative machinery between the Government and the voluntary sector continues to work satisfactorily and it is now supplemented by procedures to evaluate the effectiveness of the services provided by subvented organizations with a view to improving both quality and organization.

Good overall progress has been made with the development of social welfare services but a few points do deserve special mention.

First the Institute for Social Work Training. This has now completed a full year of operation. Might I add that if anyone has doubts about the ability of Hong Kong to produce young people of the right calibre to man the social services that are being planned, let them visit the Institute. They will find it a stimulating and encouraging experience.

Legislation to control and regulate the operation of child care centres has been prepared and will be introduced into this Council very shortly.

Community and youth officers have been appointed to all districts in the urban areas, and work is well advanced to establish the scheme in the New Territories.

18 months after its introduction the disability and infirmity allowance scheme is providing regular allowances to 50,000 elderly and severely disabled persons. The rate of benefit under this scheme and the public assistance scheme are reviewed regularly in the light of the cost of living and two increases have been made this year bringing the rates up to 62% above the base-rate of April 1972.

Work has begun on the drafting of a programme plan for rehabilitation to co-ordinate and guide the efforts of the Government departments and many voluntary bodies which are active in this field.

These are just a few examples of what is happening, but honourable Members may be reassured to know that broadly speaking we are on the course mapped out in the Social Welfare Five Year Plan, and that we expect to continue so next year.

Taken with the free or very heavily subsidized medical and health services and education, our social welfare services are intended to ensure that the unfortunate in our city are provided for until they can stand on their own feet again. The public assistance scheme is an essential part of these services. For reasons which I will explain later I do not anticipate any dramatic increase in the load that the scheme will have to carry. But anyone who takes a less optimistic view of our prospects than I do can rest assured that this scheme is now sufficiently strong and sufficiently well developed to be capable of expansion or adaptation to meet any unforeseen contingency.

#### *Anglo-Chinese Relations*

Before turning to the state of our economy, might I say how satisfactory it is to see the steady improvement in recent years of Sino-British relations. They has made possible the friendly co-operation about matters of mutual interest which is so greatly to the benefit of Hong Kong.

#### *The Economy*

And now I turn to our economic prospects. While these are nothing like as bad as the prophets of doom would have us believe, we are obviously in a difficult period and we cannot say with any accuracy precisely how long it will last.

[HE THE GOVERNOR]

At the time I spoke to you last year the gross domestic product was increasing, in real terms, at an annual rate of some 7-8%, just a little above the growth rate which it is believed can be sustained in the longer term. Since this was against the then background of international exchange rate variations, commodity shortages overseas, and an almost unbelievably rapid rate of world inflation, it represented a truly remarkable achievement by our manufacturers and exporters.

It is true that this was not without some slackening of demand in the labour market, and there were in consequence some whose personal circumstances were a good deal less rosy than the performance of the economy as a whole might have suggested. Nevertheless, Hong Kong's competitive position was extremely strong and a good deal stronger than a year or two earlier. This carried the possibility, even probability, that our exports would continue to grow at a rapid rate. There was, therefore, good reason to believe that the demand for labour would rise again and with it wage levels. Furthermore, consumer prices, in the autumn of 1973, were already showing signs of levelling-off (even falling in some instances) and so at that time there was every reason to expect a further improvement in living standards in 1974 across the whole spectrum of society.

But then, and quite unexpectedly, came the oil crisis. The world economy was knocked off course. After making allowance for the impact on the economy of the new circumstances, by last February it was thought that the gross domestic product in 1974 would increase after all, in real terms by some 4%. Whilst this was substantially less than might otherwise have been the case, it was still by no means insignificant.

The oil shortage in Hong Kong was fairly brief and of little real significance and our industrialists adapted to the situation of shortages and changes in the supplies and prices of oil-based raw materials with their usual speed. Our external trade continued to be buoyant in the first half of this year and in the twelve months to June 1974, domestic exports were over 8½% more in volume than in the previous twelvemonth period.

But it has gradually become clear that the enormous rise in the price of oil, attempts by some other commodities to follow suit, balance of payments problems, lack of liquidity, high interest rates, have all together produced a situation in the rest of the world that will take time to solve, and that a period of adjustment is inevitable. It is also

inevitable, and already evident, that during this period the growth of world trade overall will not be as rapid as we have become accustomed to in recent years. However, these interconnected problems are of such great importance for the world's economies, and I might add the world's electorates, that at least we have the assurance that they are receiving maximum attention from governments, and that the best brains available everywhere are working on them. The problems involved are of course new to both creditors and debtors alike. But in so far as there have been any recent developments they have been in the right direction. There has at least been no further dramatic rise in the price of oil, and the beginnings of a process of recycling of oil revenues can be discerned. Provided there is no setback, one can reasonably expect that in due course these tendencies will develop, with oil prices stabilizing, the process of recycling gaining momentum and finding new institutional channels, interest rates declining from their present levels, and generally speaking an easing of current constrictions on investment and demand.

Meanwhile, as I have said, a period of adjustment is inevitable. But it is exceedingly difficult to forecast how Hong Kong will fare in this period of adjustment because so many factors are new and relatively unknown and virtually all are outside our control. Certainly Hong Kong cannot hope to avoid some of the consequences of a slowing down in world trade. The rate of growth of the volume of our exports has declined in recent months. We know that manufacturing employment here, and in many cases take-home pay, has been falling. Even allowing for normal seasonal variations in trade it is not conceivable that the figure for the growth of exports during this calendar year will be as high as the corresponding figure I quoted for the twelve months to June.

It is unlikely that 1973 levels of employment will be regained this year. One can at least be thankful that incomes are not being eaten away by inflation in quite the same way as they were last year; but I am afraid it would be wrong to assume that the external inflationary pressures of the last year have finished working their way through our economy, or that there will not be further ones this year.

But if we look dispassionately at the international economic situation we may see in it elements from which Hong Kong may draw some encouragement. We are not at all facing a situation of slump like that in the '20s or early '30s. The level of economic intervention by the governments of the developed world is now so great, and the channels of international co-operation so extensive, and the political

[HE THE GOVERNOR]

pressures on governments to avoid excessively deflationary situations so strong, that a recession in any of our markets in the developed world is unlikely to assume an extreme form. During the down-turn now in existence, the purchasing power of the populations of developed countries is continuing at a comparatively high level. While demand for some products, and in particular cars and consumer durables, is being affected, the course of demand for the sort of things that Hong Kong exports is much more difficult to gauge. One should not assume that because a family in the United States or Europe will economize by keeping an old car instead of buying a new one, or will put off buying a house, it will also put off buying clothes, or radios, or toys, or cameras. Moreover the down-turn is not evenly spread throughout our markets. No doubt our exporters will face increased competition, and perhaps difficulties over finance, but there is a fair hope that in our markets as a whole a sufficiently healthy demand will continue to keep Hong Kong busy.

And on our side things will not be standing still. Our industrialists with their usual enterprise will be searching the world's markets for contracts, and you may be sure that the Trade Development Council will be doing everything within its power to help them find new openings and expand old ones. The Government for its part, and with the support of Her Majesty's Government, will continue to do all that determined negotiation can to ease restrictions on our trade and resist attempts at further impositions. The prospects of maintaining our exports are favourable because Hong Kong's productivity is now high and our competitive position abroad is very strong, indeed as strong as it has ever been, so we are in a position to supply what demand there is now, and to respond very quickly to any increase in demand in the future. Provided we retain this competitive edge I expect Hong Kong to ride the current problems with less trouble than most other countries. I certainly expect the economy to continue to grow, and the Financial Secretary's estimate made last February of a growth rate of 4% in real terms still looks the most probable outcome for this year. There are not many industrial countries in the world that could say the same.

If I might say so Hong Kong is so accustomed to growth that is phenomenal, that we should guard against too pessimistic a reaction to growth that is, by comparative standards, merely enviable.

#### *Review of Government Programmes*

This is the background against which we have been taking stock.

During the last two years, as honourable Members know, we have prepared long-range plans covering the next 10 years for what we want to do in the major fields of Government spending—housing, education, medical and health services, social welfare. To these must be added other plans, already fairly precise, covering expenditure on the expansion of the road system, the Kowloon-Canton Railway, the mass transit project, the police, the prisons and the fire services. Other comparatively new fields have been opened up such as community relations and countryside amenities, and though these are comparatively cheap, they all add to the total bill.

Taken individually, the broad objectives of each initial draft programme were believed to be probably within our resources on certain assumptions, and these assumptions of course included a reasonable degree of flexibility from year to year as the economic circumstances of Hong Kong might change. But though the impact of all these programmes on the budget in the immediately following year, that is to say 74-75, presented no large problem, it was only when all were in a reasonably complete form, and could be assembled to provide a forecast of likely expenditure if all were carried out exactly in accordance with departmental estimates, that it was possible to assess their real financial implications for the years ahead. It was necessary to see them all before there was any firm base from which to examine the priority of each separate plan and the details of each separate plan itself, given that our resources were limited. In other words it was only at this point that realistic appraisal, review and drafting of these programmes became possible.

It would have been necessary to carry out this process of re-examination in any case, even against the background of a buoyant revenue with a large surplus to the budget, and with economic prospects that were clear for all to see. In the event the re-examination was undertaken against the background of the economic situation which I have described, which, though by no means bad, is certainly not easy to predict with precision. We are also now aware of the possibility of a budget deficit this year, though there is nothing particularly alarming about this in itself. However, all in all, the circumstances in which we now are, require us to adopt a prudent and careful approach to expenditure in the following years. I am particularly concerned at the trend of recurrent expenditure which has been rising at a rate not far short of 20% annually in recent years. I doubt whether it need be as high as this if we in the public service were as productivity-conscious as our counterparts in industry. But it is on our capital works programmes that I wish to concentrate today.

[HE THE GOVERNOR]

You will remember that earlier this year the Financial Secretary, having reviewed departmental estimates and forecasts relating to capital works of all sorts, told us that, after allowing for all additional resources from the borrowing and taxation that he considered realistic, there was a short-fall of \$1,960 million, or 1/5 of the total estimates for the forecast period from 1975-76 to '77-78 inclusive. Having regard to the nature of the departmental estimates as I have described them, there was nothing very daunting about this discrepancy, and during the succeeding months the Secretariat has systematically subjected them to scrutiny and the imposition of orders of priority. In this process one of the priorities has been to ensure progress on housing and the new towns, and in practice a balance has also been held between spending on the new towns and in the old urban areas. But having accorded housing and new towns a priority of their own, it was also decided that a very high priority should go to projects which facilitate the growth and earning potential of industry and provide export-orientated jobs. High priority was also given to self-liquidating projects, which provide a significant revenue return—for instance the provision of land. It followed from this philosophy for instance that the Highways Office should proceed immediately with the Tuen Mun motor road, because it must be on this that the industrial and residential development of not only Tuen Mun itself must be based, but also that of the whole Yuen Long plain. Similarly it followed that the Engineering Office should give priority to the provision of infrastructure for urban and industrial development. It was the same approach that accorded top priority to development work at Kai Tak, and to works connected with the mass transit railway.

#### *The New Towns*

Since the new towns and housing in the old urban areas will take a large slice of the cake, and since the method of handling the problems involved gives a clear indication of your Government's general approach, let me explain what has been done and what is proposed. Taking the old urban areas first, where much of the essential social and physical infrastructure already exists, the housing programme envisages expenditure of \$140 million this year, \$200 million next, and \$250 million in each of the following three years. This will largely use up developable sites in the old areas.

Expenditure on the new towns including infrastructure, housing, public buildings, including of course schools, clinics and so on, is

planned to rise from \$280 million to \$740 million next year and nearly \$1,000 million in '76-77, and to continue thereafter at rather above that level. The rate of build-up, at least in these initial years, has been dictated not so much by financial considerations, since these figures are well within the Financial Secretary's guidelines, as by physical constraints—the simple problems of design, letting of contracts, site formation, and getting on with such large volumes of work.

Nevertheless these figures are very large, and your Government has felt it right to build flexibility into its plans. Consequently the plans for each of the new towns have been divided into small units which are constructionally and socially and economically viable in themselves. For each of the towns as a whole development programmes have been prepared embodying these units or packages. The programmes will be submitted to the Public Works Sub-Committee at the November review as background documents, but they also are working documents to be referred to when considering individual projects at future reviews, and they indicate the time at which action on each project must be taken if the proposed timetable is to be kept. We hope in this way that the towns can be developed in a balanced way whether in the years ahead our resources suggest that the rate of construction should be slower at one time or faster at another.

### *Housing*

The Housing Authority has been up-dating its building programme in close consultation with the New Towns Project Managers. Contracts now let throughout Hong Kong will provide housing for up to 100,000 more people in 1975-76 and 140,000 in 1976-77. It would be wrong to give precise figures thereafter because completions will depend on so many factors, including clearance and site formation, that cannot be foreseen at present. But broadly speaking we intend the figures gradually and no doubt with some irregularity to rise to the 200,000 mark. Meanwhile we may look forward confidently to progressive improvement in the housing situation over the next five years. When our objective will be achieved of a self-contained home in a decent environment for all will depend on many things, including the rate and type of construction in the private sector and, of course, the rate of natural growth of the population and of immigration. But certainly by 1984, ten years from now, the situation will have been completely transformed.

I should emphasize that this problem can only be solved by steady planned and persistent construction over a long period of time. This your Government and the new Housing Authority are now geared to

[HE THE GOVERNOR]

maintain. I reaffirm our determination to press ahead steadily with the work, for as long as is necessary, until this defect in our society is removed.

It is not just a matter of quantity and I am very pleased to note the various improvements which the Authority is building into its new estates. The Oi Man Estate is a fine example of what can be done economically to improve public housing standards and also of the shape of things to come. The layout of the Authority's estates now being built in the new towns should make them attractive and pleasant places to live in.

The need for temporary housing is regrettably still with us, and programmes are going ahead for building new licensed areas, but to much higher standards than before, and funds have been provided recently to improve conditions in the older licensed areas by installing proper electricity and water supplies. Nevertheless I am sure that all of us long for the day when the production of houses will be sufficient to enable the Authority systematically to set about the housing of the inmates of such areas in proper permanent accommodation, and not only when the sites are required for development.

I would like to record my gratitude to members of the Housing Authority for all their efforts. This is a time for sound and imaginative planning and policy formation, and I know how much demand it has made on the Housing Authority's members.

I am concerned about the number of old tenement buildings which remain undeveloped and are unlikely to be developed by private enterprise. The Housing Society has been preparing detailed proposals for the redevelopment of a number of these old properties, and has been assured of Government's administrative and financial support. Meantime, the Society continues to plan new estates in new town areas, and I would like to express my appreciation to its members under the chairmanship of Sir Douglas CLAGUE for the time and energy they devote to this very valuable work.

Private developers are a very important source of new housing and we wish to encourage the maximum amount of private housing construction. While I appreciate the problems they face, particularly in financing new schemes, I hope very much that private developers will see the advantages of making new investments in housing now, when land prices have fallen and building contractors have more capacity.

It is interesting to note the confidence in Hong Kong's future displayed by overseas interests at this time; for instance negotiations are currently proceeding with a major overseas group for the development of a large new residential area at Sha Tin, to house over 30,000 people on a site of about 50 acres. It is this sort of vision that pays off, for there is an enormous requirement for housing which cannot possibly be satisfied in full for many years to come, if ever.

### *Education*

#### *The White Paper*

In elaborating proposals for your approval in the Public Works Programme and Housing Programme your Government has attempted to combine tenacity of purpose on broad objectives, with provision for realistic flexibility. In the White Paper on Education tabled today you will see the same approach. The paper is a statement of policy and the measures described in it represent an enterprise of some magnitude which will prove a challenge and a stimulus to all concerned. The goal is to provide a three-year secondary course for all in the shortest time possible. If certain assumptions are fulfilled this could be as early as 1979—a much shorter time than that envisaged in the original Green Paper. By that date it is judged possible to train the extra teachers required, but it certainly would not be possible to provide the number of new schools necessary if secondary schools were to be uni-sessional, because the money is not available to build schools for all the places required in the time, nor, if there were, would it be physically possible to do so. The objective is provision of assisted secondary education for all, but unless many children are to be denied this for many more years there will have to be a transitional period during which the school buildings we have and can construct are used much more intensively than at present. The technique for this, for which the White Paper has opted, is flotation coupled with an extended day. It is realized that this is not an ideal solution, and must in consequence only be a transitional one, but I believe it to be a realistic compromise between the over-riding requirement for immediate speed, and the eventual ideal solution of uni-sessional secondary education.

As in other programmes, each step that must be taken year by year has been mapped out and costed so that the implications for the whole programme of the financial decisions that must be taken each year can be clearly seen. The figures are large and only in this way can flexibility be considered, if the need arises, on a proper and rational basis.

[HE THE GOVERNOR]

Later in this debate the Director of Education will be expanding on the policy set out in the White Paper. But there are one or two points about it I would like to make myself. The first is about the decision to drop the recommendation in the Green Paper to make one fifth of junior secondary schools pre-vocational and instead to make 20-25% of the curriculum of all junior secondary schools practical/ technical. I know how passionately some maintain the value of prevocational junior secondary schools. Certainly such schools have a continuing role and certainly the Government will continue to assist all those already in existence. But it was considered wrong in principle that a general educational system should be based on a separation of children at the early age of 11½ or 12 years into those who would receive pre-vocational and those who would receive grammar school secondary education. The White Paper's view is that all children will benefit equally up to the age of 14 from elements of both grammar school education and technical/ practical training, and that eventual separation of the two streams should be left as late as possible, so as to give children as long a time as possible in which to show in which direction their natural ability lies. We are all very conscious of the need to improve technical aptitude, but we believe that this is likely to be more securely built on the basis of a general education, including of course a technical element, up to the age of 14.

Thereafter there will be ample means of implanting and extending technical education. The proposal is that eventually 40% of senior secondary places will be in technical forms. For those who do not reach senior secondary schools, there will be apprenticeship schemes coupled with the services of the five technical institutes, and for the most talented students, there will be the Polytechnic.

With the provision of secondary places for all primary school leavers, the need for the Secondary School Entrance Examination will disappear, and if the programme outlined in the White Paper can be adhered to this examination will be set for the last time in May 1978.

Ultimately it is proposed to introduce a new examination for a Hong Kong Junior Certificate of Education to be sat at the end of the junior secondary course as a record of attainment, and as a method of selection for the senior secondary course. But I hasten to add that the proposal is to phase the introduction so that no child will have to sit both examinations. I would like to record my thanks to Mr P. C. Woo and the Board of Education for all the work and expertise they have contributed to this new look at our secondary educational system.

*The Universities*

I should mention that the recommendations of the University and Polytechnic Grants Committee for the current universities quadrennium 1974-1978, and for the first two years of the development programme of the Hong Kong Polytechnic, were received and considered by the Government and funds approved accordingly. Hong Kong University and the Chinese University should reach a projected student enrolment of 8,850 by 1978.

*Polytechnic*

The Hong Kong Polytechnic has prepared impressive plans for a new campus at Hung Hom, and funds for Phase I have been agreed. This will permit the Polytechnic's expansion to reach a full time equivalent of approximately 6,000 students by 1976. Thereafter Phases II and III of the development plan will take the Polytechnic onwards to the ultimate objective of a student body of at least 8,000 and possibly as much as 10,000 full time equivalent students. The Government and the University and Polytechnic Grants Committee will be discussing the Polytechnic Development Plan again early in 1975, and I therefore do not wish to comment further at this stage. But I would like to record that the Board of Governors and staff of the Polytechnic have already made a most impressive start, and we expect this institution to make a major contribution to tertiary education in Hong Kong.

*Summary of the approach to stock-taking and its outcome*

Honourable Members will deduce from what I have said about our major programmes what your Government's approach is at this time. It is one of determination, but of prudent and hard-headed determination, to press on towards the objectives which honourable Members have constantly supported: but to prepare and plan the way to these objectives so that we may increase or decrease the speed of our advance in accordance with the rate at which our resources expand, and to do this smoothly in accordance with predetermined interlocking priorities.

During this year much time and effort have been spent on refining this principle of stock-taking, and on defining priorities across the whole field of capital expenditure. I believe this to have been extremely beneficial, and that the machinery established to do it—and of course to keep on doing it because in the nature of things this is a continuing exercise—has made the Government more efficient, more flexible and more finely tuned. Indeed it would be quite unrealistic without it to

[HE THE GOVERNOR]

embark on the sort of transformation of life in Hong Kong which is now being charted in so many fields.

The aim to which we all subscribe of expanding and providing services up to the realistic limit of our resources, requires a much more precise idea of what the expenditure and the services and the resources will be over a comparatively long period of time, because the decisions of today are inevitably locking us in to the decisions of tomorrow.

However we have now been through all this, we have taken stock, we know much better where we stand and where we are able to go and how fast, and where we might draw back if our resources fall short or accelerate if they unexpectedly expand. It will be for the Financial Secretary to spell out the figures next February, in the light of all the circumstances as they have developed.

But honourable Members will have realized even from the broad terms in which I have spoken today, how much we believe is within our resources as now assessed.

Carefully conceived plans for housing, secondary and tertiary education, medical and health services, and social welfare are all going forward. So too will the negotiations for the contract for a mass transit railway. We are able to proceed with an extensive urban road programme, and with linking the New Towns with the urban areas by the Tuen Mun motor road to the west, and the twin Lion Rock tunnels and the double tracking of the Kowloon-Canton Railway to the east. We expect to start on the construction of new industrial estates. The private sector too will be embarking on some dramatic projects such as the new berths for the Kwai Chung container terminal and the Kai Tak cargo terminal and of course many others too numerous to mention.

While parts of this address may have struck a note of uncharacteristic caution, I am greatly encouraged by the fact that this whole process of careful and detailed stock-taking, which has occupied 'so much of our time this year, has confirmed our ability, as things stand at present, and with the continuing support of honourable Members, broadly to see through our programmes. I am impressed not by the degree of rephrasing that has been deemed prudent, but by the broad front of improvement on which we think it right and realistic to advance.

The scale of all this should be appreciated because it is an indication of our confidence in the future. It is also important for the economy and the provision of employment that this scale of advance and this level of activity and investment by the Government and the private sector alike should be steadily and smoothly maintained.

Honourable Members, I have tended to speak today in economic or administrative terms, but it is of course of people that I think, of the industrialist, striving for contracts and finance, of the worker striving to maintain his livelihood and that of his family. These people are the true, the principal asset of Hong Kong. I have watched with admiration the ability, ingenuity and realism people in Hong Kong have shown in the difficult year that has passed, and with these qualities I am sure we will weather the year ahead.

### Papers

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

<i>Subject</i>	<i>LN No</i>
Subsidiary legislation:—	
Post Office Ordinance.	
Post Office (Amendment) Regulations 1974 .....	174
Births Registration (Special Registers) Ordinance.	
Births Registration (Special Registers) (Amendment of Fifth Schedule) Order 1974 .....	179
Deaths Registration (Special Registers) Ordinance.	
Deaths Registration (Special Registers) (Amendment of Fourth Schedule) Order 1974 .....	180
Legal Aid Ordinance.	
Legal Aid (Assessment of Contributions) (Amend- ment) (No 2) Regulations 1974 .....	181
Road Traffic Ordinance.	
Road Traffic (Driving Licences) (Amendment) Regulations 1974 .....	182
Employment Ordinance.	
Employment Ordinance (Appointed Day) Notice 1974 .....	183

**Papers**

<i>Subject</i>	<i>LN No</i>
Legal Aid Ordinance.	
Legal Aid (Amendment) Regulations 1974 .....	184
Arms and Ammunition Ordinance.	
Arms and Ammunition (Exemption) Order 1974 .....	185
Fugitive Offenders Act 1967.	
Fugitive Offenders (Designated Commonwealth Countries) (Amendment) Order 1974 .....	186
Registration of Persons Ordinance.	
Registration of Persons (Amendment) Regulations 1974 .....	187
Buildings Ordinance.	
Building (Administration) (Amendment) Regulations 1974 .....	188
Buildings Ordinance.	
Building (Construction) (Amendment) Regulations 1974 .....	189
Buildings Ordinance.	
Building (Demolition Works) (Amendment) Regulations 1974 .....	190
Road Traffic Ordinance.	
Road Traffic (Parking and Waiting) (Amendment) (No 2) Regulations 1974 .....	191
Road Traffic Ordinance.	
Road Traffic (Temporary Car Parks) (Amendment) (No 2) Regulations 1974 .....	192
Matrimonial Causes Ordinance.	
Matrimonial Causes (Amendment) (No 3) Rules 1974 .....	193
Pensions Ordinance.	
Pensionable Offices Order 1974 .....	194
Public Health and Urban Services Ordinance.	
Mong Kok Stadium Order 1974 .....	195
Securities Ordinance 1974.	
Securities (Dealers, Investment Advisers and Representatives) Regulations 1974 .....	196

<i>Subject</i>	<i>LN No</i>
Securities Ordinance 1974.	
Securities Ordinance 1974 (Commencement) (No 5)	
Notice 1974 .....	197
Dogs and Cats Ordinance.	
Dogs and Cats (Amendment) Regulations 1974 .....	198
Proclamation No 2 of 1974.	
Places where the Supreme Court shall hold its sittings .....	199
Buildings (Amendment) Ordinance 1974.	
Buildings (Amendment) Ordinance 1974 (Commencement)	
Notice 1974 .....	200
Road Traffic (Amendment) Ordinance 1974.	
Road Traffic (Amendment) Ordinance 1974 (Commencement)	
Notice 1974 .....	201
Road Traffic Ordinance.	
Road Traffic (Driving Licences) (Amendment)	
Regulations 1974 (Commencement) Notice 1974 .....	202
Legal Practitioners Ordinance.	
Students (Amendment) (No 2) Rules 1974 .....	203
Fixed Penalty (Criminal Proceedings) Ordinance 1974.	
Fixed Penalty (Criminal Proceedings) Regulations	
1974 .....	204
Public Health and Urban Services Ordinance.	
Public Health and Urban Services (Designation and	
Amendment) Order 1974 .....	206
Public Health and Urban Services Ordinance.	
Declaration of Markets in Urban Areas to which the	
Ordinance Applies .....	207
Road Traffic Ordinance.	
Road Traffic (Protective Equipment) (Amendment of	
Schedule) Order 1974 .....	208
Securities Ordinance 1974.	
Securities Ordinance 1974 (Commencement) (No 6)	
Notice 1974 .....	209

**Papers***Subject*

Sessional papers 1974-75: —

No 1—Hong Kong Export Credit Insurance Corporation Annual Report 1973-74 (published on 16.10.74).

No 2—Trustee's Report on the Administration of the Education Scholarships Fund for the year ended 31st August 1973 (published on 16.10.74).

No 3—Schedules of Supplementary Provisions approved by the Urban Council during the first quarter of 1974-75 (published on 16.10.74).

No 4—Statement of the Accounts of the Preventive Service Welfare Fund for the year ended 31st March 1974 (published on 16.10.74).

No 5—Report of the School Medical Service Board for the year ended 31st March 1974 (published on 16.10.74).

No 6—Trustee's Report of the Police Children's Education Trust and Police Education and Welfare Fund for the period 1st April 1973 to 31st March 1974 (published on 16.10.74).

No 7—Annual Report of the Vegetable Marketing Organization for the Financial Year 1973-74 (published on 16.10.74).

No 8—Annual Report of the Fish Marketing Organization for the Financial Year 1973-74 (published on 16.10.74).

Report: —

White Paper "Secondary Education in Hong Kong during the Next Decade" (published on 16.10.74).

**Government business****Motion****HONG KONG EXPORT CREDIT INSURANCE CORPORATION  
ORDINANCE**

THE FINANCIAL SECRETARY moved the following motion: —

In exercise of the power conferred by section 23 of the Hong Kong Export Credit Insurance Corporation Ordinance, that the contingent liability of the Hong Kong Export Credit Insurance Corporation under contracts of insurance shall not at any time exceed the sum of one thousand seven hundred and fifty million dollars.

He said: —Sir, it is not the usual practice to transact Government business on the opening day of a new session, but I am afraid I must seek the indulgence of honourable Members on this occasion in view of the urgency of the motion which stands in my name on the Order Paper.

Section 23 of the Hong Kong Export Credit Insurance Corporation Ordinance provides that the contingent liability of the corporation under contracts of insurance shall not at any time exceed the sum of \$300 million or such other sum as may be determined by resolution of this Council. It was less than a year ago that I moved a resolution to increase the corporation's maximum contingent liability from \$1,000 million, to which level it had been progressively raised over the years 1967 to 1971, to \$1,250 million. Since then, the corporation has continued to attract new business and the liabilities assumed by the corporation are now increasing at about \$20 million per month. In fact, the corporation is just about to hit the contingent liability limit of \$1,250 million, hence the urgency, Sir, in seeking an increase, so as to avoid unnecessarily inhibiting the corporation's ability to accept new business and increase existing business.

Accordingly, I propose, as recommended by the corporation's advisory board, that the contingent liability ceiling should be increased by \$500 million to \$1,750 million. I expect that this will enable the corporation to function until the end of 1976 without the need for a further increase in the limit.

The contingent liability is of course a maximum figure and on a balance of probabilities nothing like this figure is ever likely to be at risk at any one time. Furthermore, Sir, as honourable Members will

[THE FINANCIAL SECRETARY] **Motion**

be able to see from the latest annual report of the corporation, tabled today, there is no reason to suppose that the corporation will not be able to continue to cover claims made against it with the income it receives from premia and recoveries as, indeed, it has always done in the past.

*Question put and agreed to.*

### **Adjournment and next sitting**

HIS EXCELLENCY THE PRESIDENT: —In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 30th of October.

*Adjourned accordingly at five minutes past four o'clock.*