

OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 27th October 1976

The Council met at half past two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MacLEHOSE, GBE, KCMG, KCVO
THE HONOURABLE THE CHIEF SECRETARY
SIR DENYS TUDOR EMIL ROBERTS, KBE, QC, JP
THE HONOURABLE THE FINANCIAL SECRETARY
MR CHARLES PHILIP HADDON-CAVE, CMG, JP
THE HONOURABLE THE ATTORNEY GENERAL
MR JOHN WILLIAM DIXON HOBLEY, CMG, QC, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR DENIS CAMPBELL BRAY, CVO, JP
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, CMG, MBE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE LI FOOK-KOW, CMG, JP
SECRETARY FOR SOCIAL SERVICES
THE HONOURABLE DAVID AKERS-JONES, JP
SECRETARY FOR THE NEW TERRITORIES
THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE, JP
SECRETARY FOR SECURITY
THE HONOURABLE DAVID WYLIE McDONALD, JP
DIRECTOR OF PUBLIC WORKS
THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, CMG, JP
DIRECTOR OF EDUCATION
THE HONOURABLE IAN ROBERT PRICE, CBE, TD, JP
COMMISSIONER FOR LABOUR
THE HONOURABLE DAVID GREGORY JEAFFRESON, JP
SECRETARY FOR ECONOMIC SERVICES
THE HONOURABLE ALAN JAMES SCOTT, JP
SECRETARY FOR THE CIVIL SERVICE
THE HONOURABLE GARTH CECIL THORNTON, QC
SOLICITOR GENERAL
THE HONOURABLE EDWARD HEWITT NICHOLS, OBE, JP
DIRECTOR OF AGRICULTURE AND FISHERIES
THE HONOURABLE THOMAS LEE CHUN-YON, JP
DIRECTOR OF SOCIAL WELFARE
THE HONOURABLE DEREK JOHN CLAREMONT JONES, JP
SECRETARY FOR THE ENVIRONMENT
DR THE HONOURABLE CHUNG SZE-YUEN, CBE, 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 PETER GORDON WILLIAMS, OBE, JP
 THE HONOURABLE JAMES WU MAN-HON, OBE, JP
 THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP
 THE HONOURABLE JOHN HENRY BREMRIDGE, OBE, JP
 DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP
 THE HONOURABLE MRS KWAN KO SIU-WAH, MBE, JP
 THE HONOURABLE LO TAK-SHING, OBE, JP
 THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP
 THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP
 THE REV THE HONOURABLE JOYCE MARY BENNETT, JP
 THE HONOURABLE CHEN SHOU-LUM, JP
 THE HONOURABLE MISS LYDIA DUNN, JP
 DR THE HONOURABLE HENRY HU HUNG-LICK, OBE, JP
 THE HONOURABLE LEUNG TAT-SHING, JP
 THE REV THE HONOURABLE PATRICK TERENCE McGOVERN, SJ, JP
 THE HONOURABLE PETER C. WONG, JP
 THE HONOURABLE WONG LAM, JP

ABSENT

THE HONOURABLE LI FOOK-WO, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
 MRS LOLLY TSE CHIU YUEN-CHU

Papers

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

	<i>Subject</i>	<i>LN No</i>
Subsidiary Legislation:		
	Fixed Penalty (Criminal Proceedings) Ordinance.	
	Fixed Penalty (Criminal Proceedings) Ordinance (Commencement) Notice 1976.....	257
	Road Traffic (Amendment) (No 3) Ordinance 1974.	
	Road Traffic (Amendment) (No 3) Ordinance 1974 (Commencement) Notice 1976.....	258
	Public Health and Urban Services Ordinance.	
	Hawker (Permitted Place) Declaration 6/1976	259

<i>Subject</i>	<i>LN No</i>
Interpretation and General Clauses Ordinance. Specification of Public Office.....	260
Import and Export Ordinance. Import and Export (General) Regulations (Amendment of First and Second Schedules) Order 1976	261
 Sessional Paper 1976-77:	
No 13—Annual Report of Hong Kong Export Credit Insurance Corporation for the year 1975-76 (Published on 18.10.76).	
No 14—Supplementary provisions approved by the Urban Council during the second quarter of 1976-77 (published on 27.10.76).	

Government business

Motions

Address of Thanks to His Excellency the Governor

THE CHIEF SECRETARY moved the following motion:—

That this Council thanks the Governor for his address.

DR CHUNG:—Your Excellency, in rising to respond to the motion proposed by my honourable Friend, the Chief Secretary, may I offer to you, Sir, our sincere thanks for your opening address on 6th October. I know that I am expressing the sentiments of the people of Hong Kong when I say how grateful we are for your able leadership in guiding us safely through the recession of 1974 and 1975 and how encouraging it was for us to listen to your expression of optimism in our continual economic development and social progress for the remaining years of this decade.

Membership of Legislative Council

Two years ago, following your opening address for a new session of this Council, I spoke about the membership of the Legislative Council. I said that my Unofficial Colleagues and I felt there was justification for further expanding the number of Unofficial Members. There were two reasons for this. First, there was a limit to the amount of time and effort each Unofficial could devote to the Council's work.

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Secondly, there was a need, in the light of changing circumstances, to appoint to this Council persons from a broader spectrum of the community and to increase the diversification of the social background of the Unofficials.

My Unofficial Colleagues and I are indeed gratified to see that the Government has accepted our suggestion and acted on it with such speed and determination. Furthermore, that my new Unofficial Colleagues have individually such a varied background, and as a body have had long and valuable experience in so many social, religious, occupational and professional fields, clearly indicates the time, care and thought which you, Sir, have personally given to their appointments. As a Senior Unofficial, I am glad to say that they have already commenced to contribute in a very refreshing and constructive way to the work of UMELCO. I am confident, Sir, that their membership of this Council will improve further the credibility of our debates and gain even greater trust and respect of the people of Hong Kong.

The Role of UMELCO

You, Sir, have spoken about the role of UMELCO and in particular the importance of UMELCO in the function of redressor of grievances and stimulant and check on the Government administration. In fact, the UMELCO complaints system only started about six years ago. Since then, there has been a continuous process of growth. I think it would be appropriate at this stage to take stock of the system. In the first year 1970-71, 834 cases were handled by a handful of staff mostly on part-time basis. By 1975-76 the case load has grown more than 4 times to 3,304 with ten full-time officers on case work supported by some officers from other divisions in times of pressure. Comparative statistics for the six years are set out in the table before honourable Members.

UMELCO Complaints Statistics

<i>Year</i>	<i>Cases Received</i>	<i>Growth Rate</i>	<i>% of Cases Successful</i>	<i>% of B Cases*</i>	<i>% of C Cases*</i>
1970-71	834	—	25	46	29
1971-72	1,208	45%	31	39	30
1972-73	1,689	40%	29	42	29
1973-74	2,812	66%	26	47	27
1974-75	3,115	11%	22	57	21
1975-76	3,304	6%	22	58	20

* *Note:* B cases are those where assistance and advice were given and C cases are those which were found to be unjustified or where UMELCO was unable to help.

honourable Members will note that the average of successful cases over the past six years is around 26%. This figure compares favourably with that of ombudsmanlike systems elsewhere of which the successful rate, as I understand, ranges between 20 and 25 percent.

The key to the UMELCO complaints system is the three RIGHTS granted by you, Sir, to the Members of UMELCO for investigating public complaints and representations. The first is the RIGHT to information, including copies of Government correspondence, policies, procedures and instructions. Secondly, there is the RIGHT of access to Government officers which may be exercised either by the UMELCO Office staff on behalf of the Members or by the UMELCO themselves and, if necessary, at top level including my honourable Friend, the Chief Secretary. The third is the RIGHT to challenge the action taken by Government administration.

The challenge is made in different ways. For example, UMELCO may decide to write personally to or discuss with the Head of Department concerned, or may decide to raise the subject matter at a higher level in the Government Secretariat or in the Executive Council, or in certain cases may decide to ask a question or conduct a debate in the Legislative Council. A good case in point is the adjournment debate in February this year on a complaint made by residents of licensed areas for the supply of authorized electricity and reticulated tap water and for the need of improvement in environmental conditions.

When a case of complaint is presented to UMELCO, particularly one of a very complicated nature, the finding of facts is crucial. Here, I must say that Government departments have been most co-operative in reporting to UMELCO their findings, and it is by such co-operation of Government departments that the UMELCO complaints system can function as it is functioning today.

The finding of information and facts by UMELCO officers with the aid of the departments concerned is man-power consuming especially in those cases when the time factor is important. At present the establishment for the UMELCO complaints section is very tight and each officer, on the average, has to handle about 300 cases, simple and complicated, in a year. We need not only more staff but a greater number of high-calibre staff. Nevertheless, the problem is not financial as the Government has been very sympathetic and generous. The difficulty lies in recruitment and equally in training.

The UMELCO Office usually acts on complaints with some speed. However, if a complaint is presented to UMELCO and proceedings are

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taken against the complainant in Court on the same or a closely related matter, UMELCO cannot continue to process the matter under complaint until the court proceedings have been finished or abandoned. Although I sympathize with the complainants who are upset by the delay, it would be wrong for UMELCO or any complaint system to operate in any other way, for we must not be seen to be acting in conflict with the courts.

Sir, I have no doubt that the UMELCO complaints system is effective and efficient for Hong Kong residents to air their grievances against the Government administration. Desirably and ideally, the statistics of such complaints should gradually diminish to reflect the improvement in the administration. However, in a fast developing and changing society like Hong Kong, new problems are bound to rise from time to time and it is most unlikely, in my view, that the statistics of complaints would drop, apart from periodic fluctuations. Some thought has been given to the need for setting up a branch office in Kowloon. Geographically and from the point of view of service to the general public living on Kowloon and the New Territories, there is a strong case for an UMELCO Office in Kowloon to receive public complaints. On the other hand, it is realised that the key to our success, as we do achieve at present, lies in centralization, speed of processing, and immediate accessibility to most Members, all UMELCO staff and many Heads of Government Departments. There is also the consideration of increased costs of operation resulting from duplication and internal red-tape. It is a matter which needs further careful consideration. Sir, before turning to the next subject, I would like to pay a tribute to the UMELCO staff for their care and dedication in handling public complaints and for their contribution in making Hong Kong a more just and fair society.

I also wish to take this opportunity to say a few words about the work of the Members Division of the UMELCO Office. Major representations in respect of both proposed legislation as well as controversial public issues are handled by the staff of that Division in addition to their day-to-day responsibility for providing supporting services for Unofficial Members. To them I also pay tribute for their loyalty, efficiency and dedication and for their contribution towards the overall good of Hong Kong.

Central Provident Fund for Workers

Two years ago, I also drew the attention of Government to the lack of long-term benefits for industrial workers in Hong Kong and expressed the view that the time had come for the Government to look seriously into the feasibility of establishing a central provident fund for manual workers. It was and still is my belief that this kind of fund would not only help provide long-term benefits for the relatively lower-income workers but would also help promote the involvement of a greater mass of people who would then have a stake in Hong Kong and a sense of belonging. I also said that, if desirable, some kind of unemployment benefits could be incorporated into the central provident fund.

Fortunately or unfortunately, the desirability for such unemployment benefits for the shop floor workers revealed itself quite clearly and distinctly during the recession in 1975 and I agree with the view that it was quite wrong, by today's social standards, that unemployed single men or couples without children had to live off their friends and relatives or that some married men had to live off the public assistance granted to their children. I am sure the working population and particularly those on the shop floor will welcome the proposal of Government to rectify this deficiency in our public assistance scheme as from the next financial year. In response to your call, Sir, I have consulted my Unofficial Colleagues and, along with me, they all whole-heartedly support in principle the proposal to extend our public assistance scheme so as to provide unemployment benefits for able-bodied persons between 15 and 55 years.

Since my speech in October 1974, one major bank in Hong Kong had introduced and advertised what it called central provident fund seeking local employers to participate. With respect to that particular bank, its central provident fund is quite different from the one I advocate. That bank's central provident fund is basically the typical provident fund for individual companies but administered centrally by a bank. When an employee leaves his employer A and joins employer B, he has to close his previous provident fund account with employer A and open a new account with employer B. In so doing, that particular employee would usually lose quite a lot of benefits such as years of service.

The central provident fund, as I propose, is on the national level and administered by Government or its agency. An employee is free to change his employer as long as his employer is within Hong Kong without any penalty. It should be a compulsory contributory scheme

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but only the employers and not the employees are required to contribute. I urge the Government to reconsider this proposal. Looking around our competitors in this region, both Korea and Taiwan have statutory retirement benefits for workers and both Singapore and Malaysia have central provident funds for wage earners. In Hong Kong, the Government and many other large employers have pension, provident fund or retirement gratuity for staff employees but only a very insignificant proportion of employers in the private sector, especially the smaller ones, have any form of retirement benefits for their manual workers. Therefore, I cannot agree more with your call, Sir, for a new and timely effort to provide further safeguards for the work force and the low income group. In the context of Hong Kong only the Government can provide such a safeguard through legislation.

Consumer Council

In your address, Sir, you declared, rightly and fairly, that the Government's aim is to build into our society a balance where on the one hand there must be reasonable freedom and opportunity to acquire wealth and increase income at all levels, and on the other hand (in my own interpretation) adequate protection for fair play and effective safeguards against the exploitation of one group of people by another. During the period of rapid inflation in 1972 and 1973, it was for the purpose of ensuring such a balance between consumers and suppliers that the Consumer Council was established with the blessing and support of Government. Over the past three years, the Consumer Council has done some good work in the field of consumer protection. However, as I understand, its development and activities are much hampered due to certain difficulties.

One such difficulty is that the Consumer Council is not a statutory body. At the time of its establishment it was decided to have a rather informal organization working under limited terms of reference for, I believe, two major reasons. First, the Council was formed in a hurry to meet an emergency situation (that is, profiteering in rice) and there was no time to have it incorporated by statute. Secondly, it was at the time uncertain whether the Council was going to be just a temporary measure to diffuse the build-up in public pressure against mounting rice prices or was to become a permanent consumer protection body. I think most of us are here to-day now convinced that there is certainly a need for a permanent Consumer Council in Hong Kong and that the Council should be incorporated by ordinance in the same way as the

Hong Kong Productivity Council and the Hong Kong Trade Development Council.

There are also other pertinent reasons for making the Consumer Council into a statutory body. As it is now constituted, the Council is not a legal entity and therefore cannot sign contracts with a third party. As a result, the Council is in the ridiculous situation where its bank accounts have to be in the personal name of the Administrative Secretary and the lease on its premises in the name of the Colonial Treasurer Incorporated.

Furthermore, the Council, as it now stands, can neither sue nor be sued and, should there be any suit for defamation, individual Members of the Council are liable to be sued instead. I am sure honourable Members will agree with me that this is rather unfair to Members of the Consumer Council as they are all performing a voluntary public service.

Apart from the above reasons, there have also been cases where the name of the Consumer Council has been illegally used in advertisements and at present there is no way the Council can take the offenders to Court. On several occasions the Council has received reports that people have been impersonating the staff of its Secretariat but, again, the Council has no recourse to legal action.

Another difficulty which impedes the work of the Consumer Council is the lack of legal backing. The Council's terms of reference at present include, among other things, the collection of information on the prices of commodities and services but its powers to investigate costs and price structure are not clearly defined. In the absence of such investigatory powers, there is no way for the Council to assess whether the party concerned is profiteering or not. Some typical cases in which the Council's work on investigation has been hampered due to lack of legal power are set out in the Appendix before honourable Members.

It is therefore proposed that the Government should consider granting the Consumer Council the necessary powers to obtain information so that the Council can carry out its consumer protection work more effectively for the overall good of our community.

One other difficulty experienced by the Consumer Council is the antiquity of the consumer legislation in Hong Kong. In July this year in this Council, I brought to the attention of Government that the

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Weights and Measures Ordinance enacted in 1885 was totally out of date. Another piece of antique consumer legislation is the Merchandise Marks Ordinance, enacted in 1891. This ordinance is hopelessly inadequate for modern day Hong Kong because, with more and more canned and packaged foods being sold, proper labelling and dating are essential to ensure the protection of consumers' health. Furthermore, false and exaggerated claims in advertising are not covered by this ordinance. The third piece of consumer protection legislation that needs updating is the Sales of Goods Ordinance which was enacted in 1896. All in all, Sir, we in Hong Kong have a long way to go in consumer protection and unless the Government comes to an early decision to quickly improve the situation, Hong Kong will continue to remain one of the most backward territories in the world in consumer protection.

Department of Commerce and Industry

Before I resume my seat, Sir, I would like to briefly make two observations. Over the past quarter of a century, our foreign trade has grown by leaps and bounds and is now approaching HK\$100 billion a year. The activities of the Department of Commerce and Industry have correspondingly become much wider, diversified and complicated. Yet the organization and structure of the Department have so far remained practically unchanged and the Department is now showing signs of stress and strain. Lest honourable Members misunderstand my intention, I hasten to say that the Department has done extremely well in trade relations, in certification and in industrial promotion. Nonetheless, it urgently needs modernization, reorganization and expansion to keep pace with our rapid commercial and industrial development which, without dispute, is the very lifeblood of the 4.5 million people in Hong Kong.

Means Tests

My other observation is on the very original and novel idea on which my honourable Friend, Mr T. S. Lo, will expound later today. His proposal to establish a centralised and computerized system of means tests for all Government subsidies deserves serious and careful study and I, for one, would support his call for the appointment of a working party to examine the suggestion in depth.

With these remarks, Sir, I have pleasure in supporting the motion.

Appendix to Dr the Hon S. Y. CHUNG's Speech
Some typical cases where the Consumer Council had been refused
to be supplied with the necessary information during the course of
processing complaints and conducting surveys and research

(1) *Motor insurance charges*

Recently motor insurance premium rates have to be raised. The Consumer Council set up a special committee to study the issue. The Committee asked the Accident Insurance Association of Hong Kong to substantiate their explanation for the increase. The Committee was furnished with some statistics about the claim rates in the past year. However, from these statistics, the Committee could not draw the relations between the larger amount of claims and the rate of increase in premium. The Committee then requested the member companies of the Association to furnish it with the actual amount of premium they had received and the actual amount of claims they had paid out in the past three years. At this point the Association refused to supply with further information. Thus the Council still cannot say whether the insurance companies are profiteering or not.

(2) *Cost of petroleum products*

At the end of last year when the prices of petroleum products were further increased, the Council asked several oil companies to furnish it with the landed prices of their petroleum products. However, they refused to furnish the Council with the necessary information. It gave difficulties to the Council to establish whether the increased prices were justified.

(3) *Survey on marine fish*

In 1974, the Council conducted a survey on the supplies of marine fish in Hong Kong. The Research Officers visited some fish "laans" for the purpose of obtaining some information on general trade pattern of these laans. Some fish laans simply refused to answer any questions put forward by the officers of the Council. The Council had to obtain information from the indirect sources.

(4) *Motor vehicle spare parts*

At an investigation on a complaint about the excessive prices of some motor vehicle spare parts, an importer of motor vehicle refused to disclose the import prices of these spare parts to the Council, thus made it very difficult for the Council to decide whether it was profiteering.

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MR Q. W. LEE:—Sir, the basic duty of a Government is to look after its people and to look after them well. An important objective in the discharge of that duty is to minimize the social differences that are the results of economic differences between people, otherwise they would give rise to social problems. Such differences exist more so in a free enterprise society due to differences in the abilities, willingness and circumstances of its people to take advantage of economic opportunities.

The Hong Kong Government has done much to assist in developing economic opportunities which in turn generate income for the society and contribute to narrowing individual economic differences. It has done equally well in the provision of social services aimed at improving standard of life and at minimizing social differences. But it was not until the year 1972 that Your Excellency initiated plans for such services on a long-term basis. The 10-year plans marked an important milestone in the history of Hong Kong and were widely acclaimed. They opened the eyes of those formerly blind to the defects of the society and the need for comprehensive plan to eliminate such defects. But admittedly there is some divergence of view as to whether we can finance them. Some say the plans go too far and some say not far enough.

Those who fear that we may go too far are more vocal in private than in public. They are not against the idea in principle but only doubt our financial ability to undertake these expanded plans. To these people I suggest they may find comfort when comparing our economic and financial growth recorded in the four years 1972 to 1976. Figures will show that even on a larger base the growth was bigger than that in the immediate preceding 4-year period.

First, I like to quote the Gross Domestic Product and the external trade upon which our livelihood is heavily dependent. Our GDP in that period increased at 1966 constant prices by 28%. Our 1975 imports and exports both gained by one-third and re-exports by 100%, when compared with the corresponding figures four years ago.

Secondly, total deposits in the banking system which finance our commerce and industry rose by 84% in the four years to August 1976. A significant phenomenon associated with this increase is the growth of savings deposits which rose by 107% during that period or, as a percentage of total deposits, from 32% to 36%.

Thirdly, a useful indicator is manifested in the amount of revenue collected from salaries tax. In the year ended March 1972, salaries tax made up only about 17% of the total revenue from earnings and profits tax, but during the following four years, this tax had progressively gone up to 22.4% with a corresponding increase in the number of taxpayers from 85,089 to 225,420 as at March 1976. This clearly shows that people are making more money as reflected also in the satisfactory increase in savings deposits.

Those who feel that we have not gone far enough may have been motivated by ideological belief or by the temporary slowing down of some expenditure during the recession years. Whatever the motive, there is no denying the fact that, despite the recession, much has been achieved in the past four years.

Take housing for example, accommodation for nearly 2 million people in public or subsidized housing has been completed as at March 1976. Compared with the figure of 1.6 million at March 1972, this represents an increase of 25%.

On education, with universal primary education having been achieved, 86,028 new places for secondary school have been provided by Government in the four years to March 1976, showing an increase of 97%, as against only 29,100 new places or a 49% increase for the preceding four years. The plan to provide the first three years of secondary education for all has now even been advanced by one year to commence in 1978-79 instead of 1979-80. In addition, considerable expansion is in progress or being planned in tertiary education, particularly at the Polytechnic.

Medical and health services have continued to improve: at the end of this year the number of hospital beds per thousand population will rise to approximately 4.30 as against the ratio of 4.10 at December 1972.

Much better social welfare is provided with the payment of public assistance and emergency relief having reached \$163 million in the year to March 1976. The proposed extension of public assistance to able-bodied persons is a further evidence of Government's intention to provide even better social welfare.

The above are just a few indicators to show that (a) we have the capacity to finance our social services; and (b) considerable social progress has in fact taken place in the past years. As to the future, the problem facing us is, to put it simply, how to strike the right balance

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between the pace of economic development and the pace of financial expenditure. As policy and financial decisions are very carefully made under efficient constitutional and administrative systems, I think the community can confidently depend on these systems to decide on the priorities and the extent of financial commitment of our social programmes. But to err is human and it may not always be possible to strike the perfect balance. Bearing in mind that social expenditure is our investment for the future and will yield dividends, I firmly believe it is a better policy to attempt to do more than less. Such a policy has to be qualified of course by the proviso that its implementation is within our financial means as stated by Your Excellency.

Sir, when looking ahead to 1977 and beyond you stressed the point that in the longer term our economic performance must depend very largely on our own efforts. One of these efforts undoubtedly includes the important duty of the Government to protect the industry's access to overseas markets. The commercial and industrial community is pleased to have your assurance that the Commerce and Industry Department will continue to move in this direction to the best of its very considerable ability. This leads me to reiterate two points I expressed in this Council two years ago. They were echoed by my honourable Friend Mr TIEN last year. The first is the necessity to strengthen the establishment of the Commerce and Industry Department to enable it to carry out its increasingly complicated and vital functions. The second is for the Director of the Department to be accorded the more appropriate official title of Secretary so as to be in line with that of his counterparts in the countries of our overseas markets. Dr the honourable S. Y. CHUNG has just expressed his view on the first point and I understand my honourable Friend Mr TIEN will have more to say again on both points later.

With these remarks, Sir, I support the motion.

MR JAMES WU:—Sir, it is my pleasure to speak in support of the motion before Council. I will confine myself mainly to the aspects of housing and labour legislation which you, Sir, have taken on such personal interest in.

Housing

Sir, you have mentioned at the outset that our target is self-contained housing in a decent environment for all and within the means of all, by the early 1980s.

Over the years my Unofficial Colleagues and myself had spoken on the topic in this Council. I spoke on the subject at length in the Budget Debate in March this year and said that if we could provide a viable solution to this housing problem, we would have been on our way towards providing for a really acceptable standard of living for all. I also said that the solutions lay in financial arrangement for a positive inward cash-flow and the utilization of dormant assets in the form of our undeveloped Crown Land, involving where expedient the resources of private developers to build public housing for sale at controlled prices to those eligible for or staying in Housing Department estates. On the one hand it required Government to change its policy of hoarding land for the best price thereby depriving the community of its urgent use, on the other, it relieved Government to a large extent of the huge capital outlay in construction and in maintenance with little or no hope of recovery for many years. It would also find healthy employment for the financial resources and physical facilities of the influential developers who due to shortages had bidden up the prices of domestic, industrial and commercial sites and in so doing created immense inflationary pressure to the detriment of the general economy. Yet in the long run, it is not known for certain if the Government is the winner, notwithstanding the inflated prices obtained at land auctions.

Sir, let us not forget that in the first instance that the housing problem had been thrown upon Hong Kong unawares and without parallel. Never before in human history had so many been uprooted so abruptly to congregate on so small an area with so little resources. It was only through the foresight and imagination of our planners and administrators in the 1950s who were responsible for initiating the resettlement scheme that we were able to arrest an otherwise explosive situation, and to establish a semblance of stability upon which we had been able to utilize this influx of manpower to achieve our miraculous development.

It is therefore reassuring to note that Your Excellency in this light have seen fit to accept the advice of UMELCO Members not to compare Housing Department rents to inflated market rents, that subsidized housing to the eligible would continue to be Government policy, and that any rent increase would be tolerable and gradual and to meet increased maintenance costs only.

It is even more gratifying to know that Government is to embark on a Home Ownership Scheme, as UMELCO Members and the public have long advocated. Let us therefore expedite with vigour the pro-

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grammes and bring reasonable housing to the reach of all at the earliest possible date.

Labour Legislation

Sir, in your proposals on social welfare and labour legislation, you have displayed amply the humanitarian, socially-oriented and progressive approach for which you have long been admired and respected. I like to think that many industrialists in Hong Kong share the same outlook in life or they would have elected to follow other pursuits which are manifestly more lucrative and leisurely. I would not be fair or necessary for me to advise on what other careers or business to pursue, as one need only to glance on the listed shares in our stock exchanges or enquire why so many of our established firms generally shy away from industrial undertakings. The truth is that contrary to the wrong conceptions of many mis-informed and prejudiced do-gooders, the industrialist aspires to provide employment to create wealth for all, and to raise the standard of living for his fellow men through production with ever increasing productivity. You, Sir, have so often paid tribute to our manufacturing industries as being the back-bone of our economy and prosperity, and have inspired many to pursue this career of untold labour and risks. It is no exaggeration to say that for the average executives of a factory, 60 or even 72-hour-work weeks are the rule rather than the exception. Local leave being unknown and annual leave at best a hectic business trip overseas. Yet by investment standards, the returns are generally discouraging, not to mention the need for massive re-investment to remain competitive. This is particularly so in the Hong Kong sense because of the fierce competition for labour in boom time and the skyrocketing rentals for factory premises.

Sir, it is under such seemingly impossible circumstances that Hong Kong has built up its light industries and become a leader in exports of such items as garments, toys and electronics, *etc.* Paradoxically, yet understandably, it is the working man and girl on the shop-floor who with immediate knowledge and therefore understanding share the mutual appreciation with management to tackle the common problems and difficulties confronting them.

Thus in this co-operative spirit, and with the sensible attitudes of management and labour, Hong Kong was able to weather through the recession of 1974 and 1975 and respond quickly enough to take full advantage of the subsequent recovery last year with labour bene-

fitting from a hefty increase in pay upwards of 20-30%, and even greater percentage in earning, in the past 12 months through the sheer natural market forces of supply and demand. I challenge any organized labour to do better in collective bargaining without creating undue inflationary pressure to the economy, as in our case, it was achieved through production with increased productivity.

Sir, you have said, and indeed, we have made substantial progress in improving our labour conditions in the last 6 or 7 years. The UMELCO office has found that Legislative Council have passed from 1968 to date, a total of 135 pieces of labour legislation, with 5 in 1968, 8 in 1969, 17 in 1970, 16 in 1971, 7 in 1972, 16 in 1973, 14 in 1974, 29 in 1975 and 23 to date in 1976. It is fair to say that these have been passed without much of a murmur, with industry generally agreeable and being able to afford the improvement. Personally, I surmised that seven day's holiday with pay is not likely to arouse much objection bearing in mind that workers do take leave as and when they like, with or without pay, and so at worse this amounts to a 2% increase in pay. However, if the holidays must be taken in one consecutive period and no payment in lieu would be allowed, then the question of costs would be greatly magnified and the problems of practical application so great that industry at this stage would find it difficult to bear by as soon as 1978. One industrialist estimates that it would cost us \$500 to \$1,000 million in loss of production per year, which figure is equivalent to the cost of housing 100,000 people. On the other hand, the one rest day a week instead of four a month would attract even less attention, as it is logical and one wonders why it was not enacted in the first instance.

Improvements to severance pay and sickness benefits have however been matters of speculation and concern to large and small factories in that the first one immediately imposes increased contingent liability to the detriment of the firm's borrowing power, thus inhibiting expansion and employment, and the second one tends to encourage or assist malingering.

There is also wide-spread concern expressed in both the vernacular and English press for fear that we are imposing too many burdens too soon on our industry, upon which our prosperity and stability lie. One socialist English editor (he proclaimed himself a Trotskyite) even suggested to UMELCO Members if all these had not been forced upon Hong Kong by Left Wing Laborites and vested interests in UK for political expediency or myopic selfish aims rather than for humani-tarian consideration, and that in Hong Kong's interest, such must be resisted.

[MR JAMES WU] Motions

Sir, at this point, I deem it my duty to speak from personal knowledge and experience on Hong Kong's present competitive position relating to the rest of the world. It is no exaggeration to say the Hong Kong wage rates today are next only to the highly developed countries of North America, Western Europe and Japan, but comparable to that of the UK. The Time Magazine of October 11 reported a secretary with 20 years experience in UK earning about £2,000 a year, with about 70% of that as take home pay, working out to about HK\$934 per month at present exchange rate. A Council Member of the Confederation of British Industries told me last week that an unskilled labour in UK earned the same amount. A highly skilled foreman machine setter earned £3,600 per year with a nett take-home pay equivalent to HK\$1,680 per month. In all these cases the on-costs to the employer did not exceed 15%. Girls could work shifts of 6 a.m. to 2 p.m. and 2 p.m. to 10 p.m.

Sir, by comparison, Hong Kong's employees certainly get no less if not more, quite apart from the fact that the Hong Kong dollar has more buying power. Looking nearer to home, it is common knowledge that Taiwan wages are about 60% of ours, that most factories and shops work alternate Sundays, that South Korean wages are about 40% of ours, that whatever is on the statute books of some countries, child labour abounds and female workers receive little consideration and protection. In the October 22 issue of the Far Eastern Economic Review, a leading Member of Parliament in Malaysia cited an existing ordinance in that country whereby an employer could properly terminate the services of an employee who had spent 15 or 20 years in his employment by giving four weeks' notice of termination.

Our American buyers had so often told us of the low wages and bargains from such countries as Mexico, Portugal and Greece, apart from Korea and Taiwan. Hong Kong could least afford to ignore these at its own peril, and it was only through the quick response and flexibility of our manufacturers that we were able to take full advantage of the recovery of our markets overseas last year thus reversing the economic recession.

I give these figures and facts only to assist comparison. Hong Kong industrialists are proud to be able to offer better conditions of employment where they can afford, and this is no suggestion to turn the clock backwards. In any case it is the hard fact of life that developing countries would have to work harder to catch up with

the highly industrialized countries which possess better resources and higher productivity. Only by so doing can we achieve sufficiency if not affluence, and command respect and admiration. In the Hong Kong context, and in so far as the will to work or otherwise is voluntary, further restrictive measures affecting our use of labour, our only asset of limited source, or anything that would unduly increase our burden or overheads, could greatly harm our flexibility and cost us many orders and jobs. I therefore venture to suggest that such measures should be examined with the utmost care and consideration, as the consequences could be far-reaching at our present stage of development, being still heavily dependent on labour-intensive light industries.

ICAC

Lastly, I would like to say a few words about the ICAC. Sir, the community has indeed the highest admiration and regard for the rapid and illustrious achievements of the ICAC under Mr CATER, Mr PRENDERGAST and their lieutenants. It has stopped the decay of a big apple, the Civil Service, and already restored some degree of justice and self-respect to the community. Mr PRENDERGAST will be leaving with a sense of great satisfaction for a job well-done, and with the great appreciation of the community.

It is also reassuring to hear from you, Sir, that basically there is no difference between Government and the business community in the priorities set for the ICAC and that, specifically, it should be concerned with the public rather than the private sector.

Whilst business is understandably concerned with events that occurred in the course of last year, and the possible effects on our trade, it is hoped that a continued dialogue and clear communication can develop with the community to assist the Attorney General and his office in finding an acceptable solution to this vexing problem during our transitional period towards really clean and straightforward dealing in business, a formidable goal for any community, but worthy of our aspirations for better values and quality of life.

MR CHEONG-LEEN:—Your Excellency, in your Address to this Council on October 6th, you stressed the importance of UMELCO in the function of "redressor of grievances and stimulant and check on the administration". As a Member of UMELCO, may I express loyal support to Your Excellency in the fulfilment of this vital function of UMELCO.

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I would like to see the present system improved even further through closer liaison between the City District Offices and the UMELCO Office, with the primary purpose of exposing those areas where policy and/or legislation needs to be changed, where there is a strong case for departure from policy in the special circumstances and where no action is forthcoming from the administration.

With the enlarged membership of this Council, Your Excellency has expressed the hope for lively debate on matters of policy. May I assure you, Sir, that together with other honourable Members, I shall do my share in making such debate not only lively, but also pointed, constructive and, hopefully, even interesting at times. (*laughter*)

Your Excellency's Address this year is shorter than in previous years. This in no way detracts from its wide-ranging nature, depth of approach and soundness of judgment. In fact, the message is clearer, more understood and better appreciated. So perhaps Legislative Council Members such as myself ought to emulate Your Excellency's impressive example by reducing the length of our speeches this year, no matter how much the temptation (quite justifiably of course) to speak at greater length.

Future Planning

In your Address, Sir, you referred to planning our objectives to eliminate the principal defects in our society within a time-scale of about 10 years. This long-term planning contributes to confidence in Hong Kong, and encourages our citizens to face the future with determination and conviction. Some plans require a longer time-scale, even to the end of the century, and for these we need to apply vision, statesmanship and perseverance.

Many of Government's long-term plans seek to improve living standards and the physical environment. The thrust towards better conditions for workers, if sensibly applied at the right point in time, will progressively demolish in our society the time-worn belief that the blue-collar worker is at a lower rung of the social ladder than the white-collar worker or manager.

Yet in advancing towards more workers' welfare, we cannot succumb to any ill-advised pressure from outside individuals or groups, no matter how well-intentioned, to accelerate the pace of such social reforms beyond the growth capacity of our economy. Hong Kong's

veritable existence depends firstly on confidence and secondly on an expanding economy capable of absorbing a steady pace of social reforms.

I am pleased to see there is growing UK interest in Hong Kong, as may be seen from the various visits of MPs with their comments on Hong Kong, swiftly arrived at or otherwise. There is also increased contact on a personal basis and exchange visits between top officials in the Foreign and Commonwealth Office and the Hong Kong Government. MPs and official visitors alike should be exposed not only to Civil Servants but also to a wide cross-section of the Hong Kong public. However, what we in Hong Kong would reject are misguided attempts to exert any pressure on the Hong Kong Government to change the policies, economics, social or otherwise, which would be inimical to the interests of Hong Kong citizens, blue-collar and white-collar alike.

Fortunately, Hong Kong has never had deep class distinctions, and this has made it easier to accept the high degree of mobility that we have in our society. The hawker of today becomes the millionaire of tomorrow, while the bright student from a poor family can confidently aspire to be a top administrator in the Hong Kong Civil Service.

Hong Kong is uniquely successful in that it combines British administrative and political experience with Chinese humanism and traditional work ethic. For historical reasons, Hong Kong has to remain a non-independent territory, but the Government here has a commitment and responsibility to work out economic and social policies for the good of Hong Kong citizens first and foremost. Towards this objective, the role of UMELCO members is useful in ensuring that the Government respects public opinion and does its job well.

Not that the Government has always to be prodded to do what it has to do. Often it does take the initiative, such as the development of the New Towns and the Mass Transit Railway and the formation of the Mutual Aid Committees, to mention but a few examples.

As part of "government by consensus", we the Unofficials do not find it too difficult to sit side-by-side with our Official Colleagues. A consensus represents initiative, it represents collective opinion, or general agreement in sentiment and belief. Out of this consensus, we are committed to "Serve the Community", both on the Official and Unofficial sides in the Executive and Legislative Councils, and within the Civil Service and the Voluntary Service groups in our society.

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This dedication to "Serve the Community" has to permeate the entire gamut of our society. It starts from the top down to the grassroots. Your Excellency is often seen taking the lead in this movement towards dedicated community service, as for example when you showed concern and sympathy for those residents at Sau Mau Ping affected by the rains by visiting the estate soon after the landslide occurred.

We have in Hong Kong about 100,000 Civil Servants. They are generally speaking well-treated financially and their conditions of service are reviewed at reasonable intervals. We expect therefore that their standard of performance and productivity should be high. By and large this is already so, but there are still grey areas where the standard has to be improved.

Of course we are hampered still by a certain lack of identity and loyalty to Hong Kong, both within the Civil Service and outside, among a wide cross-section of the community. However, as the Government gets the people actively involved in studying and implementing its policies, particularly at the district and regional levels, this feeling of identity and loyalty to Hong Kong could crystallize into a stronger commitment by the individual citizen to work for a better environment, more social harmony and a happier life within the community.

Housing

Our public housing programme is going full speed ahead. We should support the Government's target to have "self-contained housing in a decent environment for all and within the means of all, by the early '80s". It is a formidable challenge to provide new homes in the public sector for 200,000 people a year starting from 1978-79. It should be the role of this Council to give the support and maintain the pressure necessary to see that the back of the housing problem is broken by 1984. Good public housing at reasonable low rentals is essential in creating a sense of identity and loyalty to Hong Kong.

The long-term plan to rebuild the oldest housing estates is to be welcomed. Meantime, everything possible has to be done by all Government departments to maintain the services in the oldest estates so that residents there do not feel that they are being given second-class treatment by the Government. The expansion of the MACs and the provision of more properly staffed community centres in these

estates will help to promote community responsibility and social cohesion, and bring to the Government's attention problems which require solution. The electrification of squatter areas should proceed as rapidly as possible meantime.

The promotion of home ownership particularly for the lower middle income groups with a maximum family monthly income of \$3,500 to \$4,000 deserves support, and we look forward to hearing more about the practical arrangements to be devised by the Financial Secretary's Working Party as to how the scheme will operate. If so required, Government should be prepared to back a plan by the Housing Authority which provides for a low down-payment of 10-15% and repayment terms extending over 15-20 years. As already is the case in public housing, a percentage of Civil Servants who meet the requisite criteria should be eligible to participate in the home owner-ship scheme.

It would appear that over the next few years there will be increased building activity both in the public and private sectors. Government naturally welcomes the contribution of the private sector. On the other hand, the situation has to be monitored carefully to ensure that the economy does not become overheated by overspeculation in land and real estate, leading to price inflation, contraction in the real income of blue-collar and white-collar workers, and other factors which could make Hong Kong lose its competitive edge in its manufactured goods on the world markets.

The rate of expansion of public housing, the existing rent levels and the rate of increases in rents in the public sector, could be crucial in alleviating any overspeculation in the building industry.

Education

In education, the groundwork has been laid to provide 3 years of secondary education for all. I am glad to see from Your Excellency's Address that a report is forthcoming early next year on the future course of senior secondary and tertiary education, and the balance that should be maintained between academic and technical education. This report is indeed a suitable subject for a green paper, as it has far-reaching implications for the development of manpower resources and the economic future of Hong Kong.

As we move towards 9 years education for all and finding the right balance between academic and technical education, we cannot overlook the importance of raising the quality of our teachers, partic-

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ularly within the private educational sector. This is a matter which requires urgent attention, if our students are to receive the full benefit of Government's plans to expand secondary and tertiary education.

School Medical Service

I am disturbed to find that despite the low charge of \$5.00 a year per student, enrolment in the School Medical Service stands at only 10% of those eligible. Why is it that the schools participating are confined to mostly Government and aided schools? Why is it that the percentage of private schools in the scheme is so low? Could a more imaginative approach be devised than the existing shopworn method of publicity through pamphlets and circulars to school principals? It is a matter of regret that as at 31st March 1976 only 136 doctors out of a total of 204 participating were allocated panels of students, while 68 doctors still awaited allocation of students due to insufficient participation.

Honourable Members will recall that some time ago I spoke in this Council about the comparatively high percentage of students wearing spectacles in Hong Kong. What I find most baffling is why there are more students in Hong Kong than in any territory in the Far East that I can think of who wear spectacles. May I add that this does not take into account the growing number of students in senior secondary and tertiary educational institutions who are now daily wearing contact lenses. Surely this is an area for research by Government in order to discover the root causes and suggest remedies.

Preventive Services for Youth

I am pleased to see that Government is preparing a programme plan to prevent young persons from becoming involved in vice, triad, or other criminal activities. Pending the completion of the plan, I hope that the interim proposals for more school social work, family life education, youth guidance, playleadership and detached work will commence without fail next year. This is part of the overall fight against violent crime and the necessary funds and personnel should be provided as soon as possible.

In arriving at the final programme plan, perhaps it would be worthwhile to study the experience of other countries, particularly Scotland which has recently abolished juvenile courts and replaced them by Welfare Tribunals which carry out children's hearings and which

are staffed by lay people. We could also review the existing services relating to juvenile delinquency, with the complementary aims of firstly protecting society from juvenile delinquents, especially the violent ones, and secondly of helping children in trouble to grow up into mature and law-abiding citizens. In other words, what should be the right mixture for Hong Kong of the "care" and the "punitive" philosophies?

Young people want plenty of activity to keep them busy and out of trouble. The Recreation and Sports Service which is now expanding into all districts in Hong Kong, Kowloon and the New Territories, has a constructive role to play. Other activities include Junior Police Call and the School Road Safety Patrols.

At present, there are 4,000 students who are Road Safety Patrol members. After they leave school, a small number of them remain attached to the Headquarters Patrols and assist in the campaigns of the Road Safety Association. All members of the Patrols pay for their own uniforms, and I find it surprising that Government has so far been unwilling to fully or even partially subsidize the cost of the uniforms for these students.

Traffic

With the number of fatalities and injuries resulting from traffic accidents on the increase I should imagine that the Police would be keen on having more volunteer help throughout the year in traffic control and road safety education particularly for pedestrians at all or most of the accident "black spots" of which there are currently about 75.

There seems to be a strong case to consider forming a corps of Auxiliary Traffic Wardens from among persons above the age of 18, especially those who had been engaged in School Road Safety Patrol work when they were in school. These young people would not only be assisting the Police in tackling traffic control problems, such as jay walking, but would have the chance to give meaningful community service throughout the year.

Crime

In the war against crime, the Police have made progress but much more is expected by the public at large in view of the expanded resources which are being given to them.

The Police deserve the support of all law-abiding members of the community. Already there is wider understanding of and more co-

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operation being given to the Police in fighting all forms of crime. But although rapport between the Police and the public has improved, I wonder whether the Police has really done the best it can to facilitate the reporting of crime. When one member of the public is given the "run-around" in trying to report a crime, he tells all his friends about it which of course negates much of the Police publicity asking for public co-operation. There is a need for the Police to set up a centralized telephone reporting system whereby any member of the public reporting a crime by telephoning "999" could give the information right away to a central reporting centre or be switched over to the internal extension of the Police Station concerned. He would thus not have to put up with the frustrating experience of having to dial two, three or even four numbers and wishing that he had never picked up the telephone in the first place.

Conclusion

Your Excellency, in spite of the many momentous changes which have happened in Asia during 1976, Hong Kong has emerged relatively unscarred from the world economic downturn and is still as vibrant and healthy as ever. With our free enterprise economy and low taxation system, we are able to plan in tandem long-term social welfare reforms and to improve living standards and to bring about social cohesion.

Our standard rate of taxation is low and we want to keep it as low as is practicable, for this is one of the principal factors attracting capital investment and new technology into Hong Kong to provide more jobs for our people.

In a few months, the honourable Financial Secretary will present his next budget, and I hope at that time he will elucidate further as to whether all the very desirable and worthwhile social programmes we are embarking on will be financed on the basis of current rates of taxation and the anticipated growth rate in real terms of 6% per annum for the next 4 to 5 years.

Many industrialists and commercial firms are concerned about the competition from neighbouring countries in Asia where on paper workers' benefits seems to be higher than is the case in Hong Kong, but where in practice such is not the case. Compared to such countries where working hours are longer and real wages are lower, naturally Hong Kong's prices are uncompetitive. However, it is not the nature of the Hong Kong entrepreneur to feel sorry for himself and do nothing

about it. We can only advance forward in the direction of a better educated and better paid work force, higher labour productivity and a wider range of better quality and more sophisticated manufactured products. In other words, we must aim for better designs, newer technology and maximum flexibility in our manufacturing and trading activities.

Hong Kong is now experiencing a social revolution that will give our young people the opportunity to have a better education to develop their potentiality and attain a good standard of living. In the process we hope they will acquire a sense of local identity and loyalty by channelling their spare time into volunteer work in their district to "Serve the Community".

Sir, I support the motion.

DR FANG:—Sir, Your Excellency's Opening Address to this Council has inspired renewed confidence in the continuing prosperity of our community and in our ability to weather the storm and to turn adversity into strength. I warmly welcome and support the measures which you, Sir, have outlined to achieve greater economic and social progress for our people.

The Rehabilitation Green Paper is one of the most important papers to be tabled in this Council in recent years. Its findings and recommendations have far-reaching implications and my colleagues and I feel that this paper warrants a full debate in this Council later in the session. But I should like today to make several preliminary observations on this document.

I consider that this Green Paper is one of the good things—some may say few good things—to have emerged from the MCKINSEY reform of the Government machinery, leading to the expansion of the Social Services Branch responsible for the formulation of multi-disciplinary programmes in the social fields. I welcome this first comprehensive endeavour to explore the many facets of rehabilitation, to pinpoint deficiencies, and to suggest realistic means of closing the gap.

I strongly support the Working Group's recommendation that a high level Committee is required to oversee development of rehabilitation services in Hong Kong and to co-ordinate the policy aspects of activities both within Government and the voluntary sector. Membership should consist of both officials and unofficials and I would suggest that Your Excellency should appoint its Chairman.

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I believe that Government should get on immediately with two primary tasks—firstly the establishment of the Central Registry which will provide the much needed statistics for effective planning; and secondly the establishment of two regional multi-disciplinary assessment centres, one on each side of the harbour, to be attached to the regional hospitals. The latter is a sound proposal and will provide the nerve centre for dispensing rehabilitation needs.

Since progress will depend largely on manpower resources, the training of staff must be another priority issue. I fully support the suggestion in the Green Paper that this task should be given to the Hong Kong Polytechnic and that it should be asked to devise a suitable curriculum within the shortest possible time, to meet our requirements for the training of Physiotherapists, Occupational Therapists, Speech Therapists, Rehabilitation Officers, etc. In training the necessary staff I strongly urge that we should aim to produce two tiers of trained personnel, one at a lower level and the other at professional level. Experience in many countries suggests that much of the repetitive work involved in rehabilitation services can be performed efficiently and satisfactorily by a grade of semi-professional technical staff under supervision. Indeed at a recent World Health Organization Convention, a resolution to this effect was adopted and a suitable curriculum is being drawn up. This measure will enable us to produce the required manpower within a shorter period than that required for full-fledged professional staff. It is, however, important to provide a satisfactory career structure for these staff and to give them opportunities for further training after a suitable period of working experience. Our immediate aim should be to produce trained personnel geared to meet local needs and not necessarily to strive for recognition by international professional bodies.

The Green Paper rightly stresses the importance of emphasizing the principles of rehabilitation in the curricula of medical and para-medical training. I would go further and suggest that this education should start even in the primary and secondary schools, and also in teachers' training colleges, for teachers and children alike should be shown how disabilities can be avoided. Consideration for the plight of the disabled should be nurtured in the young at an early age so that this care and sympathy may be reflected in later life, whether as an ordinary citizen, a rehabilitation worker or a potential employer of the disabled. I believe one can reap considerable benefits for a very modest investment in this direction.

As regards employment for the disabled, this is a real difficulty faced by many in the rehabilitation field. I welcome the proposal that some incentives should be given to the employers, perhaps in the form of tax benefits. We already encourage the public to donate to charities by exempting such donations from tax. This same principle could well be extended to employing the disabled, or taking them on for on-the-job training.

Workmen's Compensation

I note that a review is now being made of the Workmen's Compensation Ordinance. I hope that this will take into account the need to amend the first schedule dealing with assessments of percentage loss of earning capacity. I believe this schedule was drawn up many years ago based on anatomical loss which bears no relationship to functional impairment nor the injured workman's occupation. These are both important material factors and should be considered when the percentage of disability of a person is assessed.

Dental School

The establishment of a dental school at the University of Hong Kong is now declared Government policy, with the first intake of students scheduled for 1980. In considering future administration of this School, I strongly advocate that the School should not form part of the existing Medical Faculty of the University but should function as a separate entity to avoid having to compete with other needs of the Faculty for manpower and financial resources.

I should also like to enquire whether Government is now in a position to state its policy on dental care for the public at large and to indicate when such services might be expected, as this is not included in the declared Ten Year Plan for medical development.

School Medical Service

The School Medical Service started in 1966 and now has an enrolment of 94,000 pupils and a panel of 200 doctors. Considering the student population, its coverage is not wide and I believe there is room for developing the Service. I should like to pay tribute to those doctors who have participated in the scheme for their public spirit since the fees involved—at \$25.00 per child per year including consultation and medicine—hardly makes it worth their while. I believe that if this Service can be extended, it will not only promote a better standard of health amongst our children but will assist in implementing

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the concept of early recognition, prevention and early treatment of disabilities as proposed in the Green Paper on the future development of Rehabilitation Services. This is because a greater number of children will be under closer medical scrutiny in their formative years. I propose that Government should waive the parents' contribution entirely—\$5.00 is hardly worth collecting. Participation in the scheme should be made compulsory within the general framework of Government's policy of nine years of subsidized primary and secondary schooling for all.

The subsidy given to the School Medical Service at present is less than \$2.2 million which is only 1/15th or less than 7% of the present subsidy for school children's bus fares. The subsidy rate of \$20 per child by Government at present has remained unchanged since 1972 and I believe it should now be increased so that a greater number of doctors might be further encouraged to participate. On this point, Sir, I have the assurance of members of the medical profession that they would be willing to serve.

In conclusion, Sir, I have always felt that the degree of attention a country can afford to give to its less fortunate disabled minority is a true mark of that country's social conscience and advancement. I find it heartening that Hong Kong has now reached this stage and that the disabled amongst us can now look forward to a better deal.

Sir, with these observations I support the motion before Council. 4.00 p.m.

HIS EXCELLENCY THE PRESIDENT:—I think perhaps at this moment honourable Members might like a short break. Council will resume in fifteen minutes.

4.20 p.m.

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

MISS KO:—Your Excellency, in rising to support the motion before Council, I would like to congratulate you, Sir, on your determination in taking new steps to face challenges and to raise the quality of life for the people of Hong Kong. I am very pleased to know that Government is preparing costed programme plans covering the major fields of services to the handicapped, the elderly and youth.

In this debate, I would like to focus my speech on social welfare services, particularly social security programmes, preventive youth services and services for the elderly as well as community development and law and order in public housing estates and community nursing.

SOCIAL WELFARE

It is very wise and necessary that Government is now conducting a major review of our social welfare programmes—cash payments and other services—which are both significant.

Social Security Scheme

The Social Security Scheme has become an important part of our welfare programme not only for the value of the service, but also in terms of money spent each year, as 70% of the total social welfare expenditure falls into this category. Therefore, an overall review of its operation is necessary.

Sir, as mentioned in your speech, I agree that there is a need to look closely at whether methods of proving need for Public Assistance are reasonable, at whether the levels of payments are appropriate and at whether the criteria for eligibility, including the age for infirmity allowance, are right.

Our present Public Assistance Scheme in providing the people of Hong Kong with the basic living requirements has well demonstrated its value ever since its expansion in 1971 and especially during the recent recession. I support wholeheartedly the proposal to extend Public Assistance to cover able-bodied persons between 15 and 55, as mentioned by my Senior Colleague Dr the honourable S. Y. CHUNG, so that the unemployed will also be assisted. This is a great leap forward in mending the most obvious hole in our safety net for the people of Hong Kong.

Assistance for the unemployed is, nevertheless, a delicate issue and, without careful planning, could easily lead to abuse, as has happened in some of the countries that have such assistance. I certainly agree that it is necessary to make satisfactory arrangements to prevent abuse, including a residence qualification, a defined period of unemployment and effective employment services. It is, in fact, the availability of work and re-training opportunities, together with cash assistance, that often form the best re-establishment programme for the unemployed.

It is our hope that sufficient assistance will be given to those who are really in need. At present, we have used the principle of one scale

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for all applicants, though there are discretionary grants and allowances in special cases. Perhaps in this respect we have followed the British flat-rate example. However, there are obvious reasons to expect that some people may have a greater need than others and should therefore be entitled to more generous treatment. What I am proposing is that certain categories of people whose need is demonstrably greater, such as the elderly, the sick, the disabled, and widows with dependent children, should not only be provided with assistance that supports them at the minimum subsistence level but at a level sufficient to enable them to maintain their livelihood with a measure of self-respect. In other words, a reasonable and higher scale rate of Public Assistance catering to various categories of need should be provided. This is a way to make Public Assistance as a means-tested scheme more humane and acceptable.

Assistance by defined categories has the advantage that it helps those more who are more in need and makes the whole social security system more flexible and equitable. It concentrates resources on the most needy members of the society, such as the elderly, the chronically sick, the disabled and the widowed with dependent children. It regulates some of the discretionary powers presently exercised by social security officers and therefore lessens arbitrariness. If Hong Kong is not going to have a contributory social insurance system, assistance by defined categories may be a better and more practical way to provide the needy with income security. Therefore, I would suggest that during the review of the social security system, the possibility of introducing the categorized assistance method in Hong Kong should be considered. Of course, a policy, an operating plan and other related matters for such a scheme would need to be worked out.

In the same context, I suggest that Government consider the possibility of lowering the age of eligibility for infirmity allowance from 75 to 70. I recognize that any expansion of the scheme is costly as the total population of this age group is about 65,000 now and will increase in the coming years. But for those who are now in their advanced years, it would be only a token of our recognition of their past contribution towards making Hong Kong what it is now. To offset this extra cost and to benefit many more who are in real need and to make the best use of the taxpayers' money, I would suggest that the rules of the scheme be revised so that the resources available would benefit the elderly who are in need.

Preventive Youth Services

Fighting crime including violent crimes and sexual offences has become an important task in our community and preventive youth services certainly have a crucial role to play in restoring law and order and in building a responsible community.

In the field of preventive youth services, I would highly recommend the expansion of Youth Guidance Projects that use outreach as one of the main approaches. I would also highly recommend the extension of School Social Work, especially when we are now working on the provision of 9 years of education for all children. The further development of the Playleadership Scheme and Detached Work has a unique role in our work with youth. In addition, I would like to see family life education integrated into all programmes for youth.

Youth Guidance Projects—The Pilot Youth Guidance Projects were started in 1975 in four districts. After eighteen months of experimentation, the recent report on Pilot Youth Guidance Projects disclosed that some 7,000 young people have received this service.

In the report, the data collected for intensive cases showed that the majority of the young people had problems and difficulties related to school, family and social misbehaviour. Misbehaviour was accompanied by difficulty in family relationships and problems in school. Guidance and counselling have proved to be effective in working with the young people. I would thus like to suggest that these four Pilot Projects continue, and I would also strongly recommend that at least one or two Youth Guidance Schemes be established in each of the more crowded public housing estates. This is important as by 1979 over half of the population of Hong Kong will be housed in public housing estates. I hope that the expansion of new schemes will start earlier than 1978, if possible. In order to make these programmes more effective, I would suggest that the age range of clientele be extended from 11-15 years to 8-18 years, and that the referral and resources network be strengthened.

School Social Work—School Social Work helps to discover anti-social or quasi-criminal behaviour in students and to prevent them from falling under the influence of criminal elements. This service should be greatly expanded throughout Hong Kong, Kowloon and the New Territories. More voluntary agencies should be encouraged to take part in this service. I hope that the Education Department and the Social Welfare Department will work even more closely together and more subvention will be provided for the voluntary agencies which are

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engaged or will be engaged in this field. I think the increase of full-time and part-time social workers is necessary, and the referral channels should be strengthened in the districts. It is also important to strengthen training programmes to familiarize teachers with this approach.

Playleadership and Detached Work—The expansion of Playleadership, which provides recreational facilities as well as supervision and guidance to children and youth who use parks and playgrounds, is urgently needed. It would be a great help if Playleadership could be expanded in such a way that most of the playgrounds in public housing estates and other crowded areas would be covered by this service. Detached Work needs expansion, as this service through meeting and knowing young people in the places where they usually meet among themselves, helps to prevent them from joining undesirable gangs. The service also endeavours to dissuade those already in gangs from taking part in criminal activities.

The Elderly

It is time now for Government departments and voluntary agencies to give greater priority to the development of all types of welfare services for the elderly. The numbers of elderly are increasing: according to estimates, 9.71% of the population will be over 60 years of age by 1980, compared to 7.72% in 1971. The numbers over 75 will also increase. With medical advances, improved health care and changes in family and social structure, an increasingly larger number of old people will be living alone. Some 45,000 old people over 60 will be living alone by 1980. These are some of the reasons why services for the elderly, such as homes for the aged, home help service in their own homes, "meals on wheels", medical or day care services, should be given greater priority in the Five Year Plan for Social Welfare Development. I hope that the new set of standards for the old people's homes will be drawn up according to real needs and local situations. This will serve as a useful guideline in the development of services for the elderly. I also hope that more voluntary agencies will be involved in this field and more financial support be given to them.

*COMMUNITY DEVELOPMENT AND LAW AND ORDER IN PUBLIC HOUSING ESTATES**Community Development*

In view of the fact that more than half of the population of Hong Kong will soon be living in public housing estates, I am very much

concerned about the community development programmes in these estates including Mutual Aid Committees. As I understand that some of my honourable Colleagues will speak on Mutual Aid Committees, I only want to stress here that measures to fight crime, to foster better channels of communication and to co-ordinate services in the estate, should be continuously improved and strengthened. I hope Government will consider these as even higher priorities in the future so that families who move into estates and who have broken their ties with former surroundings and neighbourhoods will be in a better position to adjust to their new environments. This would help to alleviate the problems related to insecurity, isolation, loneliness, and indifference which are the undesirable elements in the development of a healthy, happy and responsible community.

Law and Order

The police force has been strengthened recently in public housing estates, but according to some of the voluntary agencies in these estates, many children and young people are still not allowed by their parents to go out in the evenings for activities as they are afraid of the risks of being attacked by gangsters and criminals. Even some adults do not feel free to go out after dark for the same reason. Therefore it is urgently needed that the police force should be even further strengthened in these estates in the near future. Patrol's organized by the residents themselves should likewise be strengthened and their numbers should be increased as they would also help in the fight against crime. The maintenance of law and order contributes to the promotion of community development programmes.

REHABILITATION FOR THE DISABLED

The Green Paper on The Further Development of Rehabilitation Services in Hong Kong should be welcomed, as it provides a blue-print for the development of services for the disabled. I support the proposed structure for future co-ordination of policy and services in the field of rehabilitation as stated in the Report. How this development will be done is an important factor and I would suggest that an operational plan be jointly designed by Government departments and the voluntary agencies concerned.

COMMUNITY NURSING

It is good news to hear that the Government will consider the expansion of community nursing provided by voluntary organizations at present to ease the pressure on hospital beds. Not only would this

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release more beds for other patients, but a tremendous amount of public money could be saved by the provision of community nursing. Patients who would otherwise require long term institutional care could be released, and patients who would be discharged earlier than otherwise could be cared for by community nursing service. The average cost for keeping a patient in hospital is about \$80 per day. When this is compared with the cost of \$10 per day if community nursing is employed for the same patient, the difference is significant. Clearly, community nursing service is much less expensive than long term institutional care.

In the financial year 1975-76, it was recorded by the Caritas Medical Centre and Our Lady of Maryknoll Hospital that 157 chronic cases which otherwise would have required long term institutional care were treated by community nursing services. These services were provided by 7 full-time and 1 part-time community nurses in the patients' homes. It must be stressed that these 157 chronic cases, mostly bed-ridden and suffering from cardio vascular accidents, carcinoma, heart disease, chronic bronchitis, and TB, represented only a relatively small portion of the caseload which was undertaken by $7\frac{1}{2}$ community nurses. Thus these patients would require much smaller expenditure for continued care.

Along the same lines, a survey has been conducted on the type of cases that could be discharged earlier to the care of community nursing at the United Christian Hospital. The results point to very significant savings.

Through the community nursing service, patients can be encouraged, with the help of their families, to contribute to their own rehabilitation. Also, relapse of illness can be prevented by providing nursing care and health education for patients in their own homes. At the same time, the family can be educated in preventive self-care. Home nursing care can also be provided for patients whose general condition is unsuitable for out-patient attendance, thus relieving overcrowded out-patient departments.

Sir, I hope that Government will consider favourably the need for expansion of community nursing service. I also hope that opportunities will arise for Government and voluntary agencies to discuss and study the whole area in order to make detailed plans to promote this service. I strongly urge that Government subvention should be given to voluntary agencies which are already working in this area, and more voluntary agencies should be encouraged to render service in this field.

Sir, with these words, I have pleasure in supporting the motion.

MR LO:—Sir, I too, warmly support the motion before Council and do thank Your Excellency for your Address on Government's aims which has deservedly received wide acclaim for it lays stress on our having to carefully balance our economic and hence our fiscal potential with social provision. All of our people can look forward to having, when these aims are realized, a chance to work, a home and a chance to live in comparative peace and stability.

However, the picture which Your Excellency has painted so vividly with a broad brush has stimulated a number of questions. For example, at what speed will Government put through the announced reforms? Too slowly would make them appear empty promises and too quickly would be dangerous—our economy, already committed to pay for substantial social investments and an underground railway, may well in bad times become overburdened. Consequently, it is important for us to know whether the various measures planned by Government are intended to be covered by the revenue generated by the promised 6% growth of our economy or whether it is intended to introduce additional fiscal measures for the purpose. Naturally, I am fully aware that Government intends to keep a careful balance, but the special circumstances of Hong Kong require us to maintain not a precarious balance but one with considerable reserves. In simple terms, fiscal measures capable of supporting public expenditure in good times would inevitably fail to do so in bad times, when to maintain it at the same level one would have to increase the tax burden. Not only would this be undesirable but it would be impossible unless we had sufficient slack in our fiscal potential. I would welcome an assurance that this fundamental concept is one part of Your Excellency's equation.

Another fundamental question associated with our expansion of social provision is that of a system of means tests. I do not suppose that anybody opposes the institution of a means test on philosophical grounds. Indeed, Government's reaction to this point when I raised it earlier this year demonstrated that there was no philosophical objection. I understand the chief argument against it would be the cost of the apparatus. I cannot sensibly discuss costs without costings but there are a number of developments in recent years which do operate to reduce the significance of the costs argument. The first is that as the cost of the apparatus will not increase in proportion to the increase of our public expenditure, it will become more worthwhile as public expenditure expands. The second is that society as a whole is getting more affluent and the number of those who can afford to pay a little

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more for the various services that Government provides is increasing day by day. Consequently, the savings resulting from a system of means tests involving a system of differential charges, will also increase. Thirdly, people are becoming more and more aware of the social injustice involved in subsidizing the well-off with funds raised partly by taxing the not-so-well-off. As more and more people come within the tax net, this feeling will grow. As my honourable Friend Mr Q. W. LEE earlier has pointed out the salaries tax net has widened two and half times since January 1972 from 85,000 odd tax payers to over 225,000 taxpayers and in the four years to 1976 salaries tax accounted for 22.4% of total revenue from earnings and profits tax. A marked increase from the previous four years when it stood around 16-17%. Fourthly, the number of different forms of subsidy is increasing. The greater the number of separate subsidies and benefits that we are providing, the more necessary it is to have an overall system for testing means. With modern science and the advent of the computer I am confident that this can now be achieved, whereas, say, twenty years ago it would have been impossible. I am grateful for the support given to this idea earlier by the Senior Member Dr the honourable S. Y. CHUNG and I have carefully consulted all my unofficial colleagues on the suggestion and am glad to say that they unanimously join me in urging Government to look into this with a sense of urgency because it is obvious that it will be easier to introduce the system at a time of expanding social provision than afterwards. Could not Government at least show these ideas the consideration I think they deserve by appointing a working party to examine them.

On some of the specific reforms outlined in Your Excellency's Address, I am not very clear as to the priority that is intended to be allocated to them as against other reforms not specifically mentioned. For example, in housing, should we really give higher priority to the home ownership scheme, laudable though it undoubtedly is, than to the provision of housing for those now in squatter huts, licensed areas or old overcrowded estates? Are they not at present living in circumstances far worse than the prospective clients of the home ownership scheme? Should we not work out ways and means of raising the rents of those who have become better-off? But only of those would become better-off. Should we not indeed consider ejecting from public housing those who have become rich? Are we sure that our administration is entirely efficient in keeping the number of unoccupied flats in completed estates as low as possible and in keeping the time that they

remain unoccupied as short as possible? May I at any rate have Government's assurance that these points have not been forgotten.

On labour, I would question Government's ultimate aim. It is said to be to achieve a level of legislation governing safety, health and conditions of employment at least broadly equivalent to the best in our comparable neighbouring competitors. I question this because, if we did not exclude wages from the employment package, we would already have passed that level and I do not see the merit of looking at conditions of employment as being separate and distinct from wages. The strength of Hong Kong is founded on a self-reliant and hard-working population, which understands that we have to pay our way in the world by trading competitively. Self-reliant people prefer to take their rewards in hard cash to be dealt with as they think fit and not in benefits administered by others. Hard-working people will never understand why Government should legislate to stop them from working longer hours for more pay if they so choose. I would urge that what-ever improvements we make through labour legislation, and there are undoubtedly some that we should make, we must ensure that they are genuine improvements and that they are really what the labour force would welcome.

Your Excellency has drawn our attention to the defence of our position internationally. I have the highest admiration for those at all levels whose job it is to do this nowadays for this will always be difficult as long as we are successful industrially and commercially. Only when we become lazy, non-competitive, inept in trade and insignificant as a competitor for overseas markets will our critics be silent and move on to other targets. Why is it that despite the great improvements in social provision and labour legislation and the way in which we have striven to overcome simply enormous social problems these past 25 years and particularly the last 5-10 years, why is it that our critics have multiplied numerically and in ferocity. This record, their record, persuades me that they have, not a humanitarian concern for the welfare of our people, but merely a jealous anxiety to blunt our competitive edge to further their own interests.

In conclusion, therefore, I would urge that the administration should have as its target the achievement for Hong Kong of prosperity, social harmony and self-respect, being cautious at all times as to what price we are asked to pay to pander to foreign critics.

Paid Annual Leave

MR TIEN:—Sir, in rising to support the motion before this Council, I should like first of all to express my belief that the message, as con-

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tained in Your Excellency's Address, will provoke all-round optimism from the lowest paid worker, who once again can bring into focus his hopes for better housing, more education, a wider spread of welfare benefits and improved labour conditions, to the businessman and industrialist on whose enterprise Hong Kong depends.

You mentioned in your Address that further measures would be introduced, during the current session, to improve legislation governing employment and working conditions and to provide, amongst other things, seven days paid annual leave from 1978.

Annual leave with pay is not alien to Chinese culture. It was customary in the past, for Chinese employers to give their employees leave with pay from Lunar New Year's Eve to the 15th day of the first moon to allow them to return to their native villages to get-together with their families. A further period of leave was also given at Ching Ming and Chung Yeung for the sweeping of ancestral graves.

The practice of granting annual leave has, however, lapsed in recent years as Hong Kong moved from a traditional economy to a modern industrial society.

Although most, if not all, Hong Kong workers have their families nowadays here, a complete break from work as proposed will not only enable them to make good the loss of physical and mental forces but will also provide them with an opportunity to spend this period of leisure with members of their families. Let us hope workers will do so and enjoy it to the full.

Employers, on the other hand, may wish to make use of this period to overhaul or repair their machinery, redecorate their premises, or make such alterations to the workplace to improve production flow etc., without disrupting day to day work. It can also be used as a period of stock taking and general consolidation. A period of complete cessation from work is therefore of benefit not only to the workers concerned but also to their employers.

In so far as garment factories are concerned, where labour turn-over is high, the anticipation of leave with pay which is coming may encourage more workers to stay with the job. The additional costs to employers would be minimal and are likely to be met in part by higher productivity and a slower rate of turn-over in the work force.

Although many local companies already observe good labour policies for their staff, it is regrettable that a great many do not. Not only will the proposed paid annual leave improve labour relations, it will also remove one of the unfortunate distinctions which now exist between blue collar and white collar workers and as a result, encourage more young people to join the industries which is the life blood of Hong Kong.

I, therefore, welcome and support the idea of providing seven days paid annual leave as from 1st January 1978.

Commerce and Industry Department

As on previous such occasions, I would like to say a few words regarding the Commerce and Industry Department, with which I personally have had a long and satisfying association.

First I wish to pay a tribute on behalf of my colleagues in the industrial sector to my honourable Friend the Director and his staff. It is a fact that when times are difficult for Hong Kong, as they were early last year, the pressures on the department to preserve and improve our access to overseas markets and to encourage expansion of industry and employment are considerable. Then when the economic climate improves, as it has done this year, they must again cope with all the extra work generated by the surge in trade.

I would like particularly to record the appreciation of the textiles industry for the efforts of the junior staff of the Department who work in sub-standard conditions and yet must rank among the most diligent and productive in the whole of the Government.

I have just mentioned the sub-standard working conditions of the Department. As one who has spent many years visiting all parts of the premises commonly known as the Fire Brigade Building, (*laughter*) may I say I consider it regrettable, that this Department, which often receives overseas delegations and prominent visitors, should still be housed in such inferior accommodation. I suggest it is time for a most serious effort to be made to obtain new premises not merely as good as, but probably, for very good reasons, superior to those in which the other main Departments of Government are housed.

I also recall that several of my honourable Friends have, on previous occasions, stressed the need for the Commerce and Industry Department to be adequately staffed and organized at its senior levels in order fully to meet the many major tasks and challenges it faces.

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These were, in fact, the words used by my honourable Friend Mr Q. W. LEE in this forum in 1974 and on this occasion. I myself have made comments and suggestions in the same vein in this Council and you will no doubt recall, Sir, that at this time last year, in answer to a suggestion made by me, my honourable Friend the Chief Secretary indicated that consideration would be given to the proposal that the post of Director of Commerce and Industry, which by common consent bears responsibilities equal to, if not more onerous than those of Heads of Branches in the Secretariat, be re-graded to one of Secretary for Trade and Industry and for the Department to be re-organized into 2 or 3 departments under the Secretary.

I would now like to ask, on behalf of local industry, for an assurance that the Department is being and will continue to be given, resources adequate to promote and protect our interests at home and abroad.

Textile Control System Review

I would like now to turn to another topic, namely, the Textile Control System Review. The recently announced modifications to the textile control system have taken account of some of the suggestions made by a number of organizations, for the improvement of the system. Some of these suggestions made to the Commerce and Industry Department have not been adopted. This is of course, understandable and inevitable, since many of them were in conflict with each other, that is they were mutually exclusive. That being the case, the adoption of one would inevitably result in the dropping of the other.

I feel that the modifications are reasonable. They have made it difficult for the so-called quota farmers to continue in their rather unique trade. To keep their quotas, they must become textile traders again. The modifications did not go so far as to interfere with, and thereby impede, the conduct of legitimate textile trade.

Some critics of the textile control system are, as is to be expected, still not happy with the revised system. They say, among other things, that no provision is made for new comers. "New comers" is such an emotive term, that it is at once associated with what sociologists would call the "have nots" and by definition, quota holders are the "haves". No one has come up with a better definition of new comers, so let's assume that he is a "have not". Let us examine how such a person could be given a quota, bearing in mind:—

- (i) that the amount of quota, set in accordance with agreements made under international arrangements, is geared to the level of trade in the past; and
- (ii) that he was not yet in the business nor did he play a part in building up this trade.

It seems to me that there are 3 possibilities:—

- (1) To ask the importing country for more.

This appears an unrealistic, if not impracticable approach. Not only is there little likelihood of success, but we expose ourselves to requests from importing countries for a *reduction* in our access rights in different and opposite circumstances.

- (2) To cut back the holdings of existing quota holders.

This is like saying, money in Hong Kong should be redistributed from time to time, for no other reason than the need to ensure that refugees who come into Hong Kong without money, should be given some at the expense of residents since the refugees are "new comers". I am sure, no one will agree to this and I hope critics of the quota control system will accept that it would be just as inequitable to cut back existing holders' quota, so long as they continue to ensure that the quota is used, and the exports are made, to the benefit of Hong Kong as a whole.

- (3) To make available more free quotas to all comers.

This is what the revised system is designed to achieve. It has not gone so far as to deny annual growth to those holders who are able fully to utilize their quota. I am glad to see that companies which demonstrate their ability to use their allocations to the good of Hong Kong as a whole, will continue to be allowed to have limited expansion in a restricted market, but the quota of those who fail to do so in any year will go into the free quota pool—available to everyone—in the following year.

I am not here to defend the system—this is the job of my honourable Friend, the Director of Commerce and Industry. My concern is Hong Kong's economy, which in turn means exports and, in terms of cold cash, textile exports give Hong Kong a little more than half of its earnings from overseas trade. We cannot afford to turn the textile control system into a social welfare system nor into a public assistance scheme. (*laughter*)

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Textile quotas are not given on the say so of companies that they would be able to use it. They are allocated on the basis of a demonstrated ability to use them. Let the people who have, over the past twenty years, earned Hong Kong a respected place in international trade in textiles continue to make their contribution to Hong Kong's economy. The system still has imperfections but it has served its purpose by contributing to Hong Kong's prosperity. The system is, as I see it, designed for the good of Hong Kong as a whole, to enable the maximum use of the limited export opportunities available under the restraint agreements *and* for the distribution of such opportunities fairly among manufacturers and exporters. In time we may have to take another look at it but, if we should feel compelled to make further changes, we would do well to bear in mind the saying "throw out the bath water but don't throw the baby out with it". (*laughter*)

Suspension of sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with the Standing orders I now suspend the Council until 2.30 p.m. to-mo rrow.

Suspended accordingly at four minutes past five o'clock.