

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 9 November 1977****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 SECRETARY FOR HOME AFFAIRS  
MR LI FOOK-KOW, CMG, JP

THE HONOURABLE DAVID AKERS-JONES, JP  
SECRETARY FOR THE NEW TERRITORIES

THE HONOURABLE DAVID WYLIE McDONALD, JP  
DIRECTOR OF PUBLIC WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, CMG, JP  
DIRECTOR OF EDUCATION

THE HONOURABLE DAVID GREGORY JEAFFRESON, JP  
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE ALAN JAMES SCOTT, JP  
SECRETARY FOR HOUSING

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, CBE, JP  
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE DEREK JOHN CLAREMONT JONES, JP  
SECRETARY FOR THE ENVIRONMENT

DR THE HONOURABLE THONG KAH-LEONG, JP  
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, JP  
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE PETER BARRY WILLIAMS, JP  
COMMISSIONER FOR LABOUR

THE HONOURABLE RONALD GEORGE BLACKER BRIDGE, JP  
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JOHN CHARLES CREASEY WALDEN, JP  
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE WILLIAM DORWARD, OBE, JP  
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS (*Acting*)

DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP

THE HONOURABLE LEE QUO-WEI, CBE, JP

THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, JP

THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP

THE HONOURABLE LI FOOK-WO, 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, OBE, JP

THE HONOURABLE LO TAK-SHING, OBE, JP

THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

THE REV THE HONOURABLE JOYCE MARY BENNETT, JP

THE HONOURABLE CHEN SHOU-LUM, 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

DR THE HONOURABLE RAYSON LISUNG HUANG, CBE, JP

THE HONOURABLE CHARLES YEUNG SIU-CHO, JP

**ABSENT**

THE HONOURABLE THE ATTORNEY GENERAL  
MR JOHN WILLIAM DIXON HOBLEY, CMG, QC, JP

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

THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP

THE HONOURABLE PETER GORDON WILLIAMS, OBE, JP

THE HONOURABLE JAMES WU MAN-HON, OBE, JP

THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

THE HONOURABLE LYDIA DUNN, JP

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR STEPHEN TAM SHU-PUI

**Papers**

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Sessional Paper 1977-78:

No 18—Supplementary Provisions approved by the Urban Council during the second quarter of the fiscal year 1977-78 (published on 9.11.77.)

**Government business**

**Motions**

**Address of thanks**

**Resumption of debate on motion (26/27 October 1977)**

THE FINANCIAL SECRETARY:—Sir, the Chief Secretary will be dealing with the various references made by Honourable Members to the future course of our economic development when winding up this debate. So I shall confine

myself to what Mr WILLIAMS has alleged to be a 'major factor' in determining the present state of the stock market, namely, 'the fog that shrouds the taxation of the so-called habitual trader'.

As there is so little in Mr WILLIAMS' speech that I can agree with (*laughter*) may I at least begin, Sir, on a helpful note by confirming publicly that it always has been, and certainly still is, this Government's policy to enact what Mr WILLIAMS described as 'straightforward (fiscal) laws and regulations' which are '(acceptable to) the public' and which are capable of being '(made to) work'. We may not always succeed, but that is our policy. I would not necessarily claim we have entirely succeeded in the matter of the taxation treatment of trading profits, but that is in the nature of the subject which inevitably leads to contention from time to time as to the proper interpretation of facts in relation to the law. But I would not concede that is because of the way in which the charging section (Section 14 of Part IV) of the Inland Revenue Ordinance is drafted or administered by the Inland Revenue Department.

Mr WILLIAMS claimed that the Inland Revenue Department had not bothered to tax habitual traders for many years and then started to do so, without warning, at 'a most volatile time', namely, 1972-73, and he further claimed that, as a result, 'general confusion has resulted'. On the contrary, the Department has, for many years, assessed profits on trading in stocks and shares and particularly those relating to the activities of stock brokers, those in associated activities and those individuals who were engaged in share trading in a substantial way.

Some commentators have gone further and alleged that the Commissioner of Inland Revenue is suddenly and without warning indulging in a campaign to claim tax retrospectively from people who traded for the first time during the stock exchange boom of 1972-73. The facts simply do not support this allegation. In November 1972 the Commissioner wrote to the chairmen of the four stock exchanges reminding them that trading in shares (as opposed to capital investment) would attract profits tax. On 15 December 1972, the *Hong Kong Standard* carried a report on the Department's 'intensified efforts' to record tax due on share trading, and followed this up on 18 December 1972 with a leader expressing satisfaction at the Department's activities. (Recently, of course, other newspapers have expressed dissatisfaction with the Department's activities). Then on 8 January 1973 the chairmen of the stock exchanges saw me to make representations about the Department's operations and I tried to explain to them that the Commissioner was required under the law to tax trading profits, but *not* capital gains. In my Budget Speech on 28 February 1973 I indicated that the Commissioner was being given additional staff to deal with the taxation of share trading profits. The Commissioner followed this up on 4 April 1973 with a series of half page advertisements in English and Chinese newspapers reminding the public of

their duty to report share trading profits to the Inland Revenue Department. Thus those who flooded into the stock market during the boom had ample warning of a possible tax liability. But I am afraid that most people showed about as much interest in these warnings as they did in dividends as they watched the Hang Seng Index climbing up from 624 in November 1972 to 1775 in March 1973.

Now, I have no doubt Mr WILLIAMS if he were here, would be thinking to himself: ample warning there may have been, but a warning about what? That is to say, he would argue that a warning without a definition of trade and, therefore, of trading profits is no warning at all.

Perhaps I should relate to you the Commissioner's story of the man who sold his next door neighbour a tin of baked beans at a capital gain and, later, realizing that there was money in it, went into business buying and selling tins of baked beans, because this story does demonstrate that there are difficulties in distinguishing between capital gains and trading profits. These can be resolved—and are by the application of certain criteria known as the badges of trade—but they cannot be sidestepped.

I admit it has been suggested to me that they should be sidestepped by amending the law to set arbitrary limits within which persons who buy and sell stocks and shares should confine themselves if they wish to avoid being classified as traders. These arbitrary limits, it is suggested, could be in terms of the time which buyers must hold their shares before selling them; *or* the *number* of transactions over a given period of time; *or* the *value* of transactions over a given period of time. The Commissioner of Inland Revenue considers that none of these limits, whether applied singly or together, would be satisfactory. And I agree with him. One has only to think for a moment of our friend who bought and sold tins of baked beans to appreciate that the application of such arbitrary limits would produce illogical results: for example, why should that sale of a single tin of beans within three months of purchase be held to be a taxable transaction, whilst a tin sold after three months be held to be on capital account; or, why should the profits on the sale of 10 tins be held to be exempt, but the sale of an eleventh tin be held to attract tax; yet again, why should the sale of \$100 worth of beans be a capital realization, but the sale of \$101 worth be taxable. In other words, such arbitrary limits would not only lead to inequitable treatment of true investors, but would also lead to abuse inasmuch as *traders* would take steps to ensure that they operated within certain limits in order to avoid tax.

However, Sir, in view of this rather cantankerous controversy surrounding the taxability of trading profits, the Third Inland Revenue Ordinance Review Committee was good enough to consider the issues concerned, although they were not specifically required to do so within their terms of reference. It is

a matter of record that they were unable to suggest any alternative approach based on arbitrary limits and I quote:

‘The difficulty of deciding whether trading is present in respect of the disposal of shares and property can be contrasted with the sale of commodities. Properties may sell soon or take a long time to dispose of, but in the meantime rental income is being received and often it is difficult to see the original intention of the investment. Similarly with shares, dividends are received; and although an early sale may be symptomatic of an intention to engage systematically in dealing it may equally be made necessary through unpredictable circumstances forcing a person into realizing his capital.

We considered the introduction of some arbitrary tests such as a time limit or a specified number of transactions over a period. On due examination of these possibilities we found tests of this nature would inevitably lead to (i) a charge to tax in certain circumstances on capital profits, and (ii) a failure to impose tax in other cases on revenue profits.

It was our opinion that the introduction into the Ordinance of specific tests to determine taxability would only encourage manipulation and add to uncertainty. It is obviously necessary to look at the whole picture and make a judgment after considering all the factors. We came to the conclusion that the overall test laid down in the ‘badges of trade’ had stood the test of time and could not be bettered.’

Of the six so-called badges of trade, four are particularly relevant to the determination of what is trading in shares, namely, the length of the period of ownership, the frequency or number of similar transactions, the circumstances surrounding acquisition and realization, and the motive of the persons concerned. I have no time to-day to spell out precisely what these badges of trade mean or could mean in certain situations, but I have asked the Commissioner of Inland Revenue to publish his observations on them for it is, in practice, these badges of trade which the Commissioner applies to determine whether a transaction is a trading transaction or not.

But lest it be thought that the Commissioner is an obdurate and unimaginative public servant, let me assure Honourable Members that this question of what is trade is not a question that is peculiar to Hong Kong. It is a matter which has exercised the minds of tax administrations, tax advisers and the Courts wherever the profits of trade are the subject of taxation and invariably the conclusions reached have been the same. There can be no single arbitrary definition, no catch-penny phrase, which will adequately identify what is trade. As long ago as *1881*, the Master of the Rolls said:

‘I do not think that there is any principle of law which lays down what carrying on of a trade is. There are a multitude of incidents which together

make the carrying on of a trade, but I know of no one distinguishing incident which makes a practice a carrying on of a trade, and another practice not a carrying on of a trade. If I may use the expression, it is a compound fact made up of a variety of incidents.'

More recently in a 1962 judgment, Lord Denning said:

'Parliament did not define a 'trade' and I do not know that any Judge has attempted it. Try as you will, the word 'trade' is one of those common English words which do not lend themselves readily to definition but which all of us think we understand well enough. We can recognize a 'trade' when we see it, and also an 'adventure in the nature of trade'. But we are hard pressed to define it.'

Professional tax advisers are well acquainted with the badges of trade and have little difficulty in advising clients on their application to their affairs; and the Commissioner advises me that, whilst persons who make profits claim to have difficulty in recognizing themselves as traders, the same is not true of less successful buyers and sellers of shares who quickly identify themselves as traders in order to claim their losses against other forms of income (*laughter*). But to put the whole matter in perspective, 97% of the persons the Commissioner is assessing at the present time are directly connected with the stock broking business. And I trust that Mr WILLIAMS would not try to argue that *their* activities do not constitute trading.

Finally, I must deal with Mr WILLIAMS' point that the Inland Revenue Department has caused 'general confusion' in the market resulting in people holding back from buying and selling shares, thus reducing the liquidity of the stock exchanges and damaging their ability to perform their vital role of raising capital. This point has been made to me repeatedly, usually in terms which stress that uncertainty is bad for business; uncertainty there is, the Inland Revenue Department is the cause of this uncertainty and, therefore, someone should do something about it. But that is as far as the argument goes. No one has produced any evidence that the Inland Revenue Department's legitimate activities are really damaging the market. And hard evidence is needed. For I find it very hard to believe that the possibility of having to pay our low standard rate of 15% on the profits of past transactions is inhibiting. (Incidentally, I can reassure Mr WILLIAMS that there is a time limit imposed on the Commissioner by the Inland Revenue Ordinance of six years). Nor can I see how those who—as some claim—haven't the resources to pay the tax due from them, on the one hand, have resources adequate to set the stock exchanges alight, on the other. Equally, I cannot believe that the risk of an assessment to tax (at 15% remember) is inhibiting those who want to enter the market for the first time. I know of no other sector of the economy where traders are reluctant to trade for this reason.

Just one other point, Sir, if I may on another tax question of concern to the stock exchanges: I have received a number of representations that the



present rate of stamp duty, \$4 per mille on share transactions, should be reduced, again to stimulate activity on the exchanges. The rate of duty was increased in 1973 as a means of raising additional revenue (and *not* for regulatory purposes as is so often incorrectly alleged). Here also, no hard evidence has been produced to support the view that \$4 per mille on transactions is inhibiting investors. If it could be shown that the Government would get more revenue from a reduced rate of duty, then I might consider this possibility. Otherwise, the rate must stay as it is.

Sir, I support the motion.

DIRECTOR OF EDUCATION:—Sir, it is vital with so many revolutionary educational changes in train, that we should essay to make the structure of our education right.

I will begin with the Green Paper on Senior Secondary and Tertiary Education which is tabled today. This Green Paper has required major investigations and questionings for its completion. The public naturally, and their concerns are reflected in the press and other media, is keenly interested that there should be adequate places of good quality at all levels of education. The Government must and does take account of student and parent pressure for places. There are other vital considerations. Not only must we estimate the number of places which students would take up were they to be made available but also the capacity of the economy to absorb highly-educated young people at salaries which will satisfy the recipients. We must also assess what kinds of education are appropriate in what proportions to our future job structure and estimate also the capacity of pupils to meet the academic and other requirements of the courses to be provided. All this must be seen within an appropriate demographic context, that is we must keep before our eyes how many young people of what ages will be here to receive education and in what areas they will be living. To quote one statistic only, the number of 15 year-olds in 1986 is estimated at 74,000, compared with 113,000 in 1977—a drop of about one third. So that in 1986 a similar provision of places will lead to greatly enhanced opportunities for 15 year-olds or looked at the other way require a much higher quantum of qualified students to fill the places available if standards are not to fall. Some of you may remind me of the quip about lies, damn lies and statistics and I would then remind them that the children we are talking about have already been born. (*laughter*).

The criteria which I have described do not moreover point automatically to harmonious conclusions and judgement is needed to arrive at an appropriate reconciliation. We have judged for example that it is right for a substantial proportion of young persons to continue their post-Form 3 education on a part-time basis in conjunction with employment. It will be largely for employers to make this scheme successful by offering attractive conditions of apprenticeship.

The 1974 White Paper on Secondary Education envisaged an increase of subsidized places in Forms 4 and 5 from 20% to 40% of the age group. The current Green Paper has reset this target to 50% and an appropriate building programme will be put in hand. The target year is 1981, the first year when those children allocated a junior secondary place through the new system will finish Form 3. 50% is very roughly the proportion of the age group which now proceeds to Form 5 in subsidized and unsubsidized places combined. In addition, there will be full and part time places in Technical Institutes for another 14% of the age group. Demographic change, the drop in the size of the 15 year-old population, together with a continuing building programme for Technical Institutes, will increase this 64% to 83% by 1986. 63% will be catered for in schools and the other 20% in Technical Institutes augmented in number.

These calculations do not include places in independent schools or in special institutions like the Police Cadet School, in adult education centres, or arrangements for those within the ambit of special education or for the children of expatriate families. There will be ample opportunities for all to continue their education after Form 3.

It is intended moreover that the syllabus for Forms 4-5 should be broadened and new subjects included to take account of the varying aptitudes of those new participants in subsidized Forms 4 and 5 education. This is particularly important because it is opportunity which we aim to create and not conditions of educational discouragement.

At the sixth-form level it will be possible to offer nearly 20% of the 17 year-old age group places in Lower 6 by 1986. This compares with just over 5% of the age group now. It is intended that academic standards should be maintained though the course should be broadened in its scope. In this connection, I would mention that the points raised by Miss Bennett about the present Form 6 syllabuses are dealt with in the recent Report on Form Six Education for which proposals on implementation will shortly be put to the Board of Education, the views of the major consultative bodies having already been sought.

At the tertiary level, at present 18% of the mean age group move on to a form of tertiary education either professional or general, full-time or part-time either in Government institutions or in institutions wholly subvented by the Government. These include post-Form 5 courses at Technical Institutes, the Polytechnic, Colleges of Education, nursing schools and the universities. They do not include places at the registered post-secondary colleges. This 18% will rise to nearly 24% in 1981 and to 33% in 1986. These are substantial proportions of the population and we must monitor developments carefully to ensure that standards are maintained.

In addition, we must also note that analysis of the 1976 By-Census results suggests the Hong Kong economy at present employs 3% only at the

technologist or highest level, 9% at the technician or next level, 26% at craft level and 62% at the semi-skilled and unskilled levels. No doubt these proportions will change with developments in the economy, and that the availability of more educated and trained manpower will bring fresh resources and initiative to the economic scene. All the same these are sobering figures and we must watch that academic achievements do not lead to disappointment in the job market.

Dr CHUNG has stressed the need for greater co-ordination of our technical education programmes. Steps have already been taken (separate from Green Paper proposals) to establish a Technical Education Committee of the Board of Education. All that is now required is final agreement as to its composition. In the meantime I have set up a departmental committee which is preparing material for submission to the Board of Education Committee when it is convened.

It is proposed that the post-secondary colleges should continue as private institutions but that the limited form of assistance to students with tuition fees should continue. The Government proposes, however, to discuss with the Colleges the future arrangements for this scheme of assistance but it is not considered that Government assistance should be used to increase the number of students on diploma courses beyond the present numbers.

Much attention is given in the Green Paper to improving the quality of secondary education and making it suitable to current and future needs. These must be aims of high priority because students of a wider range of ability will be occupying places at all levels in secondary schools in the public sector. It is intended that as many students as possible shall have the opportunity to study a technical subject at Forms 4 and 5 level. The new schools which are being built will have sufficient laboratory and workshop facilities for the purpose. It is proposed to provide funds for conversions in existing schools to enable technical subjects to be developed. Central workshops will be pioneered on a pilot basis for the particular use of those schools which have insufficient space to develop facilities for technical education.

In addition, educational television will be extended to Forms 4 and 5, other audio-visual services will be developed and resources will be provided for expansion and improvement of school library services.

These considerable developments will require that on-the-spot personal, educational and vocational guidance must be given to young persons and the strengthening of the careers service and the development of a corps of student guidance officers is proposed.

Most important of all, the quality of teaching must improve and it is proposed that the standard course at Colleges of Education should be lengthened from two years to three years. Courses of in-service training for teachers have been a feature of our arrangements for keeping teachers up-to-date.

It is now proposed to introduce regular courses of refresher training during a teacher's career. If these proposals are adopted it will not be possible, as has been suggested by Mr Alex WU, to use the premises of one of the Colleges of Education as an interim home for a professional arts training centre.

However, Mr Alex WU will be interested to note that it is also proposed to develop music at the senior secondary level. It is already well established at the junior secondary level. This will imply that we should move toward courses leading to the Certificate of Education and in due course to matriculation level in this subject. This development will be distinct from the recently announced Government scheme to develop the skills of young musicians outside the classroom leading to the development of youth orchestras of high standard. To this end we have recently appointed a Music Administrator, a real administrator who knows music and a Music Consultant, a distinguished violinist and conductor. Their efforts will be assisted by a Music Fund for scholarships and other related uses generously donated by the Royal Hong Kong Jockey Club.

Nor do we propose to neglect adult education with its vital attribute of retrieval for those who have for whatever reason not succeeded in gaining the education which they now desire and it is proposed to establish within the Education Department a small team of specialist advisers who know about teaching adults to devise fresh and well-articulated courses. We shall also further consider the need to assist voluntary agencies with selected activities.

I have drawn attention to the main features of this Green Paper but have not done justice to the detail of its reasoning or the richness of its proposals. The Green Paper is still green. It should be read and we shall study public reactions carefully. A number of points have been raised by members, the answers to which they will find among the proposals made in the Green Paper. Members will, therefore, forgive me if I do not make specific reference to them here. I refer to such points as the need for a more highly trained and educated labour force and increased provision of Forms 4 and 5 places in the public sector.

Before I leave the broad topic of post-Form 3 education, I must draw attention to another report. It is that of the Working Party on Selection and Allocation for post-Form 3 Education and has been issued today for public comment. The problem that they have been asked to solve is not an easy one and the members of the Working Party are to be congratulated on the thoroughness with which they have tackled a complex problem. The recommendations of this report are most relevant to those of the Green Paper and discussion of both reports must go in step. I would like to stress that the comments and suggestions made in this report were arrived at completely independently and without knowledge of the proposals made in the Green Paper.

As Your Excellency has already said, September 1978 will see the provision of a Form 1 place in the public sector for every child leaving Primary 6. The Secondary School Entrance Examination has gone and next summer the new allocation system will come into effect. Arrangements for this new system are well in hand and there is every reason to expect that the allocation will go ahead in trim fashion for the benefit of all participants. The machinery will be thoroughly reviewed in 1980 to remove any wrinkles which may develop.

Before I turn to further comment on universal secondary education I should like to speak briefly on the building programme outlined by Your Excellency. Putting aside for the moment the 18 additional schools to which you referred, 54 of the new schools planned will be in operation by 1978, the remaining 30 to be completed by 1981. Of these 84 schools, 16 will be on Hong Kong Island, 17 in Kowloon and 51 in the New Territories, chiefly in the new towns. The additional 18 schools will all be on the mainland, the majority of them again being built in the New Territories. The results of this programme will be that the number of bought places in the independent schools will be reduced and regional distribution of schools will be greatly improved. The additional 18 schools will also enable us to reduce the degree of a symmetry in the non-profit-making private schools, who will thus be able to offer places above the Form 3 level to a higher proportion of their own pupils, and will also enable us to achieve 50% provision of public sector places in Forms 4 and 5.

The first step toward 'universal' junior secondary education will be taken in 1978, the full achievement of which will come in 1980. I think it useful, at this point, to define certain terms. By 'universal' I mean the provision of sufficient junior secondary places in the public sector for all those children coming from primary schools participating in the new central Secondary School Places Allocation system. 'Public sector' places are those provided in Government and aided secondary schools and through bought places in private schools. This is the universe within which universal provision will be made. There are, and will almost certainly continue to be, a small number of pupils remaining outside the public sector. These are the children who attend primary schools which choose not to participate in the new allocation system and who will normally proceed to independent private secondary schools outside the 'bought place' system.

To ensure maximum use of this universal provision, my powers to compel attendance at school will be extended to cover by 1980 all children up to their 15th birthday. This means that from 1980 if I consider any parent of a child under 15th years of age to be keeping that child from attending school without reasonable excuse I shall, after investigation of the circumstances, serve an attendance order upon the parent requiring him to have his child attend a school named by me. Any children who however have completed

the Form 3 course before their 15th birthday will not be compelled to continue at school.

These powers are, of course, an extension of those I already have for children up to the age of 12 years. As some Members have remarked, the possession of the powers and my use of them have by no means completely eliminated non-attendance in the primary sector. I take this point, and I am especially aware of the problem of the children of the boat people. I have recently initiated a study of the problem of this section of our community. From what we know, however, the problem is largely one of resettlement. While a proportion of these people continue to live in peripatetic homes, working in fishing boats, it will remain well-nigh impossible to ensure proper school attendance by their children. There will also be problems with children in the remote areas who will have considerable transport problems. I foresee that generally the 'enforcement' of attendance could well be more difficult at the secondary, or 13-14 years, level. To assist me in this matter I am seeking approval for the establishment within the Education Department of Student Guidance Officer posts which will have as part of their duties investigation of cases of non-attendance.

Another feature of compulsory education, which has also been mentioned by Members, is the need to avoid causing hardship among the less well-off in the community. The Education Department will, of course, continue in dealing with cases of non-attendance at school to seek the assistance of the Social Welfare Department which is in a position to help in cases of genuine hardship. Your Excellency has also advised of the need for flexibility in the labour legislation prohibiting employment of those under 15 years of age. The Commissioner for Labour and I, after close consultation, have concluded that it will not be practicable, in the conditions of Hong Kong, to prohibit all kinds of work to the under 15s. Some forms of work should still be allowed, provided a child's schooling is not adversely affected. We are now in the process of preparing our respective legislation accordingly. The types of work allowed, and the amounts permitted, will require unambiguous definition, and measures of effective control, by both the Education and Labour Departments, and will require to be carefully formulated.

Another area where some flexibility appears to be reasonable is in the type of schooling which we can regard as acceptable. Normal 'acceptable' schooling is, of course, attendance at any Government or registered day school which offers a full primary or secondary course, whether operated on a whole-day or bi-sessional basis. It also appears reasonable to accept attendance at night schools provided they offer reasonably full courses, with a minimum number of hours' attendance per week. To assist me in reaching conclusions about the place of night school education in the context of compulsory attendance I have recently had conducted a survey of present night school pupils. The findings of this survey are being studied.

As Your Excellency has said, the corollary to making junior secondary education compulsory is the abolition of fees in the public sector. As I have already explained the public sector includes places in Government and aided schools and bought places in private schools, all of which are allocated through the new central allocation system. If I appear to be labouring this point of the public sector, I apologize, but I do so to avoid any misconception that all junior secondary places will be free of fees in 1978. This will not be so. During the years 1978-79 and 1979-80 there will still be a number of pupils studying in Forms 2 and 3 in private schools who will not be occupying bought places. These pupils will continue to pay school fees. In future, as I have already mentioned, there will also be a small group of pupils, who, having attended primary schools not participating in the new allocation system, will proceed to independent private secondary schools outside the public sector. Finally, fees will not be done away with in the English-speaking schools which have a different mode of financing.

Junior secondary education could have been made free of fees in 1979 to coincide with the introduction of my extended powers of compulsion. It might also, logically, have been brought in in stages in step either with the introduction over two years of compulsory attendance or the provision over three years of universal education up to Form 3. By taking the more generous approach, however, the Government sought to give the benefit to parents as early as possible and thereby encourage parents to send their children to Form 1 in 1978 so that they will be in the right class, i.e., Form 2 in 1979 and Form 3 in 1980, when my powers of compulsion are extended. The Government also wishes to encourage parents to keep their children at school to complete the full junior secondary course even though they have passed the compellable age. It was also recognized that any phased introduction would involve undesirable complications of identification and documentation and possibly increase feelings of unfairness among Form 1 to 3 pupils who just 'miss' being given a free place.

Having attempted to define the areas in which junior secondary education will become free I should now like, again to avoid misconceptions, briefly to clarify what is meant by 'abolition of fees'. From September 1978 all standard fees in Forms 1 to 3 in all Government and aided schools will be done away with. From the same date the Government will meet the entire fees charged in bought places in Forms 1 to 3 in private schools. As many Members will appreciate that is not the whole story. There are in our aided schools certain other charges upon the pupils, normally referred to as 'tong fai' or subscriptions, which are gazetted as part of the approved inclusive fee. Revenue from these additional charges is used to pay for such items as repayment of loans, the schools' portions of the cost of major repairs and the provision of additional educational, cultural and recreational facilities. The question of 'tong fai' or subscriptions is a fairly complicated one and is still being studied. It is, however, the intention of the Government that it should now meet, in the junior secondary sector, the costs of providing a

reasonable level of education at present being paid for out of 'tong fai' or subscription accounts. To this end a review of these accounts is being conducted and consultation with the Grant and Subsidized Secondary School Councils is already taking place. There are clearly going to be some demarcation problems in establishing what is essential expenditure for a reasonable level of provision, but lines will need to be drawn if public funds are to be properly and prudently spent. Agreements will also have to be reached with the private schools about what are reasonable fee levels and again lines will require to be drawn.

At the beginning of my address I referred to the structure of our education and the requirement that we should get this right and went on to describe the Green Paper proposals for the future development of our senior secondary and tertiary provision. Your Excellency has already announced the appointment of two working parties, one to review pre-primary and the other primary education, both parties to be under the guidance of a Steering Committee chaired by the Secretary for Social Services. The Steering Committee held its first meeting on 19 October and at that meeting accepted the need for some joint meetings of the working parties and for the working party on primary education to extend its considerations into the secondary education sector where it deems this necessary. These reviews will be another major step in our attempt to see our system as a whole so that we might tackle its problems in ways which recognize inter-relationships and consequential effects much more thoroughly than we have been able to do in the past.

I have already excused myself for not responding specifically to all points which members have raised in the belief that these are in fact covered by the proposals in the Green Paper or will be in the pre-primary and primary reviews. Other points have also been referred to in a non-specific way in my comments on universal junior secondary education. However, there are a number of important issues which have been raised by individual Members to which I would like to reply, within the limits of the present occasion.

Dr Rayson HUANG expressed concern that as a result of the irregular age pattern of our primary pupils only a small percentage (some 10%) will actually benefit from the extension of my compulsory powers. In fact 45% of pupils are of the age 11 years or less on entering Primary 6 and should thus have entered Form 3 before their 15th birthday. A further 35% are aged 12 on entering Primary 6 and should thus enter Form 2 before their 15th birthday. I do not visualize major problems for these groups in finishing the junior secondary course. It is true, however, that the age structure is irregular but it is becoming more regular each year. This is a matter to which we have given study and which will, I know, be thoroughly examined by the Working Party on Primary Education.

I take Dr HUANG's point about compelling children to attend unsatisfactory schools, though I must hasten to assure him that we are not buying unsatisfactory places. It is true that we intend to extend the public sector



through a building programme which will result in our no longer buying many of the places in private schools which we are taking at present. There are problems in the use of public funds to improve facilities in enterprises legally entitled to make profits. There is also the fact that some private schools, though the present places they provide are adequate, would find it impossible to improve their physical conditions sufficiently to meet the higher standards we shall require as part of the improvement of our provision. Even more important, the replacement of many places now in urban schools will have to be in the New Territories.

In his comments on the curriculum of our junior secondary education, Dr HUANG has undoubtedly put his finger on a very real problem, that of meeting the needs of the wide ability and interest spectrum resulting from universal provision. It is probably true that the syllabuses and guides initially produced by the CDC do not go far enough to meet this problem of catering for students who may either proceed with their formal schooling or leave school for employment either with or without vocational training. Indeed without knowing in advance which students are to proceed further with their education, and with our ambitious student population it was a formidable task and one which our curriculum developers had not tackled before. However, the Curriculum Development Committee is very conscious of this problem and has given clear instructions to its various subject committees to give more attention to the needs of less academically able students who are likely to leave at the end of Form 3. With its policy of continuously monitoring the progress of the curriculum in schools, and making progressive changes to meet deficiencies the Committee is well placed to meet the full needs of Hong Kong students but this is not going to be achieved overnight.

Finally, Dr HUANG will excuse me if I fail to respond in any depth to his far-reaching observations on the need to avoid over-rigid direction and to allow for maximum variety, flexibility and mobility in our education system. The issues he has raised are too big for full discussion here. What Dr HUANG is, in essence, proposing I believe is that options within the education system, are kept open as long as possible for each individual. To achieve this would require 'elbow room', that is, over-provision at the various levels. This is highly desirable, but very expensive. I hope that Dr HUANG will agree that, while our present plans and proposals will not achieve his aims, they do go some way towards them. Links have been established for example between the prevocational schools, the Technical Institutes and the Polytechnic. A credit module system is being introduced into the Technical Institutes. Some increase in the range of our provision will come and there will be a considerable decrease in the competitive element in the system.

Miss BENNETT also raised a number of issues to which I should like to respond. Her criticism of the delay in the award of a set of scholarships last year is taken. There was delay caused largely by the increased numbers of applicants and a shortage of manpower during the critical period. There will

be no repetition of this delay. Miss BENNETT's comments on kindergarten education, in particular her proposals for kindergarten teacher training fall within the purview of the Working Party on Pre-primary Education. Similarly, the proposal to increase the class: teacher ratio in primary schools will be examined by the Working Party on Primary Education. As regards increased staffing ratios in the secondary schools, I accept that the revised curricula and implementation of proposals for further changes in our senior secondary courses, including Form 6 courses, will almost certainly require some additional staff. The case for an 'across the board' increase, however, will need to be very compelling in the light of the other demands upon our resources.

In trying to steer between the Scylla of skimpiness and the Charybdis of complete coverage, in painstaking detail I have dealt summarily with some issues and left out others altogether.

When I look at the new things we are doing, the old things we are doing in new ways or on a much larger scale, and the activities we are putting under the microscope, I am conscious of the need to be exceedingly alert to consequences, the need for tell-tales placed at nodal points in the educational edifice which point out fissures and distortions but I am confident that there will be certainly an adequate supply of persons able and willing to put themselves to the inconvenience of telling me immediately if things begin to go wrong. Information is the necessary pre-condition of sound control and I must be grateful to those who supplement my own increasing sources of knowledge with their warning cries.

Sir, I do support the motion.

DIRECTOR OF SOCIAL WELFARE:—Sir, as Honourable Members are well aware, social welfare covers a wide field. Valuable work is being done in each part of this field. But I think, Sir, that Honourable Members will expect me to concentrate, in what I say today, on the three Green Papers on social security, services for the elderly and personal social work for youth mentioned in Your Excellency's Address. The issues arising on rehabilitation will be dealt with by the Secretary for Social Services.

The Green Papers, which will set out the programmes for social welfare development that the Government proposes in each of the three areas, will soon be published. I do not therefore propose to go over in detail the ground that the Green Papers will cover. But I should like to discuss their implementations. If they are approved and implemented, they will mark a substantial step forward in the coverage and impact of our social welfare services. By the same token, however, the very fact that they do represent such a major step forward means that it is not possible to implement them all overnight. We can only go forward as quickly as our resources permit. By resources, I do not have in mind only budgetary considerations, though these are of course important. I also have in mind our available manpower

resources; the administrative infra-structure of the Social Welfare Department and the voluntary agencies; the readiness of voluntary agencies in taking up new projects; and the time needed for building projects. Of all these factors, the need for additional trained workers is perhaps the most crucial. It will be discussed in more detail by the Secretary for Social Services.

As Honourable Members will no doubt agree, a development programme which is badly executed may well be worse than no programme at all. We should do little service to Hong Kong if we were to raise people's hopes with new proposals but then, by failing to implement them effectively, replace hope by disappointment. We must make every effort to move forward as fast as is practicable; and that we shall do. But equally we must not try to move forward so fast that we over-reach ourselves. We must also ensure that my Department will continue to deliver an efficient service to the public in spite of the expansion under these new programmes. The rapid development that has taken place in the last few years has already indicated a need for a comprehensive social welfare service in each district and more comprehensive management and co-ordination under a regionalized departmental structure. I hope that within four months a management review team now at work in my Department will come up with acceptable proposals for improving our efficiency which is essential if we are to fulfil the tasks before us.

We have considered carefully how quickly we can implement the various programmes of development, and which programmes merit the highest priority. Choosing between different social welfare programmes is never easy, but choose we must. In making the choice we have taken into account both the needs of those concerned and the administrative constraints. I shall deal in turn with our conclusions in relation to each of the main areas covered by the Green Papers.

In social security, the Government considers that priority ought to be given to improvements in existing provisions, particularly those in the Public Assistance Scheme which benefits those in our community who are worst off. Accordingly, it will be proposed that the improvements in the Public Assistance Scheme should be implemented with effect from April 1978. Briefly, the improvements are these. First, those families who have been receiving public assistance for more than 18 months will receive a supplement to their monthly allowance of \$200 while single persons will get \$100. The aim of the allowance is to help with long-term household expenditure. Secondly, persons over 60 receiving assistance who do not also receive a Disability or Old Age Allowance will receive a monthly supplement of \$100 to help with the expense of old age. Thirdly, those people who do not have to register for work with the local employment service as a condition of receiving assistance will be able to keep, as an incentive, half their earnings up to a maximum of \$100 in all. This will benefit those over 60 and, for example, widows with young children. It will also be proposed that at the same time the non-means tested Disability and Old Age Allowances should

become payable to those in residential institutions; and that the social security appeal board, which will hear appeals on Public Assistance, Disability Allowance and Old Age Allowance cases, should begin operations. Finally, it will be proposed that the next step after this should be to extend the Old Age Allowance Scheme to cover those aged 70-75. To enable the operation to be carried out smoothly it is proposed to make the extension in two stages—one in October 1978 and the other in April 1979. In October, 1978 the age limit would be lowered to 73; and in April 1979 to the age of 70. It would not be practicable to aim to extend the scheme to cover the large number eligible in one stage—there are almost 150,000 aged between 70-75 and to do so would be to invite precisely the administrative difficulties we are trying to avoid. Moreover, the worst off, namely, those who are on public assistance, will get the benefit of the new old age supplement with effect from April 1978.

Whether all these proposals go forward will of course depend on their being approved by the Finance Committee. The total cost of the social security proposals for the year 1978-79 would be of the order of \$65 million. This includes the cost of increasing the scale rates by about 11% as from 1 February 1978.

As regards the development of services for the elderly in 1978-79, I hope to see the establishment of two multi-service centres for the elderly, a modest increase in the number of home helpers, 9 more social centres and up to 500 more places in homes for the aged including care and attention homes and another 500 places in hostels for old people. I also hope to provide for a modest measure of special transport for old people and for two day care centres and two handicraft centres on an experimental basis. The total recurrent costs of these services in 1978-79, if approved, would be of the order of \$6 million.

It will be proposed that the main thrust of the development of personal social work among youth in 1978-79 should be in three areas. First, I hope to see an expansion in play leadership schemes and youth guidance on a district basis; an expansion in family life education both in Government and the voluntary sector; and the development of school social work through the deployment of 120 student guidance officers in the Education Department and an increase in the number of school social workers in my Department and the voluntary agencies. If approved, the cost of the proposals would be \$8 million for my Department and \$4.5 million for the Education Department.

May I now turn, Sir, to the points raised by Honourable Members. But before doing so may I say how pleased and encouraged I was to note their general support for the proposals that have been put forward. I was particularly encouraged by the welcome that has been given by Honourable Members and in the press to the Sickness, Injury and Death Benefit Scheme. An actuarial study of the Scheme is being put in hand so that more detailed

information will be available when the Government assesses the response to the Green Paper. If in the light of the response and the study, the decision is to go ahead with the Scheme, a detailed draft Scheme will be prepared for consultation with employers and employees associations.

DR S. Y. CHUNG questioned whether contracting-out of the Scheme was desirable and made the point that, if the Scheme was to be successful, either all the contributions, or the bulk of them, should be the employers' responsibility. Mr WONG Lam emphasized the need to maintain participants' interest in the Scheme and suggested that one way of doing so would be to incorporate a savings feature. He also suggested that employees should be able to contribute more than 2% if they wished. Both Dr CHUNG and Mr LEUNG Tat-shing hoped that the Scheme could be started before the end of 1980.

If the Scheme is approved, then I am sure that all of us would like to see it started as soon as practicable. But I should not like to promise more than I can expect to achieve, and I do not think I can do more than say that if it is possible to start earlier, we shall try to do so. We are, however, breaking new grounds with this Scheme as Dr Harry FANG pointed out. And we must allow adequate time for consultation on the details of the Scheme.

It would be simpler not to have any contracting-out arrangements. But I doubt whether that would be fair to those forward looking employers, who have introduced their own schemes, which may be valued by employees. Employers do not have to contract-out: but I believe they should have the option. I agree with Dr CHUNG and Mr WONG that it is important to have arrangements to safeguard the position of an employee who changes jobs. Proposals are made in the Green Paper to deal with this, which I hope will fully satisfy Dr CHUNG and Mr WONG.

I take the point that in such a Scheme it will be important to provide encouragement for an employee to join and stay in the Scheme. One way of doing it may be to introduce a 'savings' element and we shall look into this, though I suspect it may make the Scheme unduly complex. What Mr WONG has in mind, however, might be adequately met by the proposal that members might be able to obtain a housing loan from the Scheme after 5 years membership, though whether this idea is to be incorporated in the Scheme will depend on actuarial advice.

As to contributions to the Scheme, the Green Paper will say that the Government will examine the possibility of allowing employees to pay, voluntarily, a higher contribution, though without any matching higher contribution from the employer. I believe that some contribution from the employee is fundamental to the way the Scheme would work: but the Government will take careful note of what is said about the rate of contributions payable.

Honourable Members will appreciate that in responding to what they said on the Scheme, I am not giving the Government's final reactions. We

shall no doubt have more detailed discussion when the Green Paper is published.

A number of Members welcomed the proposed long-term supplement for those on assistance, but Miss Ko while doing so wondered whether the 18 months qualifying period was too long. This is, I agree, very much a matter of judgment. But at this stage we should err, if at all, on the cautious side. The aim is to help long-term cases; and we do not want to reduce the qualifying period so far that we blur the distinction between long-term and short-term cases.

Dr Henry HU referred to the Public Assistance Index. The position will be explained in the Green Paper; and any comments on what is said in the Green Paper will, of course, be carefully considered.

Implementing the proposals in the Green Papers will present a challenge both to my Department and the voluntary sector. The review of the organization and management of my Department which I referred to earlier in my speech is taking into consideration the various points relevant to this made by Honourable Members. The shape the proposals are taking will be discussed at an early stage by the Social Welfare Advisory Committee, and this will enable the views of the voluntary sector to be taken into account, which as Dr Hu rightly says, is necessary. Preliminary and informal discussions by the management review team with the Hong Kong Council of Social Service are in fact already taking place.

For much the same reason, we need to look carefully again at the subvention process, the availability of trained social workers and the need for standard setting, which Miss Ko, Dr HU and Miss BENNETT emphasized. I hope we can make early progress in each of these fields.

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

COMMISSIONER FOR LABOUR:—Sir, in concluding that section of Your Address dealing with Labour matters, Your Excellency emphasized the importance of the Labour Department's consolidating and building up its resources during the coming years.

But you prefaced this by saying that this did not mean the flow of labour legislation would just dry up. We can now perhaps expect a more measured pace after the rapid progress of the last few years.

Workmen's Compensation is a matter—very complex in parts—needing regular review and, after the three amending bills—introducing the Silicosis Scheme, better arrangements for providing artificial limbs and appliances and other improved procedures, which Your Excellency has already mentioned—when these have been enacted—I shall start a comprehensive review of the Workmen's Compensation Ordinance. To do this properly an inter- departmental Working Group will be needed. But I shall be seeking views

from both sides of industry and commerce as to the improvements they would like to see made.

Then, apart from some amendments to the Factories and Industrial Undertakings Ordinance, I shall be introducing three more sets of regulations to improve safety on construction sites, in the handling of cargo and in the use of electricity in factories. A considerable amount of preparatory work has already been done and in all three cases we shall again seek as wide consultation as possible.

Finally some amendments are needed in the Employment Ordinance. Apart from the need to consider removing the present bar on the application of the Ordinance to non-manual workers earning over \$2,000 a month there are some enabling amendments that I shall also be proposing later in the Session concerned with powers of entry and powers to make regulations, similar to those in the Factories and Industrial Undertakings Ordinance. Control of young people in non-industrial employment will be introduced with the aim of assisting the Director of Education in enforcing school attendance. Control in the non-industrial sector will initially be applied to children under 14, that is the 12 and 13 year olds, and then be extended in this and the industrial sector to children under 15, that is the 14 years olds.

I would now like to touch on the question of industrial training which has directly, or indirectly, been referred to my Members. This very important aspect of the Labour Department's work will need increasing attention as diversification of industry develops to the extent foreshadowed in other speeches in this debate. The contribution of the Hong Kong Training Council in devising training facilities for the new and more complex skills needed as industry expands and changes will be invaluable.

This year has been a notable one in that the Construction Industry Training Centre and the Clothing Industry Training Centre have both been completed, opened and are operating. This reflects the greatest credit on the energy and enthusiasm of the industries concerned. In his speech, Mr Francis TIEN urged the Government to encourage other industries to set up similar schemes. I can give an assurance that this is the Government's aim, which was indicated in your speech, Sir, at the opening of the Construction Industry Training Centre. There you expressed the hope that the spirit of self-help shown by the construction and clothing industries would set an example to other industries and that these new training centres would be a model for others to follow.

Secondly, both you, Sir, and Mr TIEN have alluded to the acceptance by the Government of the Hong Kong Training Council's proposal to extend its work to cover the commercial and services sectors. The Training Council has already forwarded its recommendations on the form the new machinery should take and urged the Government to provide the necessary staff to service the new machinery. Steps are being taken to provide adequate staff

for the Training Council's secretariat to service the new machinery when it is set up.

I am grateful for Mr Hilton CHEONG-LEEN's support on the need to promote industrial safety. This is a field where there is always a need for improvement —no level of casualty can ever be regarded as 'satisfactory'. It is, as my predecessors have said before me, a long process of education, regulation, and law enforcement. As we progress economically the accident figures tend to rise in the process, for more effective reporting is part of the effect of education, and wider detection results from better regulations and inspections. As industry becomes more complex and mechanized, the workforce will have to deal with more varied plant and machinery. Currently the tremendous up surge of work in the construction industry sector is being watched by the Factory Inspectorate with concern. It is vital that contractors do not adopt short cuts or exert excessive pressure to do work more quickly than the workers can safely handle.

I agree too with Mr CHEONG-LEEN, that more needs to be done by way of law enforcement. A firmer policy of prosecution is needed at this stage where advice, explanation and warning do not appear to have been all that successful. Industry must now need this warning, which is not something we are bringing suddenly out of the hat like a conjuror. It is the outcome of what has gone before. In 1973 the first major industrial safety exhibition was held. It has been followed by others, the most recent of which 'The Machinery Guarding Exhibition' in March attracted more than 38,000 visitors at the Kowloon Railway Terminus. These exhibitions have undoubtedly succeeded in arousing the awareness about safety for employers, workers and the public at large. We shall need to make more regulations where needed and to ensure that those we have got are more effectively enforced. Then advice on and explanation and publicity of the safety requirements of these regulations need extending. Where there is disregard of these, there must be—when education, advice and advisory inspection have failed to make the work-place safe—fair and firm prosecution. But in the end, success in occupational safety work rests with employers and workers recognizing that it is entirely in their own interests to aim at and achieve safer working conditions and practices.

It is with this wider, joint concern in view that there must be more unofficial participation and involvement in the further advancement of industrial safety, and with the help of the Labour Advisory Board I am setting up a group I consider very important which will concern itself with Industrial Safety and Accident Prevention. I expect this Committee to start work in the near future.

In this field, there is much that needs to be done. The Factory Inspectorate must be strengthened, improve its standards and enhance its status and prestige. This year some twenty or so Assistant Factory Inspectors are being recruited and at least thirty more will be needed next year. With a strength



of about 100 there are heavy training commitments and it means that the average age and experience of inspectors will become much lower. Similar problems confront us in other fields. We shall need to recruit 100 labour inspectors in two batches of 50. This increase represents a first phase needed to cover expanding industry and to carry labour inspection into the non-industrial sector.

For the Assistant Labour Officer grade we are recruiting about 20 this year and another 40 next year. The Labour Department, like other departments, faces stiff competition in attracting the kind of young men and women needed. A review is being carried out of the duties of this grade and I hope this will show whether changes are needed effectively to recruit and retain these very important Government officers.

Staffing the Industrial Training Branch, that is, to get the Apprenticeship Division up to strength to administer effectively the Apprenticeship Ordinance, and also suitable staff to provide the necessary infra-structure for the Training Council expansion into the field of non-industrial training will also be posing significant problems.

This is only a brief statement of our task to 'build up the resources' of the Department for the immediate and longer term. Consolidation is, alas, an unexciting process but a very necessary one. However, we do not lack stimulus. Our young and enthusiastic staff will see to that. For they contribute enormously to, and have a vital part to play in, our work in what is predominantly a young society. However there is an equally vital need to develop the training, expertise, and experience of those who will be taking over the work of more mature staff—an element where we are spread thin.

There are many other aspects of the Department's work, all of which have developed during the past year and which will continue to do so if less spectacularly. Indeed I am particularly glad to say how unspectacularly labour disputes have figured during the last year. This does not happen by itself, and much credit is due to the precautionary and preventive—but low-profile—dampening of potential 'brush-fires' by the Labour Relations Service.

The Local Employment Service, which was rapidly expanded in staff and premises to deal with the Extended Public Assistance Scheme for registered able-bodied unemployed people, has also produced benefits quite unrelated to that Scheme. We have been able to do much more in the way of getting vacancies registered with the Service and whereas it was an exceptional month last year when 500 job-seekers were placed, this year in at least two recent months a thousand were placed. This is a very significant extension in a service to the public.

Finally I would like to mention our annual event for young people. I hope our Youth Employment Advisory Service Careers Exhibition at the Kowloon Railway Terminus to be opened on 25 November by my honourable Friend

Mr Q. W. LEE will have an even better attendance than the previous record of 96,000. The intense interest of the young people going there has been, and I know will be, a very welcome response to the staff who work so hard to make this a success.

With these words, Sir, I support the motion.

4 p.m.

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

4.20 p.m.

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

SECRETARY FOR HOUSING:—Sir, two housing topics have attracted attention during this debate: public housing rents and the Home Ownership Scheme.

#### *Public Housing Rents*

Since Unofficial Members spoke two weeks ago, the Housing Authority has announced its new rent policy. The Authority was greatly helped in its review of rent policy by the new financial arrangements between Government and the Authority which were announced earlier this year. Under these arrangements, first, Government credited the Authority with the land and buildings of pre-1976 estates; second, land will in future be provided free of premium; third, capital borrowings from the Development Loan Fund will be free of interest and will be repayable over forty years; fourth and finally, the Government grant to cover the deficit on Group B estate accounts will cease. There is no doubt that on balance, these arrangements are a great improvement and will enable the Authority to operate more flexibly and effectively.

The Authority is responsible for 374,000 flats, built over a period of 23 years, with a very wide variety of rents and costs. It is charged with, and accepts fully its responsibility for, providing an acceptable standard of accommodation, within their means, for both existing tenants and for the large number of people who need public housing and are eligible for it.

Bearing all this in mind, the Authority recently approved a new rent policy which will ensure that the Authority will have a comprehensive range of accommodation within the means of its wide range of tenants and prospective tenants. Particular attention will be paid to the needs of low income households, including the elderly and the disabled in need. Rents of new estates will be determined after an assessment of the relative value of each new estate as compared with other estates, taking into account factors such as location, amenities, environment and services. For pre-1973 estates, rents will be reviewed every two years, and particular regard will be given to general economic conditions. The rents of post 1973 estates will be kept at their current levels for the time being; in future, rents will be reviewed

periodically to take into consideration increasing management and maintenance costs and general income levels.

The long-term aim of the Authority is therefore to achieve a balanced relationship between the rents of different estates; and to try to ensure that this relationship, using a comparative value approach, is understood and accepted by tenants. By the way, Sir, taking up a point made by the Rev MCGOVERN, the Authority does not think that tenants have much difficulty in deciding which estates they prefer, for a variety of reasons both general and particular to the circumstances of the individual tenant concerned; the application lists and the expression of preferences in the voluntary transfer scheme make this very clear.

The Rev MCGOVERN's suggestion that specific rents for each and every flat should be determined in detail, has an apparently simple elegance, but it overlooks first the historical background and the wide variety of estates and the needs of tenants to which I referred earlier; second, it overlooks the fact that if rents were to be fixed strictly according to the cost of each estate when it is built, a person who is in public housing *now* will over the years enjoy a progressively greater benefit compared with a person who enters public housing at a later date, if only because of the continuous increase in construction costs. I think these facts are well understood by the majority of people—certainly by the 'man in the street' who is not yet the 'man in public housing'.

I should also, Sir, like to deal with another suggestion recently put forward that rents be based solely on amortized construction costs and recurrent costs *estate by estate* individually. If this were to be done, the Authority could not achieve a balanced rent structure and it would be compelled to consider substantial rent increases for 60% of present flats. I must emphasize, Sir, that nothing is further from the mind of the Authority.

The Rev MCGOVERN, Sir, brought out of his rhetorical cupboard some rapacious private sector landlords for a bit of target practice, and he asked that no irrelevant comparisons be made with their habits. He will, I hope, be glad to note that the recommendations on rent policy as accepted by the Authority are deafeningly, and intentionally, silent on this point.

Honourable Members may notice that in this speech, statistical details are largely conspicuous by their absence. This will not endear me to my Friend, the Rev MCGOVERN, but it is not only my natural caution but a reflection of academic modesty; for if he, with three degrees, considers himself uneducated, then I, with only one degree, should probably have some sort of permit to quote statistics in public. (*laughter*) There are however, Sir, plenty of useful figures in the report of the Authority's Rent Policy Steering Group, copies of which have been provided for Honourable Members and I take this opportunity to reassure Dr S. Y. CHUNG that I am not going to read out the report.

To sum up on rent policy, the Authority, while fully aware of the difficulties and complexities, is trying to achieve the greatest good for the greatest number; and among this number must be included those who are already in public housing, those who are eligible for public housing and awaiting their turn, and those who are ineligible but contribute towards public housing by playing their part in the economic life of Hong Kong.

Those few critics who advise rejection of the new policy as only 'promises' but regrettably fail to offer any workable alternative should, I suggest, return to their drawing-boards and work on constructive proposals. Meanwhile, the Authority will get on with the job, and be judged by the results.

### *Home Ownership*

It is gratifying to note, Sir, the enthusiastic support given in particular by Dr FANG, Mr CHEONG-LEEN, Mrs KWAN and the Rev MCGOVERN to the Home Ownership Scheme. It is now a matter of record that the Scheme has been well received by building contractors, bankers and, most significantly, by potential home purchasers. Good progress is being made with all aspects of the Scheme.

Perhaps partly because the proposals are going so well, Mr CHEONG-LEEN suggests that the Scheme should be extended in some way to assist house-holds earning between \$3,500-\$6,000. The income level for eligibility, as well as other criteria, will be reviewed regularly to ensure that the Scheme helps those families and those households most in need. It does appear however that households earning between \$3,500-\$6,000 can, if they so wish, acquire homes on current market terms without undue financial strain. Our attention must therefore focus on the less well-off households.

I agree, however with Mr CHEONG-LEEN, Sir, that the proportions of public housing for rental and for home ownership should be kept under review; but until supply in either category begins to catch up with demand, the emphasis must be on production, rather than on proportions.

I take pleasure, Sir, in supporting the motion.

SECRETARY FOR SOCIAL SERVICES:—Sir, four of my Unofficial Colleagues have spoken earlier in this debate on rehabilitation and I was glad to hear them all welcome the developments proposed in the White Paper as a notable step forward. Dr FANG observed that this is a complex field. I agree. For this very reason, the role of the unit newly set up within my Branch is primarily to co-ordinate Government's policies and planning objectives in a range of activities which cross several departmental boundaries. In order that this aim is achieved, it is not intended that this small unit should be given executive functions which must remain with the departments. Accordingly, it would not be appropriate to confer the title of Commissioner on the officer in charge of the unit.

When I spoke on the tabling of the White Paper last month one of the areas I referred to in which significant progress had been achieved was the introduction of new Codes of Aid for Special Primary Education. However, Miss BENNETT has urged that these new Codes should be re-examined: in particular those provisions relating to staff, establishment and grading. As it so happened, the Rehabilitation Development Co-ordinating Committee at its meeting last month endorsed the establishment of a small working group within Government to examine whether subvention procedures to special schools could be streamlined within expanded Codes of Aid, and I can assure Miss BENNETT that her suggestion will be considered in this study.

With your permission, Sir, I should like to take this opportunity to draw Honourable Members' attention to a number of other developments in the rehabilitation field which will take shape this year and subject to the voting of the necessary funds by the Finance Committee of this Council in 1978-79.

Before the end of 1977 I expect that the Data Processing Division will have completed a study on the best form in which statistics on the disabled should be collected and collated. As to the planning of multi-disciplinary centres, my Principal Assistant Secretary responsible for rehabilitation is currently visiting some such centres in the Federal Republic of Germany which are believed to be the most advanced in the world, and on his return he will be reporting on how similar centres might be operated and administered here having regard to our distinctive circumstances.

Experimental day centres for the severely mentally retarded will be established by the Social Welfare Department in conjunction with three voluntary agencies before the end of March 1978. In the meantime work has been in progress, even before the publication of the White Paper, on the construction of the psychiatric wing of 1,304 beds at Princess Margaret Hospital, and the provision of 288 beds for the severely mentally retarded within the Caritas Medical Centre extension scheme. These projects are due for completion in 1980 and 1978 respectively.

During 1978-79 the Medical and Health Department will be setting up a Central Health Education Unit to improve further our preventive health services; the Comprehensive Observation Scheme to provide routine observation for all infants aged below five years will also be introduced next year, as well as an Orthoptic Unit to treat defective eye movements.

Later this month we will begin a detailed examination of the problems involved in transferring responsibility for pre-vocational and vocational training for the disabled from the Social Welfare Department to the Education Department. Unless there are unforeseen difficulties the Education Department will also assume responsibility for subventing mentally handicapped children's centres from April 1978. In the field of Special Education, vision screening will be extended to all primary 1 students in 1978. Other

screening services and group testing programmes will be expanded to cover all primary students as quickly as resources permit. The Education Department is expanding its staff training programmes. One recent example of this is the agreement in principle last month by the Commonwealth Fund for Technical Co-operation to assist us in the development of speech therapy training. From April next year the Education Department will be assuming direct responsibility for the provision of braille textbooks in both Chinese and English.

Sir, while most of these developments are but modest first steps, together they comprise a stride forward towards realization of our aim of enabling the disabled to develop their physical, mental and social capabilities to the fullest extent which their disabilities permit.

Both Miss Ko and Dr Hu have referred to the need for suitably qualified and trained staff, not only to meet the needs of the rehabilitation programme plan, but also in other spheres of social welfare services. This is common ground, and I drew attention to this constraint on quicker progress in my statement on the Rehabilitation White Paper on 12 October last. However, the Rehabilitation Development Co-ordinating Committee has already focused in on this problem, and one of the first items on its programme of work will be to identify current and projected shortfalls, examine present training facilities and requirements for both pre-service and in-service training, and consider how planning objectives can best be achieved.

In the general social welfare field the Director of Social Welfare has plans to alleviate the situation by redeploying staff within his Department to make the best use of trained workers. In particular, he has in mind two significant changes in the present arrangements. First, he put in hand earlier in the year a review of the welfare class, which includes most of the staff working in his Department. One of the aims of this review is to ensure that graduate and non-graduate social workers are only employed in posts that really require such training. It is hoped to complete this review by the end of the year. Secondly, the Director has been examining the staffing of social security work, with a view to reducing very substantially the number of trained social workers engaged therein. Social security work does not necessarily have to be undertaken by trained social workers, provided there is adequate inservice training for otherwise suitable staff. This should release a significant number of trained social workers for other posts.

Pending the detailed study by the Rehabilitation Development Coordinating Committee of the training and manpower needs for rehabilitation work and the conclusions of the reviews put in hand by the Director of Social Welfare, projections of manpower requirements arising from new developments in these various fields can only be rough approximations. However, in view of their understandable concern in the matter, I am now placing before Honourable Members 2 tables (Appendices A and B) showing the possible staffing implications of the various programme plans. When

the demand implications are clearer I shall, of course, discuss with the universities and the Polytechnic, in conjunction with the University and Polytechnic Grants Committee, how any projected shortfalls (in areas outside spheres of direct Government responsibility for training) can be met.

I should now like to comment briefly on Dr FANG's remarks on the turnover and supply of doctors in the public service.

I must say that I am confused and not a little perplexed by his suggestion that Government could increase the supply of doctors in the public sector by extending the period of internship from 1 year to 2 years. The internship period is a pre-registration training requirement, and the one year term is in keeping with the current practice in Britain and many other Commonwealth countries. At the end of this period the intern has to obtain a certificate from the University that he has satisfactorily completed this residential service before he can gain full registration. Accordingly, irrespective of other considerations I consider it would be a grave mistake to confuse the period of internship with any question of a possible shortage of doctors in the public service.

On the question of turnover, I should like to refer to the speech of the Director of Medical and Health Services in the Budget Debate last April. A certain turnover is inevitable in any establishment and may, in fact, be beneficial to the service so that it does not become stagnant. Of course there is also the point that those doctors who leave to go into private practice continue to play a useful role in the community. Records show that there is an average annual turnover of about 13% over the last five years. For an establishment of doctors whose services are in strong demand, this turnover rate cannot be considered to be excessive.

The main reason why a number of doctors do not make a career in the public service is clearly the much greater rewards obtainable in the private sector. In view of this it is not surprising that Government doctors have asked for certain improvements in their conditions of service, promotion prospects, specialist training opportunities, arrangements for overseas study leave, and some other fringe benefits, and their requests are now being looked into. I hope that some improvements can be made quite soon.

On the question of legislation on professions supplementary to medicine, I can confirm that this is being drafted and it should be possible to introduce a Bill into this Council during the current session.

Miss BENNETT and Mr CHEONG-LEEN both expressed interest in the Government's plans for tertiary education and, in particular, the extent to which they will meet the aspirations of sixth form leavers for places at the universities and the Polytechnic. Sir, all three institutions have undergone a rapid expansion in recent years. The combined university population has more than doubled over the past decade. When the Polytechnic was formed from the Technical College in 1972, its population was 3,800 full-time and

equivalent part-time students; the target for the current academic year is 9,850. The priority afforded by the Government to the development of higher education is evident from Government expenditure having risen from \$33 million in 1965-66, when the University Grants Committee came into being, to a provision of more than \$350 million in the 1977-78 Estimates.

The Director of Education has already described the issues which the Government considered when formulating the proposals for the expansion of senior secondary and tertiary education published today in the Green Paper. While we recognize there is keen competition among young people to get into one of the universities or the Polytechnic, this cannot be the sole consideration affecting planning. The policy put forward in the Green Paper is that expansion and I quote 'should be kept at a pace that will enable admission standards to be maintained, good quality facilities to be provided, and tertiary education graduates to have satisfactory prospects of finding suitable employment'.

Regarding the targets for higher education in the Green Paper, Your Excellency announced in Your 1976 Address that the combined university population would rise to about 10,300 by 1980-81. In respect of the following three year period, 1981-84, the Government proposes that each university should grow by 3% annually, and it envisages that this rate of expansion would be maintained in the following period, so that the university student population would exceed 12,000 by the mid-1980's. The Polytechnic is planned to reach a student number target of 11,400 full-time and equivalent part-time by 1980-81, and the Government proposes that it should thereafter be stabilized at a population of 12,000 full-time and equivalent part-time, providing for a total of nearly 30,000 students altogether. The Green Paper points out that the relative opportunities to enter tertiary education will also be further improved by the substantial decline in the 17 to 19 year old population. While in 1977 there are first year places at the universities and the Polytechnic for some 13% of the relevant population, there will be such places for nearly 23% by 1986. There will thus be substantially improved opportunities for school leavers who are capable of meeting the demands of a course of higher education to find a subsidized place.

Mr CHEONG-LEEN raised the possibility of introducing an Open University system in Hong Kong. This question has been examined closely during the preparation of the Green Paper and the conclusion has been reached that, for want of academic and technical personnel, it would not be feasible to sustain a full programme of higher education based on the media, even in a rather different form from that of the Open University in Britain. However, an alternative scheme for which there would seem to be scope is a pilot programme of part-time degrees designed for mature students, rather than school leavers, and this might also meet Dr HUANG's plea for possibilities of a second or even a third chance.



Finally, may I answer Miss Ko's question as to the timetable for the issue of Green Papers in the Social Services field. As the Council will have noted a Green Paper on Senior Secondary and Tertiary Education has been laid on the table today; this coming Friday the Green Paper on Services for the Elderly will be published; and next Monday the Social Security Green Paper will be out, and the Green Paper on Personal Social Work Among Youth will be issued on 28 November. I fully appreciate that this is a very sizeable meal. However, my Branch is not currently working on any new programme plans or Green Papers. Our task in the months ahead will be to revise the proposals in these four Green Papers in the light of public comments and to consolidate them into White Papers.

Sir, I support the motion.

## APPENDIX A

### REHABILITATION SERVICES

#### I. *Planned Increases of Staff (Requirement)*

	<i>Planned Increases (Net)</i>				
	78-79	79-80	80-81	81-82	82-83
Teachers (Special Education)	289	306	211	158	198
Nurses (Psychiatric)	2	9	500	27	—
Prosthetists	5	3	3	2	3
Physiotherapists	20	3	2	3	8
Occupational Therapists	47	3	17	9	2
Speech Therapists	1	1	—	—	1

#### II. *Estimated Supply of Staff*

	78-79	79-80	80-81	81-82	82-83
Teachers (Special Education)	200*	200*	200*	200*	200*
Registered Nurses } (Psychiatric)	85 } 122	79 } 119	75 } 115	56 } 96	54 } 93
Enrolled Nurses }	37 }	40 }	40 }	40 }	39 }
Prosthetists	—	1	3.5	5	5
Physiotherapists	8	8	7	32	30
Occupational Therapists	—	—	1	38	37
Speech Therapists	(planning to begin shortly)				

\* approximate

## APPENDIX B

## ESTIMATE OF ADDITIONAL REQUIREMENTS AND SUPPLY—GRADUATE AND NON GRADUATE SOCIAL WORK TRAINED PERSONNEL

REQUIREMENTS	77-78 (vacancies)	78-79	79-80	80-81	81-82	82-83	Total
<b>(a) Graduates</b>							
(i) Social Welfare Department	98	87	61	44	30	21	341
Provision for wastage	—	20	20	20	20	20	100
<i>Sub-total</i>	98	107	81	64	50	41	441
(ii) Voluntary Agencies (Social Welfare)	—	66	32	57	50	49	254
(iii) Medical and Health Department	15	6	9	10	6	11	57
<i>Total graduates</i>	113	179	122	131	106	101	752
<b>(b) Non-graduates</b>							
(i) Social Welfare Department	38	93	66	62	41	11	311
Provision for wastage	—	5	5	5	5	5	25
<i>Sub-total</i>	38	98	71	67	46	16	336
(ii) Voluntary Agencies (Social Welfare)	—	82	50	77	103	104	416
<i>Total non-graduates</i>	38	180	121	144	149	120	752
<b>Expected Shortfalls</b>							
<b>(a) Graduates</b>							
(i) Demand	113	179	122	131	106	101	752
(ii) Supply (HKU & CUHK)	5	85	100	100	100	100	490
(iii) Shortfall	108	94	22	31	6	1	262
<b>(b) Non-graduates</b>							
(i) Demand	38	180	121	144	149	120	752
(ii) Supply (Polytechnic and post-secondary colleges)	8	140	140	150	160	160	758
(iii) Shortfall	30	40	+19	+6	+11	+40	+6

- Notes*
- (a) The present five year forecast covers the period 1977-78 to 1981-82. There is therefore no forecast for 1982-83. The figures shown against SWD are based roughly on the estimates for the four previous years for staff requirements additional to those for the three programme plans. No provision is made for wastage in the voluntary agencies.
- (b) It is expected that it will be possible to reduce substantially the requirement for trained social workers following the review of the Welfare Class.
- (c) The supply figures take no account of any future increases in the capacity of the courses.

DIRECTOR OF HOME AFFAIRS:—Sir, Mr Q. W LEE said that he felt that people wanted to be consulted and informed more by the Government about the things that affect them. He then drew attention to the recent Review of the City District Officer Scheme and asked if the Scheme could do more to achieve better communication.

Mr LEE is right about the public demand for greater consultation and the short answer to his question as to whether the CDO Scheme can do more is 'yes, it can'.

However, Sir, I wish to explain how the City District Officer Scheme does its communications work so as not to create a distorted impression of its capabilities. It is, after all, only one of a number of channels of communication between the Government and the public. I will not talk about these other channels today because the Acting Chief Secretary did so in a talk to the Chinese Manufacturers Association in September, and he was given very good coverage in both the Chinese and the English newspapers.

From the outset of the CDO Scheme in 1968, City District Offices were planted where people were thickest on the ground. The aim was to provide a point of contact with the Government where any citizen might go in the sure knowledge that he would be courteously treated and helpfully advised, and today there are 10 main offices and 12 sub-offices in Hong Kong and Kowloon, or about one office to 150,000 people.

Most people know the City District Offices best because of their Public Enquiry Counters, and at these counters they can get direct help and information on a great variety of practical matters that are important to them, or they can be directed to where the help they need can be got. The whole range of printed leaflets and publications on what different Government departments do are also available at these offices.

Over 2 million people made contact with the Public Enquiry Counters at the CDOs' offices over the last 12 months and in this quiet and unspectacular way a vast amount of useful information is disseminated.

One of the many improvements we are now putting into effect, as a result of this year's Review of the Home Affairs Department referred to by Mr Q. W. LEE, is to make the opening hours of these offices more convenient to the public. This started experimentally last Monday when opening hours at 3 offices were extended up to 8 o'clock in the evening on some weekdays and Saturdays and on Sunday mornings as well at one office.

At the City District Office communication with people does not start and finish at the Enquiry Counter. There is also a system for reaching out to people. Each City District Officer has a team of Liaison Officers, usually young University graduates who are helped by part-time staff who work mostly in the evenings. Their job is to contact people at their homes or at

their work and hear what they have to say about the things that are going on around them.

The people they talk to come from all walks of life and since they all have families and many of them belong to organizations of one kind or another they not only express their own opinions but also transmit the views of the groups they mix with. In this way a CDO is able to find out what a large number of ordinary people in his district are thinking or worrying about. These views collected from all over Hong Kong and Kowloon provide the Government with a broad indication of public opinion on any issue. The techniques of collecting and presenting this information are continually being improved and the contacts are systematically changed.

When the CDOs' staff are in touch with their contacts their job is to find out what their reactions are to what the Government is doing. It is not their job to convince them that everything the Government is doing is right. But to ensure that discussion of public issues is constructive the staff have to understand the official point of view themselves and be able to explain it. In this indirect way people get to understand better the Government's point of view.

Another very important aspect of this out-reaching communications work is directed at people who are being affected by Government activities of one kind or another. In this crowded and congested city it is impossible to carry out large scale development work without displacing people, re-routing vehicles or pedestrians and causing mess, noise and general disruption.

CDOs have an important role to play in identifying these potential areas of friction and nuisance and arranging for staff from Government departments to meet the people who are going to be inconvenienced. It may not be possible to remove the cause of disruption but it is often possible to minimize its effect and, of course, the reasons why the disruption is occurring have to be fully and patiently explained. This has been done with good effect in the case of the Mass Transit Railway. However, I would not want the CDOs' communication role in the case of the Mass Transit Railway to be seen as in any way diminishing the credit due to the general public for the incredibly patient way in which they have suffered the many inconveniences caused by MTR works.

Supplementing the CDO person-to-person contact with individual citizens there is also regular group consultation between the 10 CDOs and the City District Committees of their districts. The City District Committee consists of the Chairmen of the Area Committees, a number of other citizens and a few civil servants. Anything can be talked about but the discussion of practical local problems is more common than debate on general policy issues. These groups are expanded when it is necessary to involve more people in the consideration of an important issue.

The 3,000 to 5,000 individual respondents reached by the liaison staff and the group meetings chaired by the 10 CDOs taken together are a significant number of points of contact at which views about Government plans and activities can be freely expressed.

An appropriate subject of general public interest can be given a very good airing by exposing it to this network of contacts. A good example, Sir, is the Green Paper on Senior and Tertiary Education that Mr TOPLEY has spoken about and which is being made public today.

Quite apart from any views on this Paper that professional bodies or individuals may send direct to the Education Department, the Home Affairs Department has arranged 10 briefing sessions at City District Offices between 18 and 28 November at which the paper will be explained by a Deputy Director of Education. Two weeks later the same groups will get together again to air their views on it. Then the CDOs will sound out their individual contacts. This consultation process will expose the ideas in the paper to many people who, in the main, have a non-professional interest in education. Their opinions will be recorded and sent to the Policy Branch of the Government to be considered along with views on the paper coming from other sources and broadly similar consultation mechanism will be used for the other Green Papers that have been mentioned today. This organized network of contacts with very large numbers of ordinary citizens is one of the services provided by the CDO Scheme. The service is available to any Government department which feels it needs to consult the public or wants to check its assessment of public reaction to its policies or proposals and I hope that the fullest use will be made of it.

Sir, Mr CHEONG-LEEN recommended the wider use of Chinese as an Official Language and made a number of suggestions. I will comment briefly if I may on two of them.

The first suggestion is that more Chinese Language Officers in both the Executive and Judicial Branches of Government be sent to attend courses on translation and interpretation.

A comprehensive study of the training needs of the Chinese Language Officer Grade has been going on since June this year and its report should be finalized this week. I am happy to say that the report covers the point made by Mr CHEONG-LEEN but I cannot give any details at this stage. I will let him know what new training arrangements are to be introduced as soon as I can be definite about them.

Mr CHEONG-LEEN's second suggestion is that there should be a searching review of existing policies and introduce improvements, if necessary, by recruiting additional qualified staff to the Chinese Language Branch in the Home Affairs Department.

The answer to this is that just such an examination was carried out earlier this year as part of the comprehensive review of the Home Affairs Department and as a result I have submitted proposals to the Government Secretariat for extra staff at different levels to strengthen the Chinese Language Division of my Department.

Sir, I support the motion.

### **Suspension of sitting**

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now suspend the Council until 2.30 p.m. tomorrow.

*Suspended accordingly at five o'clock.*