

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 30 March 1978****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR CRAWFORD MURRAY MACLEHOSE, GBE, KCMG, KCVO

THE HONOURABLE THE CHIEF SECRETARY  
SIR DENYS TUDOR EMIL ROBERTS, KBE, QC, JP

THE HONOURABLE THE FINANCIAL SECRETARY  
MR CHARLES PHILIP HADDON-CAVE, CMG, JP

THE HONOURABLE THE ATTORNEY GENERAL (*Acting*)  
MR GARTH CECIL THORNTON, QC

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR LI FOOK-KOW, CMG, JP

THE HONOURABLE DAVID HAROLD JORDAN, CMG, MBE, JP  
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

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

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

THE HONOURABLE DAVID WYLIE McDONALD, CMG, 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 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 JOHN CHARLES CREASEY WALDEN, JP  
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE JOHN MARTIN ROWLANDS, JP  
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE DAVID RAYMOND BOY, JP  
SOLICITOR GENERAL (*Acting*)

THE HONOURABLE SIR SZE-YUEN CHUNG, CBE, JP

THE HONOURABLE LEE QUO-WEI, CBE, JP

THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP

THE HONOURABLE PETER GORDON WILLIAMS, OBE, 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 FRANCIS YUAN-HAO TIEN, OBE, JP

THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

THE REV THE HONOURABLE JOYCE MARY BENNETT, JP

THE HONOURABLE CHEN SHOU-LUM, JP

THE HONOURABLE LYDIA DUNN, OBE, 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, OBE, JP

DR THE HONOURABLE RAYSON LISUNG HUANG, CBE, JP

THE HONOURABLE CHARLES YEUNG SIU-CHO, JP

**ABSENT**

THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, JP

THE HONOURABLE JAMES WU MAN-HON, OBE, JP

**IN ATTENDANCE**

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

---

**Second reading of bills (resumed debate)****APPROPRIATION BILL 1978****Resumption of debate on second reading (29 March 1978)**

*Question proposed.*

MR T. S. LO:—Sir, by his Budget Speeches the Financial Secretary has consistently demonstrated to us and demonstrating it conclusively why wit is so often associated with brevity. (*laughter*) Accordingly, I shall make a real effort to be brief but I do hope that this will not prove to be a hinderance to a better understanding.

First, I would like to refer to Hong Kong's illusory reserves. The Financial Secretary admits that by the end of this financial year the Government against its fiscal reserves of HK\$4,890 million will have a contingent liability of HK\$6,400 million rising to HK\$9,500 million by 1982. He considers this to be well within his guidelines which require one third of our contingent liabilities and 15% of expenditure in the coming year covered by our reserves. To plan to have one third of our contingent liabilities covered by reserves would seem perfectly sound if the contingent liabilities have a better than three to one chance of never being called, of never becoming actual liabilities. But it would obviously be less than sound if the chances of the contingency turning into fact are much more likely. In my view a substantial portion of our contingent liabilities will, in all probability, become actual liabilities because much more than half of them result from the guarantees which the Government gave to cover the MTR loans. (*laughter*)

I know that all I have to do is to mention the MTR (*laughter*) and apart from laughing, Honourable Members will think that I am trying once again to debate its viability. I shall disappoint them. The time for that kind of debate, alas, has long gone by. It is now time to take stock and to see whether we ought not to make some contingency plans. My point is simply this:—

If unfortunately I was right that the MTR will not be viable, at least in the early years, and I know that there is a considerable body of opinion now both inside and outside Government which shares this pessimism, if I was right, then we should start planning now to see how we can best mitigate the effects of this.

I understand that at a cost of a few million dollars Government has employed consultants to consider how public transport can be rerouted to fit in with the MTR. Of course, if the MTR can have its competition reduced by means of rerouting public transport, that would be a solution, but any void in public transport that may be created by rerouting the buses will much more likely be filled by mini-buses and shared taxis than by the MTR. If the bus companies could be persuaded to increase their fares by 5 to 6 times it would also reduce competition but to increase fares drastically at a time when the bus companies are making bumper profits would seem not only grossly unfair but also unlikely. In any event, I am opposed to Government using such artificial methods to improve the MTR's competition for passengers.

What then should we do? I think we should consider reducing the MTR debt servicing charges and this can be done if Government would pay in further capital sums out of its reserves. If the Government would use its reserves now to take up more shares in the MTR it would enable it to pay off an equivalent amount of its liabilities or to delay further borrowings. Quite apart from reducing MTR's overheads this suggestion has the ancillary advantage of making the picture of our financial position a more realistic one and this in turn would reduce the possibility of unwarranted jealousy or discrimination against us on account of people outside Hong Kong getting a false impression of our wealth.

My next point relates to the sea. I respectfully invite the administration to consider whether we are making the best use of it as one of our few natural resources. Because of archaic laws there is no similarity between the laws governing private rights over dry land and private rights covered by sea water however shallow. If we stopped and thought about it our territorial waters need not be treated differently in law than any part of our land. Our land is easily carved out to be developed for multifarious uses for industry and agriculture, for recreational, residential and transport purposes. I think that we should allow our sea to be developed with the same flexibility so that without affecting transport lanes for shipping our waters can be properly developed particularly for recreation and marine culture. The economic potential of this is unknown but may be quite substantial even in export terms. Consequently, I urge that our laws be adapted quickly to meet our needs, for any worthwhile development involving heavy capital expenditure can hardly be encouraged to take place until after that is done.

Connected, if only tenuously, to the question of whether we are making the best use of our waters is the question of whether we are making the best use of our land. On this question I listened with full agreement to Mr Q. W. LEE yesterday when he called on the administration to review our planning and environmental standards to see if we are striking the right balance between preserving a reasonable environment and making the best

use of what little land we have. Implicit in my support of Mr LEE's point is my rejection generally speaking of the argument that I hear from time to time that we should subsidize certain land intensive industries. I say generally speaking because it may be possible to make out a case to support the subsidization in land cost of certain labour intensive industries. But even here I cannot but feel that we are on a slippery downhill path. The more land we take away in this way the less would there be left and the more expensive too. It seems logical in Hong Kong where land is scarce land intensive operations should be discouraged not encouraged.

My final point relates to bills introduced by the Government into this Council. Given the underpinning fact that Hong Kong cannot survive without being economically viable I urge that when new laws are presented for debate the administration ought to show both the financial and the economic implications involved. Bills should no longer be debated in vacuo.

At present the administration merely describes to this Council the social benefit that it hopes to achieve by a bill but it does not as a rule describe either the cost of operating the new law or work out whether it has any effects on our economy.

I know that the cost of administering the law is usually considered by the Executive Council before the bill is introduced. I know also after the bill is passed and becomes law the Finance Committee of this Council will be required to approve any proposed expenditure resulting from it. However, this is quite different from having the cost of the bill considered at the time when it is first introduced in this Council. We must not forget that both the Executive Council and the Finance Committee meet in camera, and so the public are ignorant of this vital piece of information at the time when it is given an opportunity to express an opinion on the bill. Moreover, at the time when the bill is being debated even this Council is unable properly to weigh the social benefits proposed against the costs involved and when ultimately its Finance Committee does look at the cost its Members are in the unenviable position of having already voted in favour of the bill. It is the practice of a number of jurisdictions to include a financial paragraph in the 'Objects and Reasons' section of a published bill. The fact that in Hong Kong bills are published with an Explanatory Memorandum instead of Objects and Reasons provides the administration with no logical reason why a financial paragraph should not be included.

Even more important is the point that the administration should disclose its analysis of whether a bill has any substantial *economic* effects. I doubt whether this is done methodically even for the Executive Council but certainly it is not done when the Finance Committee is asked for funds. Indeed, I doubt if internally the administration systematically analyses the economic effects of each proposed measure. This is clearly dangerous. It may be that some measures are so socially beneficial that they should be adopted at any price, but whether this is so in any particular case ought to be open to

debate and the proper place to debate that is in this Council, openly. It may be that to conduct such an analysis will take time but since most economic effects cannot be reversed with the same facility that they are started in motion surely the time taken would be worthwhile. It may be that most measures have little or no economic effect at all but then for them all the administration would need to do would be to say so. Accordingly, I would urge that in future an economic analysis be made of each bill by the member introducing it and this can appropriately be done by him in his second reading speech.

Sir, in Hong Kong we survive through being economically viable. We cannot afford to be ignorant of the price that we have to pay for anything. However complicated the effects or counter effects may be for or against any proposed measure we simply have to come to grips with it. We can no longer blithely leave it to the resilience of our people. Subject to these remarks I support the budget.

MR TIEN:—Sir, the textile and clothing sector of our export industry seems bent on challenging the law of economics. Faced with all the adverse elements that are mentioned in economic textbooks, which should have put an end to any further expansion of this sector, we have seen not just modest, but substantial growth in the value, even in real terms, of this sector expanding at a very respectable rate in the region of 200% over the last 5 to 6 years. Even in what was regarded by most traders as a formidably bad year, 1977, we, the textile and clothing manufacturers appeared to have been able to hold our ground.

An analysis of our export figures will show that when we became less competitive in yarns, we moved into fabrics; then higher grade fabrics and then garments and, as a consequence of what to Hong Kong is the natural progression, the higher grade garments. Indeed current trade figures show that garment exports in 1977 accounted for 84% of our total textile exports; as compared with 77% in 1970. Garment exports represented 39% of our total domestic exports in 1977, as compared with 35% in 1970.

It would therefore be fair to say that there is every evidence to demonstrate the strength of our garment industry and, on past form, there seems to be no reason why we should not expect this sector of the industry further to trade up and increase its share in our total exports.

The point that I am driving at, Sir, is that while we must obviously look for more industries to widen our industrial base through the catch-phrase 'Diversification', we must not lose sight of what we already have. In seeking other things, one must not put aside an industry which has taken more than 20 years to build and in which our people in Hong Kong have great expertise. This was stressed most aptly by my honourable Friend the Director of Trade, Industries and Customs in his recent speech at the Opening of the Joint Conference of the Textile Institute's Hong Kong

Section and the Shirley Institute of England on 7 March 1978 at the Convention Centre here and I quote 'the pursuit of diversification does not mean that we have written off the textile and clothing industries. I want to emphasize this point because I know that some people have thought that this is what it means'. I do hope, therefore, that in formulating future policy on further industrialization and diversification, the Government and other bodies sharing responsibility in this matter will have regard to the fact that we have diversified within the textile industry, to the general good of Hong Kong; and that this industry is capable of further diversification, upwards into increasingly higher brackets of our overseas market.

In this regard, I must pay tribute to the Hong Kong Trade Development Council which, in my view, has done a good job in keeping Hong Kong's name in the forefront of the minds of our overseas customers. We must encourage the TDC to continue its efforts in this direction; indeed I would support any scheme that the Council may propagate to increase such efforts. It is, however, a matter of deep regret, that while the Council is pursuing these commendable effects, it seems to lack real expertise on the garment industry.

While I would be the last one to belittle the staff of the TDC, nor do I have any doubts on the calibre of the members of its Council, one must feel a sense of unease when one finds that there is not a single garment manufacturer on a Council which had a budget of \$38.33 million for 1976-77, 40% of which came from garment exports.

As the Council's main source of income is derived from the proceeds of an *ad valorem* levy on exports and imports other than foodstuffs, the major part of which comes from the clothing industry, it is indeed strange to find that at the moment, there does not appear to be a representative from the clothing industry serving on this Council, although one had invariably been appointed in the past. This is a most unsatisfactory state of affairs in view of the importance of the clothing industry to Hong Kong's economic wellbeing and I would urge you, Sir, to consider the appointment of a number of suitably qualified persons from the clothing industry to serve on the Hong Kong Trade Development Council in order to achieve a proper balance to reflect more closely the position now occupied by the industry and to enable the promoters of Hong Kong's garments abroad to be fully conversant with the local scene and the sensibilities of our overseas markets.

If this proposal commends itself to you, Sir, all that would be necessary is a minor amendment to section 11(1)(d) of the Hong Kong Trade Development Council Ordinance to facilitate such appointments. There is a precedent for this in the case of the Hong Kong Polytechnic, whose governing body was recently expanded because of complexity in management and administration due to the increase in its student enrolment.

Although not entirely related, it is relevant to note that the expenditure of the Trade Development Council has increased nearly threefold since

1970-71, when its budget was only \$18.14 million as compared to \$49.72 million for the ensuing financial year, without any increase whatsoever in its membership since its establishment by statute in September 1966.

Another matter which I would like to raise is the question of labour. Due to the rapid expansion of our industries in Hong Kong over the past decade, we are experiencing a serious and acute shortage of skilled labour. This will no doubt be further aggravated by Government's intention of providing free and subsidized education as envisaged in the Green Paper on Senior Secondary and Tertiary Education. There is a danger that more young people than ever before will choose to continue full-time education rather than employment if they had the choice. A situation may therefore arise where few Form III leavers will choose to enter employment as craft apprentices or semi-skilled workers to the detriment of industry generally. A further factor which will aggravate the supply of labour in the mid-1980s is the slow down in the growth rate of the population of working age from the present 3% per annum to just over 1% as mentioned by my honourable Friend the Financial Secretary in his Budget Speech.

To meet the demands of industry in Hong Kong, particularly that of the textile and clothing sector which employs the largest number of workers, may I ask if any action has been taken by the Government to relax our immigration laws to allow entry into Hong Kong of persons from our neighbouring territories in order to alleviate this shortage.

I appreciate, of course, that an injection of a labour force in this way, of a magnitude necessary to meet the demand, could further stretch our social facilities, but given the necessary good-will, I am confident that any difficulties which may arise could be resolved.

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

REV JOYCE M. BENNETT:—Your Excellency, the Budget Speech by the Honourable Financial Secretary has given us encouragement and hope. There is money for the expansion of the social services and it is about them that I wish to speak today. I shall confine my remarks to two aspects of the life of the community that affect us all: education and the community nursing service.

In the education field I wish to comment first on one of the methods the Government is using to provide a secondary school place in the public sector for all Primary 6 leavers in 1978 and thereafter in Form II in 1979 and Form III in 1980. On page 65 of the printed edition of the Financial Secretary's speech there is a footnote to tell us the number of Form I places in the next years and in what types of schools these are to be found. I wish to draw your attention to the confusion that arises by dividing the schools into only three categories. We all know what are Government schools. But what are aided and assisted schools? And again what is meant in this list



by private schools? When we study the Estimate of Expenditure for 1978-79 page 126 paragraph 18, we are clearly told that aided schools are subsidized according to the Code of Aid for Secondary Schools and 'are required to pay teachers the same level of salary to which they would be entitled in a Government school'. The following paragraphs describe different kinds of private schools that are assisted by the Government in different ways. Paragraph 21 refers to 41 assisted private schools at present of which 36 are to be brought on to full aid from September 1978. These schools for many years tried to run efficiently and give fair treatment to their staff as regards salary and terms of service. But they found they were continually losing staff to the aided and Government sectors, because they were unable to pay their teachers on the same level of salary to which they would be entitled in a Government or fully aided school. I want you to keep that fact in mind as we look again at the method proposed by the Government to increase secondary places in Government-designated, purpose-built schools.

These are to be the standard pattern of new secondary schools in the new urban areas and the New Territories; they are sometimes referred to as the interlocking design. When we heard of these schools a year or so ago we envisaged them as schools run under the Code of Aid by sponsors or voluntary agencies. However this is not so in the majority of cases. I have been most alarmed to discover that the vast majority of new schools to be built in the New Territories are not to be fully aided schools. Instead they are to be per caput schools, where teachers will not be paid as much as in Government and aided schools and where the schools will not therefore engage a high proportion of teachers trained in the Colleges of Education. If they do engage good, trained graduates, they will be continually in danger of losing them to other schools where there is better pay for the teaching staff.

I am particularly alarmed at this because these new schools are to be built in the New Territories and in the new urban areas of Kowloon. In the New Territories there are now seven such schools, in 1978-79 there will be 21 and in 1979-80 there will be 33 such schools. When we compare the numbers of Government, fully aided and per caput schools in the three main geographic districts: Hong Kong, Kowloon and the New Territories, we are shocked to find that whereas in 1978-79 on Hong Kong Island the number of per caput schools to Government and fully aided schools will be 19 to 51; in Kowloon it will be 21 to 77; but in the New Territories it will be 21 to 37. The following year 1979-80 the number of per caput schools to Government and fully aided schools in the New Territories will be 33 to 41. What does this mean? If you move into the new towns or live in the New Territories you will have a comparatively small chance of going to a Government or fully aided secondary school where the teachers are properly trained and properly paid. The teachers in these per caput private non-profit making schools cannot be paid a salary considered by the Government satisfactory

(reference: this year's estimates page 126 paragraph 18 about teachers salaries in aided schools which I quoted earlier).

Sir, I submit that our intention to provide free junior secondary education without any specific provision for this in the draft estimates (Budget Speech paragraph 140) indicates our ability financially to do better in the education field than this deprivation of the New Territories children of quality education at junior secondary level. There has been much said in this Council in recent months of the need to improve the quality of education. Concern has been widely expressed at the wastage of public money on buying places in substandard schools. I consider it to be short-sighted and false economy to build, with Government money, schools that are to be private non-profit making per caput schools. Do not let the Government be half-hearted. The Government is correct in recognizing the need to help build schools to be run by sponsors. But it must see that these sponsors can receive enough money in fees and/or subsidy to run their schools with properly trained and properly paid teachers. I have some very fine Form VI and Form VII graduates, but they do need training before attempting to teach 12-15 year old boys and girls, which many of them are doing now in these not fully aided secondary schools.

I come therefore to the second point I wish to make regarding education—the lack of any improved provision for the Colleges of Education. The Estimates show for the coming year a similar establishment, both in size and in rank, to this year. How can our Colleges of Education cope with training enough teachers for all these new junior secondary classes when we do not make any expansion in their numbers? Hong Kong has taken its place in the modern world of industry and technology; it cannot afford, if it is to maintain the strength of its economy and diversify its industry, to rely on having so many of its children educated at secondary level by untrained teachers. There has been much high-sounding talk of an improved junior secondary curriculum, with more emphasis on practical subjects. Untrained teachers will not be able to implement this new curriculum. Untrained teachers teach only in the way they were taught themselves. We must provide more staff for our Colleges so that far more in-service courses for teachers can be run. UMELCO has received a complaint from a teacher who is an untrained but registered teacher, but who has been refused admission to an in-service teacher training course. On enquiry it was shown that the course was filled very easily with better qualified untrained teachers. Thus that teacher will continue to teach without training in a school, given some aid by the Government and where the children receive bought places. What nonsense that makes of high-sounding statements about attempts to be made to improve the quality of education.

My third topic today concerns the estimates for the community nursing service. The figures show no increase over the present year, so I wonder whether the Government intends no increments to be given to these nurses.

However more important this static figure contradicts the promise of the Financial Secretary that provision was being made in the budget for the implementation of the Green Papers in the social welfare field. We shall of course be speaking in detail on those papers in later debates. Suffice it to say now that community nurses cannot appear overnight to serve the elderly and the infirm. I was told that the present community nursing service is on a three-year trial and that during that period no expansion can be envisaged. However on further enquiry, I was glad to learn that this summer about 20 nurses would be trained to permit a modicum of expansion of the service during the forthcoming year. In the meantime the service has had to restrict the number of visits made because no relief nurses were available. When eight to ten patients are visited in different flats on different floors of different multi-storey buildings in one day, the nurse has a heavy job. In addition we must not forget that this community nursing service is providing medical care for the patients far more cheaply than if they were in hospital. I understand the Government has to pay \$140.00 per hospital bed per day whereas the cost for the care of the patient in the home works out at \$20.00 per visit. Patients are being turned out of our hospitals unable to walk because their beds are needed. When they are not referred to the community nursing service and this happens they will become bed-ridden and the family distraught as they despair of caring for their loved ones satisfactorily. But oh the joy when the community nurse begins to visit—the old man begins to move about again, his wife no longer despairs and once more treats her husband with loving care. The community nursing scheme has tremendous potential in the whole health care of our community. When we can deploy our medical staff better in this way, the hospital beds can be reserved for acute patients demanding constant medical supervision and nursing care. The result will be economy and better utilization of our budget in the Medical and Health Department.

With these suggestions and recommendations, I have much pleasure in supporting the motion.

MR CHEN:—Sir, I must congratulate the Financial Secretary for his presentation of a record-breaking but painless Budget, with revenue and expenditure masterly balanced almost to acrobatic precision. Although the Budget proposals appear to be ‘mild’ and generally satisfactory, there is an underlying hint that the situation may not be as rosy as it appears on the surface. In the Financial Secretary’s outlook for the immediate future, he forecast for 1978 a growth rate in GDP of 17%, at current prices, but warned that in view of the likely setback in exports of textiles and clothing, Hong Kong will have to develop markets for other products in order to maintain our desired rate of growth in GDP, which is the foundation on which he based his finely balanced Budget. We were told that if the growth rate of export of textile and clothing was halved, in order to achieve the forecast rate of growth in GDP, exports of other products would have to

increase by approximately 12% per annum. This is a formidable task which will demand rapid development in new technology and greater support from our industrial infrastructure, especially now that we have to face a progressively more difficult international trade situation resulting from increasing protectionism and pressure of competition. To cater for these needs, the development of our economic resources must be accelerated and intensified.

I said in my speech to this Council in March last year and I quote 'We were reminded once again that our economic growth was still very much dependent on external factors ... We could not surely afford to be complacent and continue to think that we would always enjoy the good fortune of the past.' To ensure our future livelihood and continued prosperity, we must develop our scarce resources—land and manpower—to their full potential and maximize the return from their utilization. The time has now come for Government to increase its involvement in Hong Kong's industrial development, which has hitherto been left in the hands of private enterprise.

I have already spoken on the subject of manpower development on numerous occasions in the past. It will therefore suffice for me to reiterate that while Government has made admirable efforts in the provision of technical education at all levels, it has not placed sufficient emphasis on the practical training of manpower, particularly at the higher technical levels. It would be both frustrating and pointless to talk about broadening and upgrading our technological base unless we are prepared to provide the basic ingredients to achieve this objective.

As regards land, to maximize the return from its utilization does not, contrary to the popular but misguided view, mean that we must put a prohibitively high price tag on it. Indeed, if we accept the premise that overseas industrial investments, particularly in high technology industry, are important to Hong Kong economically, then pricing industrial land at a level or restricting its use to an extent that it deters potential investors does not, in my opinion, represent a sensible attempt to maximising the return from the use of our land resource. There are few who do not know that the high cost of industrial land is the prime reason for criticisms that are levelled at Hong Kong by potential investors and competitors alike. But apart from discouraging overseas investments from coming to Hong Kong, the high cost of industrial land has also greatly restricted the pattern of our industrial development. High-rise development and the development of labour-intensive industries are the result of the need for maximizing land utilization. This in turn influences the price of land which is then pitched accordingly.

Such a pricing policy is not conducive to the development of medium and heavy engineering industries (such as fabrication and assembly of large engineering components and products) and primary engineering industries (such as foundries and steel mills) necessary to support the manufacturing industries. There is therefore a need to review our present land policy from the point of view not only of producing an ample supply of land but also of

encouraging the development of some land-intensive high technology industries so as to develop a more balanced overall industrial base. I do not see there is anything wrong in making land especially inexpensive for or in other words subsidizing those land-intensive industries which we want to attract to Hong Kong if Hong Kong will benefit economically in the long run.

While still on the question of industry and related to the problems of land, I wish now to say a few words about those industrial operators operating in small factory premises. According to the information published in the Hong Kong Monthly Digest of Statistics, December 1977, there were over 34,196 manufacturing establishments out of 37,135 in total (or approximately 92%) employed 49 or less workers. Few of these operators own their factory premises and those who do not are constantly subject to the pressure of rent increases. Many such operators are operating in premises not suitable for industrial purposes and in the worst cases, in residential premises. This not only gives rise to problems such as fire hazards, environmental pollution, overcrowding, etc., a matter of great concern to both Government and the public, but also results in operational and employment instability.

In view of these considerations, I wonder if Government would consider creating a 'Factory Ownership Scheme' similar to the apparently successful 'Home Ownership Scheme', to help these small industrial operators. Such a scheme would not only help reduce environmental and other problems, but also provide these operators with a measure of security that is essential for maintaining stability in our industrial production. Owning a factory would no doubt mean as much to a small manufacturer as would owning a home to a man in the street. We need to remember that Hong Kong's thriving economy owes as much to the collective efforts of such small operators as it does to that of large companies.

Having referred earlier to the 1978-79 Budget as a record-breaking Budget, I would now turn my attention to the question of cost-effectiveness of public spending, in other words, to question whether we are getting value for money. There are many aspects of expenditure where additional benefits could be derived. I shall however restrict my comments to just a few of these areas. First, the engagement of overseas consultancy services. In the last five years, the average annual fees which Government paid to consultants engaged for engineering projects in the Public Works Programme amounted to no less than \$54 million. Have we derived maximum benefit from the money spent on these services?

Since the early 1960's, we have had complaints from both the public and private sectors about the shortage of opportunities for the practical training of our engineering graduates. With our ability to provide a vast amount of engineering consultancy work when the consultancy business world-wide has generally been depressed for some time, the situation could have been in the past and can still be in future exploited to our advantage. There are two ways by which this can be done. First, we can insist that such work be done

on a joint venture basis between overseas and local consultants to ensure that some of the expertise sought is retained locally. Joint venture operations are common in industry and are an important means of transferring the technology needed to broaden and upgrade its technological base. I see no reason why such a concept cannot be applied to engineering work. Secondly, we can make the provision of training opportunities for our graduates a condition for the consultant's appointment. Rather unfortunately, we have let such opportunities slip by in the past. There is, however, no reason why we should not rectify the situation now.

Another example is prison labour. Over the years, Hong Kong has spent huge sums on prisoners, including the recent building of an 'ultra-modern prison built to fill the requirements of the 21st century'. I am not going to comment on the cost or standard of accommodation for prisoners. But having accepted the fact that money has to be spent, I would naturally wish to know what contributions the prisoners are asked to make in terms of productive work in order that some of the money spent on them could be recovered. According to the 1976 Annual Report of Prisons Department, the prison population at the end of the year was 8,167, and the daily average was 8,475. Accepting that there are constraints under which prisoners may work and assuming their working efficiency is lower than ordinary workers to the extent that they can produce no more than \$20 worth of work per day (which is a fraction of the daily pay of an unskilled labourer) the annual work output from prisoners could be worth something of the order of \$30-40 million, based on 200 working days per year. This is no less than nearly 30% of the total expenditure of Prisons Department for 1978-79. Therefore, I see no reason for not making fuller utilization of prison manpower than is presently done, say, in rural development and construction work, such as constructing a new road system for the development of Lantau Island. Using prisoners in productive work would help the community to recoup some of the money spent in upkeeping prisons, but more importantly, such productive work would make the rehabilitation process more meaningful and more effective.

Finally, I would like to touch on water supply. According to statistics on yearly water consumption in Hong Kong, as set out in the table (see appendix) before Honourable Members, the water consumption by 'Trade' users (*i.e.* users in industry, service trades, etc. as defined in the Waterworks Ordinance) increased by about 94% from 1968 to 1976; the increase in the same period by 'Domestic' users was 37.7%. The increase in consumption by 'Trade' users no doubt reflects the increase in the volume of industrial production, commerce and services. The increase in consumption by 'Domestic' users on the other hand, appears to be rather high in relation to the population increase in the same period which was only 16.4%. However, as there are only two main factors which affect domestic consumption, *i.e.* population growth and habit of living, the large increase in domestic water consumption must be

due to a great extent from changes in people's living habits. Putting it more plainly, people are being more extravagant in using water.

In many countries, water supply authorities are often called Ministry, Bureau or Department of Water Conservancy. This name is surely most apt for Hong Kong and it is a pity that it is not adopted here. It would certainly bring home forcefully the fact that our water supply is not unlimited and that there is a need to conserve it.

Returning to the water consumption statistics, it can be shown with a simple calculation that between 1968 and 1976 the average 'Domestic' consumption was almost 1½ times that of the 'Trade' consumption. Therefore, in regard to the need for providing the minimum required to keep a family alive and healthy, I would like to see a tariff structure for the 'domestic' sector where charges rise steeply with consumption and which would not hurt the careful but tax heavily the extravagant and wasteful users of this precious commodity. This would not cause undue hardship to the community at large but would help to maintain full supply available for industrial activities, for which I would caution against any increase in water charges. To increase water charges for industry when it is already facing many problems threatening the viability of certain sectors, is in my opinion, contrary to Hong Kong's economic interest. In summary, what I am advocating is that we must correctly identify our priorities where water supply is concerned.

With these comments, Sir, I support the motion.

## APPENDIX

### WATER CONSUMPTION OF DOMESTIC AND TRADE USERS FOR THE PERIOD 1968-1976 IN UNITS OF 1,000 GALS.

#### BILLED CONSUMPTION IN UNITS OF 1,000 GALLONS

<i>Year</i>	<i>Trade</i>	<i>Domestic</i>
1968	13.4 m.	24.1 m.
1969	15.3 m.	27.4 m.
1970	17.0 m.	27.8 m.
1971	20.0 m.	28.3 m.
1972	21.6 m.	28.3 m.
1973	22.6 m.	31.8 m.
1974	20.7 m.	31.4 m.
1975	22.1 m.	31.2 m.
1976	26.0 m.	33.2 m.

*Note:* 'Trade' represents users in industry and service trades as defined in the Waterworks Ordinance.

MISS DUNN:—

*The Budget Generally*

Sir, the Financial Secretary's description of a surplus of over a billion dollars as being 'rather remarkable even for this remarkable place' must be considered the under-statement of the decade for Hong Kong's spectacular record of growth has been due not only to the hard-work and resilience of the people, but equally to the wise and prudent management of our financial and economic affairs by successive Financial Secretaries. Whether or not one agrees with everything our present Financial Secretary has said or done over the years, one has been hard put to disagree with him on the basic philosophy underlying his fiscal and budgetary policies, which are tailored to Hong Kong's special circumstances, and which have enable us to survive the troubled economic and monetary events of recent years. Furthermore, as an editorial in a leading Chinese newspaper put it: the Financial Secretary's 'conservative and moderate approach' recognizes that 'Hong Kong is a predominantly Chinese society despite its Westernized economic structure'. It is this approach, coupled with his capable management, which has done so much to enhance confidence in Hong Kong both locally and overseas.

This year's budget has been carefully thought out and presented. But there are three points which concern me and on which I wish to speak today, namely, the 'mix' of total expenditure, the importance of avoiding policy decisions which are inconsistent and even incompatible with our fiscal and budgetary policies, and Government administration.

*Pattern of Expenditure*

The proposed expenditure next year on social services is \$4.4 billion or 43% of total expenditure of \$10.2 billion. It is 35% more than the revised Estimate for 1977-78, 99% more than actual expenditure in 1974-75 and 31% more than actual expenditure in 1971-72. It is, in fact, just fractionally short of total Government expenditure in 1973-74.

As Hong Kong becomes better off, it is both possible and right that more should be spent to improve the lot of the less fortunate and at the expense of the more fortunate. But we must, at the same time, and this is my *first* point, we must improve the general quality of life here. This requires an appropriate budgetary emphasis on general services, community services and economic services. While the right balance between these services and social services is obviously a matter of opinion, there seems to be a tendency within Government circles, and elsewhere, to assume that the larger the share of total expenditure devoted to the social services the better. There is no logical basis for this assumption. But the assumption is there and I fear it influences priorities and the Administration's attention is, as a consequence, not always sufficiently focussed on other services and programmes of importance to the general quality of life.



*Financing of Some Social Services*

One of the main determinants of Hong Kong's expansion, and indeed one of the secrets of our survival, has been the limited nature of the tax charge on earnings and profits, coupled with a standard rate of tax which is low and rarely changed. As a result, industrial investment has been encouraged, employment opportunities created and economic growth generated. At the same time, this fiscal system has proved to be highly productive of revenue. So it has been able to finance an ever increasing range of recurrent public services and, in addition, our capital works programmes have been likewise financed without recourse to debt. At the same time, overall budget surpluses have been generated which have been credited to our reserves, which are so essential for our financial security and our creditworthiness.

So my *second* point, Sir, is this: in this fiscal context, we must not forget the most important principle, namely, that only a limited range of social services such as primary education should be provided free on a non-means tested basis. Those that are so provided should be concerned with merely basic needs, all other social services should be charged for. Remission of fees being arranged for those unable to pay. This principle is accepted by the vast majority of Chinese people in Hong Kong. It is a pity, therefore, and certainly inconsistent with this basic principle that, as from the beginning of next school year, education at the junior secondary level is to be free. For what this means is that, even though many parents may be willing to pay \$40 per month per child for ten months of the year, and certainly many parents are well able to do so, they will not have to pay this fee in future. This decision to provide free junior secondary education for all regardless of their means will cost \$80 million in a full year and I would argue that this large sum of money could be more properly spent on improving the quality of our education system or, indeed, the other services of which I spoke earlier. I know that the Government regards free junior secondary education as being a consequence of universal, compulsory education at this level, but the logic of this argument has never been spelled out. I think the Government has an obligation to do so, so that Finance Committee and this Council is in a better position to assess the Government's viewpoint. And incidentally, Sir, I feel bound to say that when this issue was recently ventilated among Unofficial Members, my re-collection, contrary to Sir S. Y. CHUNG's, is that those who would support and those who would oppose the concept of free junior secondary education were equally divided.

*Public Administration*

Turning now, Sir, to my *third* point: at the end of his speech, the Financial Secretary suggested that, with a volume of transactions of over \$20,000 million on General Revenue Account alone, and a civil service of over 126,000, the time has come for another look at what he describes as the organization of the Government's internal administration.

As by then the Financial Secretary had been on his feet for nearly three hours, I suppose he can be excused for being rather vague as to what he had in mind. (*laughter*) But I would like to suggest that there are four areas deserving of urgent attention: to begin with, there is the role of the Government Secretariat as the central co-ordinating and policy making body, the relationship between the Government Secretariat and departments, the adequacy of present management structures and the way in which senior officers are deployed. I would not, myself, advocate the use of professional consultants to examine and overhaul present arrangements. I think what would be described in commerce as an in-house exercise would be more effective and less disruptive, but I would suggest to the Chief Secretary that *an* exercise seems to be called for.

But a review of the organization of Government's internal administration could not sensibly be divorced from several pressing questions relating to the size and management of the public service. The Draft Estimates for 1978-79 envisage an increase in the size of the public service by a further 10,000 posts or so bringing the total establishment to perhaps 135-136,000 permanent and supernumerary posts at a total expenditure of \$2.8 billion. These figures are truly staggering. And so I feel bound to ask whether the Government is satisfied that such a sizeable increase is really justified; and whether present complementing and grading procedures ensure maximum productivity from existing staff before additional posts are approved. The Financial Secretary himself did not seem too confident that they do for, when dealing with the growth of the public service in paragraph 110 of his speech, he said 'I cannot pretend to be satisfied that (the Finance Branch) is able to devote enough attention to the monitoring of departments generally as opposed to application for particular (staff) in creases'. But he left this commendable exercise in self-criticism rather up in the air.

Furthermore, I understand that some 550 expatriate officers were recruited in 1977 representing some 25% of the total establishment of expatriate officers. Leaving aside the fact that expatriates are employed on more expensive terms than local officers, is this not inconsistent with the Government's stated policy of localization? Hong Kong is too sophisticated a place for it to be wise or necessary to pursue a policy localization for its own sake. I, for one, would not support such a policy. And, certainly, I understand the need to look overseas from time to time for certain skills in short supply locally and for a number of administrative officers and policy officers. I also realize the inherent difficulties in attracting local people in certain professions into the public service. But I have a distinct feeling that some expatriates have to be recruited simply because staff requirements are not foreseen in advance. And so I would like to ask the Chief Secretary, as Head of the Civil Service, whether he is satisfied that suitable local recruits are sought after aggressively on the basis of rational, forward planning. I would also like to ask the Chief Secretary whether, in his view, the career planning of serving local officers maximizes the use of their talents. In a magazine interview

the other day, the Financial Secretary seemed to doubt whether this was so, though he could have been misquoted, of course!

Then, Sir, there is another area deserving of attention which is connected with, but not exactly an integral part of, the internal organization of Government: I refer to our network of Advisory Boards and Committees. Through these Boards and Committees, unofficials are associated with and even involved in, the decision making process within Government. We have, therefore, both a vested interest in them and a direct responsibility to see that they make the most effective contribution possible to Hong Kong's welfare. But I doubt whether the Government takes these boards and committees seriously enough: is the network reviewed periodically to see whether changes are called for? Are there not some committees which are obsolete or whose terms of reference need updating? Is the role of many committees sufficiently well defined so that the contribution they can make to Hong Kong's welfare is maximized? Is the composition of membership of some committees appropriate? Should not more committees be chaired by Unofficials? Is the Government satisfied that it really does seek out a wide range of people to serve on these committees and encourage them to participate to a progressively greater extent as they gain experience? If so, I would like to know precisely what the arrangements are for doing this, because I sometimes think that the Government is insufficiently aware of the pool of people with both a stake and pride in Hong Kong who would be ready, willing and able to devote a proportion of their time to public service. In other words, a systematic approach to the question of manning our network of boards and committees which the Government claims so often is our unique style of administration, is as important as the career planning of local officers in the Civil Service.

Finally, Sir, there is the area of financial procedures, already mentioned by my senior Colleague Mr Q. W. LEE. At present, the authorization of expenditure and the sanctioning of additional provision rest with the Finance Branch and Finance Committee of the Legislative Council. We are all familiar with this system, but is it relevant and adequate for this day and age when the volume and complexity of transactions are so much greater? I would be opposed to any abrogation of control by Finance Branch and by Finance Committee. But, with the growth of Government expenditures, there is a need for a greater degree of delegation of authority in order to avoid undue delays in the approval of projects, to avoid inadvertent oversights as a result of the workload and to ensure that the case for really significant expenditure proposals is really properly scrutinised.

I would also like to see Finance Branch being able to devote more of their time satisfying themselves that departments are achieving value for money. And I am doubtful whether Finance Committee performs its duty as the watch-dog of the public purse as well as it might: I do not believe we pay nearly enough attention to the policies and principles underlying

expenditure proposals. On the one hand, we tend to be faced with *fait accompli* situations all too frequently; and, on the other, present procedures require us to devote a disproportionate amount of time to relatively trivial issues.

Of course, any further delegation of authority downwards from Finance Branch and Finance Committee must be linked with a reappraisal of control procedures at departmental level. I recognize that the irregularities mentioned in the Director of Audit's report only represent a small percentage of total Government transactions. Nevertheless, it is disturbing to note the incidents of waste, bureaucratic delays, lax control of payments costing millions of dollars of unnecessary expenditure and loss of public revenue.

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

DR HU:—Sir, I would like to congratulate the Financial Secretary on his scholarly presentation of a record-breaking Budget which for the first time in the history of Hong Kong exceeds the \$10,000 million mark. This Budget conveys a sense of confidence and optimism for the future of Hong Kong and exemplifies the commendable approach of progress through prosperity. It also reflects the efficiency of the Administration and the satisfactory performance of our economy. I am glad to say that the budget has been generally well received and I would like to speak on the following points.

The first point I wish to make concerns trade and industry. Before 1950, Hong Kong was primarily an entrepot through which goods were transported from one place to another. After 1950, because of rapid population growth and an increase in the number of entrepreneurs, Hong Kong began to shift its emphasis from entrepot trade to manufacturing industries. This proved to be a successful move because Hong Kong was a free port and, more important, the development of manufacturing industries was facilitated by the prior existence of commercial and financial services established when Hong Kong was an entrepot. The position has changed over the past few years and the Financial Secretary mentioned in his Budget Speech that 'tertiary or service industries have begun to grow in relative importance while manufacturing industries have declined in importance'. This trend is borne out by the fact that the manufacturing sector accounted for 30% of the total output in 1971 but only 26% in 1977. In comparison, the contribution of the wholesale and retail trade, restaurants and hotels increased from 20% to 23% over the same period whereas financing, insurance, real estate and business services increased their contribution from 18% to 20%. From the employment angle, the manufacturing sector employed 47% of the labour force in 1971 as against 44% in 1977. In contrast, employment in the wholesale and retail trade, financial services and restaurants and hotels increased from 16% to 20% during the same period. In other words, the decrease in employment in the manufacturing industries has been absorbed by the growing tertiary or service industries. This is an important

development and I hope Government will keep a close eye on it. In my view, Government should play a more active role in developing Hong Kong as a tourist and financial centre in this part of the world. For one thing, there is still much room for expansion of our tourist and financial industries and in this respect more should be done to improve our port, banking, insurance and other infrastructural facilities. What is more, certain problems may be encountered in the process of diversifying Hong Kong's industry. Viewed from this angle, the growing tertiary or service industries will assume even greater importance in the economy of Hong Kong. On this score, I should point out that it was mentioned in the Financial Secretary's speech that 'Supposing, the growth rate of exports of textiles and clothing in real terms is halved, then, to maintain our desired growth rate of GDP, exports of other products might have to increase by something over 12% per annum (compared with a recent trend of 8%). A shift to such products would involve greater uncertainty.' The element of uncertainty is even greater when we consider the recent shift towards protectionism on the part of many of our trading partners. In this respect I hope both Government and industry will make greater efforts to promote industrial development so as to place Hong Kong in a better position to benefit from diversification.

I come now to my second point which is about general public services and their relation to the community. I wish to start with the issue of water charges. The Financial Secretary has warned us for the past two years that water charges would be raised and he stated again in this year's Budget Speech that 'a revision of water charges is inevitable'. In my view, water is a basic necessity and should be supplied by Government to the public at a reasonably low price, even if this entails substantial subsidy by Government. Any increase in water charges will have a greater adverse effect on the poor than on the rich. I therefore suggest that the number of units of water now charged at a lower rate after the free allowance should be raised.

The expenditure on roads and flyovers is another area I would like to touch on. The Financial Secretary mentioned in his speech that \$1,243 million will be spent on infrastructural facilities including the construction of roads, flyovers and other development works. Roads and flyovers are mainly built for the use of motorists and in my view it would not be unfair for them to bear part of the construction and maintenance costs. This can be done by imposing a heavier tax on petrol and in my opinion this would be a better way of generating revenue than increasing water charges.

Let me now turn to the estimated expenditure on social welfare services. In my speech to this Council, Sir, last October, I described 1978 as 'the Year of Social Progress'. I am glad to note that provision has been made in the Estimates for the development and expansion of the various social services including housing, education, medical and health services and social

welfare. I am particularly delighted to learn that 'the most dramatic development' will take place in the field of social welfare which has been relatively neglected in the past.

The allocation of \$535 million for social welfare, including subventions to voluntary welfare agencies, may seem a substantial amount but it must be borne in mind that over two-thirds of it will be expended on the development of the social security programme. I welcome the increased expenditure on social security as it is important and necessary for Government to give help to those least able to help themselves—the title in fact of the Green Paper on social security. I also welcome Government's proposals in the Green Paper to give greater assistance to the elderly and the needy, particularly by lowering the qualifying age for the old age allowance, extending the allowance to the elderly living in institutions and introducing other welfare benefits.

It should, however, be pointed out that only one-third of the estimated expenditure on social welfare will be spent on other areas of social welfare services including group and community work, family services, social work among youth, probation and correction services, training and counselling. Viewed from this angle, are we really doing enough in the field of social welfare? Why should we hold back expenditure on those essential services such as supervision of children without parental care, training of the disabled for employment, counselling of those in distress and at risk and care of lonely old people? The Financial Secretary has appropriated \$100 million for subventions to voluntary agencies. Although this represents a substantial increase in absolute terms over previous years, a large part of it will be used to cover the cost of maintaining existing services, salary increments and rent and rates increases. Only a small amount has been set aside for implementing the many proposals in the Green Papers. As in previous years voluntary agencies have experienced substantial cuts in their requests for subventions. In view of the useful role played by these agencies, I urge Government to give adequate financial support to them so that they may develop their services. This prompts me to ask whether the role of the Social Welfare Advisory Committee can be strengthened to ensure that the needs of the agencies and their clients are adequately met.

I turn now to the Financial Secretary's proposal to convert social welfare subventions from a discretionary grant basis to a unit cost basis. I can understand the Financial Secretary's concern about the increasing expenditure on subventions to agencies and I agree that there is a need for the matter to be reviewed. From the viewpoint of the agencies, the most serious problems arising from the discretion grant system are the insecurity of their financial position and their inability to plan effectively for any expansion of their services or implementation of the proposals in the various Green Papers. The voluntary sector has proposed changes in the subvention system through the Hong Kong Council of Social Services to the Social Welfare Advisory

Committee. Proposals for the adoption of unit costing and standard setting of the services have been put forward and I understand that this will be tried out in the field of services for the elderly. For unit costs to be set at an appropriate level, standards acceptable to both Government and the voluntary sector must be agreed upon. Such standards must be set at a realistic level to ensure that the services provided are of a reasonable quality. Since the quality of the services depends very much on the qualifications and training of the personnel providing them, it is also important that parity of pay should be established between social workers of similar qualifications and training in the public and voluntary sectors. In this way, the agencies will not lose their qualified and trained staff to the public sector and the quality of the services will be maintained at a reasonable level. I am sure, Sir, the people of Hong Kong would like to see this level of social services attained and maintained and it is my hope that the Year of the Horse will go down in the history of Hong Kong as the 'Year of Social Progress'.

Sir, with these remarks, I support the motion.

REV P. T. MCGOVERN:—Sir, in a budget which proposes an expenditure of nearly 2,000 million dollars on education, it may seem churlish of me to quibble about a mere 50 million dollars. But quibble I must. On economic and on social grounds I am opposed to the policy of making junior secondary education free for all in the public sector. This statement in itself is open to misinterpretation by anyone who may not have carefully read the lucid speech by the Director of Education on 9 November 1977. Let me try to be equally lucid. I am not saying that the Financial Secretary is spending 50 million dollars too much on education. I am saying that this 50 million dollars could be better spent on things other than what is, in effect, a subsidy to the rich who could well afford to pay for their children's education. Also, I am not saying that I am opposed to free junior secondary education in the public sector. I am saying that I am in favour of free junior secondary education for anyone who cannot afford to pay. I am opposed to free junior secondary education for those who can afford to pay, making me incidentally, as Miss DUNN has pointed out, part of the 50% not part of Sir S. Y.'s small minority.

SIR S. Y. CHUNG:—Sir, on the point of clarification, I must apologize for my mistake made yesterday but I can assure the Honourable Members that that mistake was made purely unintentionally.

REV P. T. MCGOVERN:—The nub of the argument in favour of free junior secondary education for all in the public sector would appear to be the statement that the corollary to making junior secondary education compulsory is the abolition of fees in the public sector. With respect to the source of that statement, I beg to disagree with the logic of it. In my logic it would be sufficient to say that the corollary to making junior secondary education

compulsory is the remission of fees in whole or in part for those who cannot afford to pay in whole or in part.

Let me put the issue in another way by asking and answering a question. In the context of compulsory education why should the rich pay for the education of their own children? My answer is based on the sound and widely accepted social principle that the primary right and duty of education lies with the parents, not with the State. This is true whether education is legally compulsory or not. Nor do I, incidentally, accept the socialistic type of thinking that because the rich pay taxes they are thereby exempt from their personal and family obligations.

The parents' right and duty, as I see it, is twofold. First, parents should provide a suitable level of education for the sake of the children. Second, parents should provide a suitable level of education for their children for the sake of the community. Man is a social animal, and a better educated child is an asset to the community. An uneducated child, or an insufficiently educated child, becomes a liability on the community. The parents' obligation to provide education, or more accurately nowadays, to have education provided, exists quite independently of any state compulsion. This of course is well understood in Hong Kong where parents make such tremendous sacrifices to educate their children, sometimes I should think, even to over-educate them beyond their academic capacity. Parents in Hong Kong also have self respect, and in my considered opinion would welcome a system of remission of fees, readjusted if necessary to cover more people, rather than a free hand out system. Many people, with some reason, regard what they get for nothing as valueless.

Without going into what is a big question I would mention a broader social implication. It has happened elsewhere in modern society, and could happen here, that when parents give up their obligations towards the education of their children they in fact tend also to lose their rights, with consequences too painfully visible to need comment.

On social and educational grounds, therefore, I would be against free education for all in any circumstances other than total poverty. But as this is a budget debate let me try to keep to the economic aspects.

The newly announced policy of free junior secondary education for all in the public sector is a change within the policy outlined in the White Paper on 'Secondary Education in Hong Kong over the next decade', tabled in this Council on 16 October 1974. I quote from section 3, para. 18, which says 'The Government believes that no child should be denied secondary education solely because of the inability of parents to pay school fees. It is, therefore, intended that the present system of fee remission will continue for so long as the Government is unable to accept the high cost which would be involved in making secondary education wholly free'.



It must be assumed that the change from fee remission to free junior secondary education for all in the public sector is because Government now feels able to accept the high cost involved. Without wishing to dampen the Financial Secretary's well-known large-hearted generosity which prompts him to lavishly lash out liberal lumps of money to destitute departments, I regretfully suggest that Government should still consider itself unable to accept the high cost. If more money is available than in former years there are still greater needs on which it could be spent. For example in education alone:

- Working mothers are spending hard won dollars on very high kindergarten fees, partly to get the children off their hands while they go to work, and partly because kindergarten education has become a necessity if poor children are not to be at a disadvantage compared to rich children in their entry into, and progress through, primary school. I am sure the Working Party on pre-primary education will have many suggestions on how to spend money urgently needed in that area of education.
- I am equally sure that the Working Party on Primary Education will have greater and perhaps more urgent demands for money. In order to implement the crash programme of providing primary education for all in the mid-sixties extreme measures such as bisessionalism, overcrowded classrooms, and other measures which led to lower standards were taken. Now that the primary school numbers are declining these extreme measures are no longer necessary. They were meant to be temporary but they are still with us. Money could be spent on restoring and improving primary education by a return to full day classes and educational activities, a move towards less crowded classes and more teachers per class. This should be done. It will cost money and the money could properly come from the fees which it is now proposed not to collect in secondary schools from those who can afford to pay.
- In secondary education itself I could suggest such expensive and necessary reforms as the training and employment of many more personnel for career guidance and personal guidance. I merely give examples. It is a long list and a big bill, even without moving out of the field of education, and without dealing with the Green Paper, especially the sadly neglected field of adult education. I will refrain from going on to other areas such as the provision of more social welfare for such needy groups as the profoundly deaf and the mentally handicapped. But in order to help the Financial Secretary to keep his unique status as a minority of one against four and a half million or so, I must suggest that the money saved could also be used as revenue to offset the re-introduction of the dependent parents allowance. (*Laughter*). No doubt there will be plenty of suggestions on these subjects when we come to the debates on the Green Papers.

I end by going back to my original 50 million dollars quibble, or I would hope, more correctly, argument. Free junior secondary education for all in



以取消。中等階層人士是香港繁榮極重要的原動力，其貢獻絕不在其他階層人士之下，要他們長期接受不公平的稅制，實在是說不通的。

除了免稅額方面外，本人也想藉此機會提及政府的行政效率問題，財政司在提及增加水費時，解釋因為電腦的問題而暫不加水費。本人對於暫時不加水費，極度贊成。事實上，本人對於永遠不加水費，更加贊成，因為供應必須的食水，到底是政府應有的服務，而且，從工業界方面着眼，增加水費，對目前困難重重的紡織漂染等工業，必會有重大的打擊，影響相當深遠，此舉實在值得三思。不過，從水費問題令人不禁對政府某些部門的行政效率，產生懷疑。財政司在近數年來已屢有增加水費的暗示，照理政府有關部門（尤其是與電腦有關的），必定早已作了多年的準備，但到目前，這些工作仍未完成，實在令人費解。在一項與稅收有關的事情上，有關部門的行政效率仍然如此低，則其他與稅收無關或服務性質的工作，政府部門的效率是否更低呢？財政司又提及自經濟復甦以來，政府大量增加人手；近四年間，人手增加了一萬三千多名，增幅約百分之十一有多，但到底工作效率是否有顯著的改善呢？有些部門，在近年來，大事改組，受影響的官員，很多都獲得晉升，但其工作範圍卻沒有大變動，到底對改善工作效率方面作用又如何呢？本人認為政府必須全盤考慮各部門之工作效率，使各項稅收，能夠更適當地利用於各項利民的工作上。

督憲閣下，除了上述所提各項之外，本人支持此項動議。

*(The following is the interpretation of what Mr Wong Lam said)*

Your Excellency, the Budget presented by the Financial Secretary is certainly thoughtfully prepared and covers every detail; nevertheless, there are a few points which call for comments.

Talking of our tax system, the Financial Secretary pointed out that it must be designed to meet six requirements, one of which is: 'the tax system is equitable as between different classes of taxpayers or potential taxpayers and between different income groups (and this means, inter alia, setting relatively high thresholds for personal taxation and generally ensuring that the system rests as lightly as possible on the disposable incomes of those at the lower end of the income spectrum, or leaves them virtually untouched).' This requirement appears to be based on a just and proper principle which comes up to public expectations. However, as far as the taxpayers in the middle income range are concerned, the present tax system is still a long way from this principle.

What I mean by taxpayers in the middle income range are those with incomes of about \$25,000 to \$60,000/\$70,000 per annum. In relation to their incomes, the percentage which they pay as tax is usually higher than other classes of taxpayers. For the well-off, all they have to pay is 15% of their incomes, notwithstanding they earn millions or billions per annum; and through incomes other than salaries such as dividends and housing allowance etc., the tax they pay is usually less than 15% of their incomes. Even if they pay the full rate of 15%, they can well afford it and their living standard will not be affected in any way. As for those in the lower income range, their personal allowances are higher than those in the middle income range. Besides, they benefit much from the various forms of social welfare services provided by Government. It is the middle income range people, sandwiched in between, who on the one hand, have to pay tax at a percentage almost

equivalent to or in some cases higher than that paid by the wealthy, and on the other hand, derive no or very few benefits from any of the welfare services provided by Government.

If we weigh the matter more carefully, we will notice that under the present tax system these people are suffering yet another loss. Last year, the Financial Secretary increased the basic personal allowance to \$12,500, but a claw-back system was introduced, whereby for any income in excess of \$12,500, a specific percentage of the allowance would be clawed back. This is absolutely unfair to those who are adversely affected. If the Financial Secretary was of the opinion that \$10,000 is enough for a person's annual cost of living, he should not have increased the personal allowance to \$12,500. Increasing the personal allowance to \$12,500 is, in other words, an acknowledgement of the fact that the minimum annual cost of subsistence for a person is \$12,500. Why then for every extra dollar of income earned by the middle income range people, a percentage of the supplemented allowance (\$12,500) has to be clawed back? Are we to believe that for every extra dollar they earn, their cost of living will automatically be lowered to the level of the basic personal allowance?

As a matter of fact, with every extra dollar they earn, their tax rate will rise correspondingly and they will have to pay full tax for this extra dollar. I can see no reason in support of the theory that the cost of living will automatically be lowered because of earning an extra dollar. Neither can I find any reason to justify this claw-back system. Therefore, to those in the middle income range, this system means extra burden and works against them, and is incompatible with the principle brought forth by the Financial Secretary.

With the inflation in recent years, the personal allowance of \$10,000 is no longer realistic. If Government is facing a tight budget, perhaps there may be justification to expect the public to tide over the crisis and keep the personal allowances at the present level; but, if the financial position has so improved as to result in a surplus, I can see no reason why the personal allowances should be suppressed at an unreasonable level.

I believe Government is fully aware that at present the public in general still have to support their parents. Government itself also encourages the old people to live with their children, as is emphasised in the Green Paper on Services for the Elderly published last year. (Nevertheless, when I proposed reintroducing the Dependent Parents' Allowance last year, it was turned down by Government on grounds of practical difficulties in administration.) In the matter of housing, most of the people in the middle income range are ineligible for public housing. They receive no housing allowance from their employers either. Even the Home Ownership Scheme now under way has nothing to do with most of them. Thus, a large proportion of their income has to be spent on accommodation. The standard of living maintained by what is left of their income very often is no match to that enjoyed by those

who earn less but are eligible to live in public housing estates. What is more, the child allowances are unrealistic in terms of actual expenses nowadays; incomes of husband and wife cannot be assessed separately. On the whole, as far as the middle class is concerned, the present tax system operates contrary to the Financial Secretary's principles.

In my opinion, Government's grounds for refusing to reintroduce Dependent Parents' Allowance are neither convincing nor in keeping with Chinese tradition. I suggest that Government reconsider this proposal in deference to popular wish. In this connection, I think the Government should straight-forwardly raise the basic personal allowance to a more reasonable level and abolish the present claw-back system which is an extra burden on taxpayers in the middle income group. The middle class is a very important driving force in bringing about the prosperity of Hong Kong and their contribution is no less significant than that of the other classes. There is no reason why they should continuously be subject to an unfair taxation system.

So much for our tax allowances. I would like now to take this opportunity to raise the question of efficiency of Government departments. The Financial Secretary mentioned that the increase of water charges had to be put back because of problems with the computer. I am all for this respite. Actually, I cannot agree more to freezing water charges at the present level forever because I feel it is Government's obligation to supply the drinking water we need. And, from the standpoint of industry, any increase in water charges would certainly have far-reaching effects on the already hard hit textile and dyeing industries. Therefore the proposal to revise water charges warrants second thoughts by Government.

Looking at the question of revision of water charges, one cannot but doubt the efficiency of certain Government departments. The Financial Secretary has for the past several years, repeatedly hinted at the increase. It follows that the departments concerned (especially those concerned with computer) should have made preparations for years. One fails to understand why the work is still outstanding after all these years. In a case involving revenue collection, the efficiency shown by the departments concerned is yet so low that one cannot help wondering what it will be when the nature of work does not generate revenue but is purely provision of service.

The Financial Secretary has stated that since the economic recovery the Civil Service has been expanded considerably. Over the last four years, more than 13,000 new employees were taken on representing an increase of more than 11%. But has there been any marked improvement in efficiency? Some departments have in recent years undergone tremendous reorganization resulting in the promotion of a large number of officers with little change in their scope of work. What effect, if any, has this on improving the efficiency of the Civil Service? I recommend that Government should conduct a general

review of the efficiency of all departments to ensure that the taxpayers' money is used to their best advantage.

With these remarks, Sir, I support the motion.

DR HUANG:—Sir, in rising to support the motion before Council, may I first congratulate my honourable Friend, the Financial Secretary, on a budget which has been generally well received both by my Unofficial Colleagues and by the community at large. Once again he has shown his ability to inspire confidence in the community by dispelling needless doubts, while his very calmness and imperturbability impart a sense of stability which confirms us in our purpose. In listing our various assets he has perhaps modestly failed to take account of one which is rapidly emerging as our most reassuring— this is the singular capability of our Financial Secretary himself.

As to the provisions in the Budget, I would like to give my wholehearted support to the continuation of the trend, established in recent years, of making greater provision for spending in the areas of public welfare and education. It is always heartening to see a healthy budget, and more heartening still to be able to support proposals to spread the benefit as widely as possible to the less privileged sectors of the community. My Unofficial Colleagues have spoken on a wide range of topics. In these they have far greater expertise and knowledge than myself. For my part I will confine my remarks to the subject of education alone.

The proposals relating to Education are concisely presented and occupy but a small part of the Budget Address. But no one should be disappointed by their brevity, for they encompass large intentions and range over the whole of the educational field. Moreover, although the estimates submitted necessarily take account of the intentions of the 1974 White Paper on Education, they at once go further and anticipate the situation contained in the Green Paper on Senior Secondary and Tertiary Education, shortly to be considered. This is immensely encouraging to those of us involved in educational planning. It is at the same time a moment for thought, for the budgetary provisions now proposed in a real sense have begun to define the parameters of our forward commitments. In education, perhaps more than in any other area of our communal activity, commitments entered into have widespread and long-lasting consequential effects not easily amenable to subsequent change.

In view of the forthcoming discussion on the Green Paper, my instinct would be to refrain from commenting on any particular aspect of our educational position without an understanding of our educational objectives over the next decade in the whole. However, as Honourable Members are aware, there has been a recent statement that the proposed Junior Certificate of Education Examination will not after all be instituted. While this may well be an appropriate move, I am uneasy about separate decisions taken without a thorough appreciation of their implications, but we seem to be

moving into this position. Under the circumstances I feel it necessary to refer to the measure announced by Your Excellency last October for which budgetary provision is now made in the estimates to the amount of \$50 million in 1978-79 and \$80 million for the full financial year thereafter. I refer, Sir, to the proposal to provide free education up to the end of Form III and for compulsory education up to the age of 15.

The aim of making basic education free is one which should be pursued in any society and the extent to which this is achieved is often taken as an index of social progress. Yet as Honourable Members know, there has been nothing like unanimity in the community on the move to provide free education for all at the junior secondary level. Many feel that it is a mistake to provide free education for the well-to-do who are both more than able and entirely willing to spend money on the education of their children at a time when the position of the less advantaged should be a matter for our prior concern.

Sir, all would, I am sure, agree that no child should be prevented, solely because of financial disadvantage, from continuing education up to the end of Form III. But this is a very different matter from the indiscriminate provision of free places for the rich and poor alike, particularly when this means either having to accept a place in a school which is not of one's choice or receiving no fee remission or subsidy for a place in a school which one has chosen. I mean by this that under the new system of allocation for Form I education, a parent will be faced with the choice of accepting the place allocated to his child in a secondary school or of paying full fees in a private school of his choice. Rich parents can afford to make a choice. Less well-off parents will not be able to afford another school for which they will have to pay full fees, and these parents will be worse off than under a subsidized scheme where their children might expect some remission in the fees of their schools. Parents can scarcely be expected to welcome a provision which severely limits their choice of school and which is more restrictive on the poor who cannot afford the alternative than on the rich who can.

We should bear it in mind that at present subsidized secondary education in the lower forms has already achieved equitable financial provision to such a degree that not many cases of hardship remain. In my view, it would be better to extend the existing provision for remission of fees in case of need, using a small part of the proposed expenditure to eliminate remaining hard-ship.

Our primary goal in education is to ensure that every child is educated to the level at which he can find his way in society. To most people this means education up to Form V level, with those who have the aptitude proceeding still higher while others may have branched off somewhat earlier to be trained in craft and technical vocations. Until these openings into the craft and technical vocations are established and properly provided for we can expect the pressure to enter Form IV to continue, creating a bottleneck detrimental both

to the general morale of the community as well as to the work done in the schools themselves. In other words, in our present situation it should be our prior aim to provide more subsidized places in Forms IV and V with an extension of the fee remission scheme for those in need. Only when this has been achieved should we contemplate moving to free education for rich and poor alike.

I recognize that at the present time there may be difficulties in fully providing for Forms IV and V places of acceptable quality, and therefore we may have to explore some ways of meeting student needs until adequate provision is made. With the \$80 million we could subsidize education in Forms IV and V in certain selected private, non-profit-making schools which, I am sure, would welcome the opportunity to continue their service to the community. In my view, this will go a long way to removing the bottleneck between Forms III and IV. I am led to this view because I feel that if it is our intention to abandon the plan to introduce the Junior Certificate of Education Examination, as it now seems likely, the need for more subsidized places after Form III becomes self-evident, and it would be in the interest of the community that this need be met.

We should also recognize that if the Junior Certificate of Education Examination is not to be instituted, it will be necessary to establish reliable means by which the aptitudes of the pupils can be assessed, and I do not mean merely through internal school examinations, though these could form a part of the assessment. I feel that true assessment is a gradual ongoing activity, mutually explored and shared in by pupils with their teachers and counsellors. This implies the need for teachers trained to teach a curriculum in which the development of the individual and not the examination, is the goal. It means the need for student counsellors and teachers trained in counselling in large numbers to take part in this delicate work. To my mind, there are considerable implications in deciding on assessment, instead of examination at the end of Form III, and we have a responsibility to ensure that the position of the individual pupil is not abused in the process. Hopefully while this is being done, we will be able to enhance the quality of education which we offer our young. Through the provision of trained personnel and greater investment in curriculum development, improved school amenities, and the removal of pressure in our crowded classrooms, we will be able to create a new atmosphere in the schools which will fashion new educational aspirations in students' minds as well as new expectations in those of their parents.

This leads me to touch on another aspect of this subject: the difficulties presently being encountered in the provision of trained personnel for the implementation of Government's growing schemes for education and social welfare. I understand, for example, that because of difficulties in the recruitment of staff, it was not possible to meet the targets planned for full-time and part-time day release courses in the Technical Institutes for the 1977-78



academic year. My honourable Friend, the Financial Secretary, has also indicated in his Budget Speech that some of the services in Government's expanding social welfare plans cannot yet be offered because they require a high input of skilled staff which will take time to recruit and train in the numbers required. It would be a great pity if Government's far-reaching plans for the improved welfare and education of the community were to continue to be hampered by practical difficulties of this nature.

In these areas, as well as in the secondary school sector where professionally trained teachers and student counsellors are needed in large numbers, I would urge that active measures be taken to fully utilize our local resources in the training of personnel.

My honourable Friend, the Financial Secretary, has proposed a sum of up to \$80 million to support the concept of free education at the lower secondary school level, whilst settling on a 40% target rising to 50% for subsidized places in Forms IV and V. I believe that in our present situation we could instead put this money to immediate use to begin to remove the bottleneck between Forms III and IV whilst not losing sight of the need to ensure that the education provided is of acceptable standard, which in my view is to be achieved through the adequate provision of trained personnel. These are matters which will have to be resolved if the broad intentions of the Green Paper on Senior Secondary and Tertiary Education are ever to be realized, and I feel that a beginning should be made now. Only when these needs have been met should we contemplate free education at the lower secondary level.

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

MR YEUNG:—Sir, when the Financial Secretary addressed this Council at the beginning of the month, he gave us an interesting account of the progress made by this community over the past seven years. He described our present economic position, and shared with us his predictions for the future. I should like to join my Unofficial Colleagues in congratulating him on the presentation of a very sound budget.

The Financial Secretary has announced that a number of new projects will commence in the next financial year, and existing projects will continue. All these will contribute substantially to the quality of life of our people, and therefore deserve the support of all sectors of the community. They will be expensive to implement, but no major proposals to raise additional revenue have been included in the Estimates. Our budgetary strategy appears to be well conceived, and with little or no change required for the forecast period.

Sir, the social programmes initiated under your bold and effective leadership have made rapid progress over the past few years. Although the recession curtailed developments in a number of areas, we have since made

up for lost ground. In Housing alone—one of your major projects—Government and the Housing Society provided homes for more than one-third of a million persons in the last four years. Almost one million will be provided for in the next four years. Some progress has recently been made in the regionalisation scheme for medical and health services. In 1977 there was a net increase of 512 hospital beds and it is planned to add another 3,261 beds over the next four years. In the field of social welfare, the three Green Papers have set out proposals for assistance to the elderly, to youth and to those who should benefit from our social security system. A White Paper has already been published on the rehabilitation services. And there will now be nine years of compulsory education, free in the public sector, for all our young people. Incidentally on this point, I do not recall any division among the Unofficial Members. So Sir S. Y. CHUNG may not be wrong while my learned Friends Miss DUNN and Fr MCGOVERN may not be right in saying that fifty-fifty split is a point of doubt.

It is of course, the duty of every Government to provide for its citizens the social services which are essential for their well-being, and the responsibility of every Government officer to assist in the implementation of a social programme. Here in Hong Kong we are fortunate that a number of public officials have discharged their responsibilities in the very best interests of the community. In doing so, they have in many areas achieved outstanding results. The courageous decisions, initiative and careful planning have contributed to the progress already made, and I am certain that we can look forward to continuing achievements in the years ahead.

In the New Territories there has been a marked improvement in the provision of facilities and amenities. Various funds, though comparatively small in amount, have been used to provide villages with street lighting, playgrounds, roads, footpaths, rain shelters, bridges, village halls, refuse collecting points and river cleaning projects. The impact will be more felt not only by the villagers but also by all residents in the New Territories when the special allocation of funds to the District Advisory Boards for the specific aim of promoting culture, sports, recreation and environmental improvement are put into use this year. Swimming pools are in the course of being constructed in Fanling and Yuen Long. Athletic racing tracks are being re-paved. Plans for indoors stadiums, multi-purpose auditoriums, libraries, hospitals, etc. have been drawn up to co-ordinate with the development programme of the New Territories. Job opportunities are being extended by the allocation of many areas near villages for industrial purposes. The more ambitious scheme of reclaiming and forming large areas of land for new industrial estates in Tai Po and in Yuen Long will go a long way towards providing jobs for the people and stimulating land-and-capital intensive industries by the provision of comparatively inexpensive land.

However, there is much more to be done before the quality of life in the New Territories as a whole will approach that which is enjoyed by the

urban dwellers of Kowloon and Hong Kong Island. In this respect more Government funds should be made available to speed up and to extend the services.

The construction of expressways linking Kowloon with Tuen Mun and Tai Po will have a great impact on the indigenous population and their standard of living. As and when the network of subsidiary roads is improved or expanded, the better land communications will facilitate access to the New Towns and market towns and extension of social and communal services to the villages. This in turn will provide villagers with greater opportunities for employment and for marketing their produce as well as raising their standard of living. Some villages are not served by motorable roads due mainly to the fact that the land concerned is being vested in private owners and it is difficult, if not impossible, for the villagers to acquire the land for the road without the aid of Government by way of compulsory acquisition. As it is surely unfair that this sector of the community should be left behind as we have moved from one phase of social development and progress to the next, I would therefore urge that priority should be given to the provision of feeder roads and village access roads to many more of the less accessible parts of the New Territories.

Crime in the New Towns, market towns and rural parts of the New Territories has been held to acceptable levels, and indeed there is some improvement because of the Fight Violent Crime Campaign, the good rapport between police and people and the large increase in the strength of the Police Force. Social development and a community's peace of mind are closely identified with the state of Law and Order, and in the maintenance of the rule of law there must be collaboration between the authorities and the general public. In this respect the Mutual Aid Committees and the village guards system should be encouraged by providing them with funds, equipment and such other forms of assistance as necessary.

The Beat Radio Scheme is now an effective means in combating various types of criminal activities, and I should like to see its extension to different parts of the New Territories as soon as possible. Before I leave this subject, one further suggestion. There should be plans to provide the emergency units of the Police with helicopters, thus adding that essential degree of mobility which is required to cope with certain emergency situations in the vast areas of the New Territories.

Your Excellency decided several years ago that greater scope for recreational activities should be provided in both the urban areas and in the countryside, for young and old alike. In the New Territories there is still a serious deficiency of parks, playgrounds, sports fields and other open recreational spaces. This deficiency is particularly felt in the market towns and the rural townships and in the villages. Provision of these facilities in some market towns has been improved in recent years by the Urban Services Department but much more remains to be done.

Since property tax and rates have been introduced to many areas in the New Territories, it is opportune for Government to consider allocating a portion of the rates (as in the case of the Urban Council) for the New Territories to embark on the capital expenditure programmes for the building of cultural and recreational facilities such as auditoria, libraries etc. so as to meet the wishes of the residents without going through the tedious process of fighting for priorities in the allocation of funds from general revenue.

I would therefore urge a review of the present facilities available and the programme for providing recreational areas in the future. It is important to examine the time table critically so as to ensure that needy facilities are provided for without unnecessary delay. A case in point is that Yuen Long is going to have a good swimming pool in the very near future by the personal effort of Your Excellency in advancing the date of the project because there was no reason why the work should not commence since the money was there, the land was there and the need was there.

I must however emphasise that quite apart from money, local support and co-operation is essential to get things moving. The formation of District Advisory Boards to cover all parts of the New Territories this year is a most significant step forward towards this end. A greater range of cultural and recreational activities may now be implemented with the least possible delay by the District Advisory Boards with funds specially appropriated for those purposes by Government. It is now also possible, for the first time, to bring about a series of minor environmental improvements through the mutual efforts of the authorities and the local population.

Government's plan to establish even more country parks is a move much welcomed by the people of Hong Kong, who are keen to see steps taken to preserve the beauty of our environment. But is it necessary to rely only on the staff of the Agriculture and Fisheries Department to manage, patrol and maintain these green belts, which have already attracted so many people during week-ends and holidays? The existing policy on youth is somewhat vague and the community's efforts fragmented. While further thought is required on how the energies and abilities of our young people could be best employed in serving the community of which they are a part, and in which they will in future years be playing leading roles, could we not ask the members of existing youth agencies to participate in such practical projects as serving as autonomous groups in a corps of voluntary forest rangers and park wardens? These young people have already received guidance and training in disciplined settings, and the additional skills and knowledge required of a forest ranger or park warden can be given in short but intensive courses of instruction. It would be necessary to extend greater facilities to these agencies, providing them with funds, transport and identifying insignia. But the advantages to Government and the Community would be many. I need mention only three: (1) groups of dedicated and disciplined young people patrolling a country park with the aid of

walkie talkies or some similar communication system will surely discourage the small number of petty criminals who occasionally prey on picnikers and other visitors; (2) they will help to maintain the country parks and our country-side clean and free from vandalism and (3) the scheme will serve to foster a spirit and sense of community service among young people.

I understand that it is proposed that somewhat more than half of the new aided schools in the New Territories are to be subsidised under the Caput School System. This will, I fear, result in a lowering of standards since the facilities which would be available will be less and the quality and standard of teachers will be jeopardized by the insufficiency and uncertainty of funds available. To maintain the existing standard of education I would therefore recommend that all such new schools should come under the present Code of Aid with full Government subsidy.

Special Schools are at present also governed by the Code of Aid. The circumstances of their students are such that I would suggest more generous arrangements should be made available. The modifications which I envisage should be given careful consideration are, firstly, that up to 100% of the cost of construction and equipment should be provided by Government for the Voluntary Agencies; and secondly, that recurrent expenditure subsidy should be enlarged to include extra staff and material to cater for special needs, such as nursing staff, social workers, drivers, and specialist equipment, vehicles and food.

With the commencement of the Home Ownership Scheme it is now possible for people of modest means to look forward to the day when they could own their homes. There are, of course, many other housing schemes being constructed or planned by the private sector, but these are generally for families with incomes somewhat above the average level. The private housing development at Tai Shang Wai in the Yuen Long District is now in progress, which will, I understand, provide five thousand decent houses with gardens good environments at low prices for middle income families. Another major private project near Tai Po has already received Government approval. These types of rural private development will be complementary to the Government Home Ownership Scheme and indeed has extended its scope by offering a new type of decent homes in the form of a house and garden in the rural setting as opposed to a small unit in a high-rise building in the urban or suburban areas. Needless to say, nobody will be in a position to disregard the general philosophy of these Government supported private developments or the Home Ownership Scheme as the main aim is to enable local residents to buy a decent home, thus more closely identifying themselves with the community. I would therefore ask Government to take all necessary steps to encourage and to facilitate the plans of private developers, whether these be for housing in the urban or rural areas.

Government itself should consider also constructing low cost houses in the New Territories and offer to sell them to the general public within the

low income bracket with priority accorded to villagers and the residents of the New Territories. Such Government-built houses would be complementary to the urban Home Ownership Scheme, and will allow both urban and rural families to acquire their own homes in a variety of housing accommodation located in various surroundings.

In recent years a number of villages have been uprooted to make way for major public development. Although the villagers received compensation in cash or were provided with Government-built housing accommodation, the resumption of land and houses of theirs was a cause of resentment and dissatisfaction. This was primarily because of the disruption to their traditional way of life, with the entire community being removed from their ancestral land and relocated in a different environment.

In many parts of the New Territories there has already been some displacement of villages, whose inhabitants were more often than not integrated with the non-indigenous town people residing near the Government-supplied housing provided for the villagers. The effects on a rural community which is uprooted and transplanted in this manner have deep social consequences which, for the majority, will take many years to accept. For the minority, frustration is more permanent and there will always be a deep-seated resentment of their treatment. It must be accepted, however, that rural land will continue to be resumed for public purposes when the need arises, and that the villagers affected will have to surrender their homes to make way for development projects which are of benefit to Hong Kong as a whole. But there is no reason why Government should not endeavour to reduce to a minimum the social effects of such a drastic disruption to their lives.

I would suggest that there should be options offered by Government which might help to reduce unnecessary friction between those responsible for clearance and resiting and the villagers who may be affected by future resumptions. These options are firstly, Government may construct an entirely new village of houses in a suburban area agreeable to the villagers with Government finance for the removal; secondly, villagers may be offered individually a choice of various types of housing in the New Territories and in other parts of Hong Kong; thirdly, an individual villager may be granted or assisted to purchase a plot of land in the rural area to build his own home thus allowing him to preserve his own traditional way of life; and finally, the whole village may be allowed to be redeveloped in a community in situ with proper village planning in accordance with the general town layout.

This opportunity to build for themselves their own houses and to continue life together as before will help to bind the community even closer—surely one of the more desirable forms of Community Building which Government is so anxious to promote. The provision of these alternatives with sufficient financial backing is likely to be more acceptable to some villagers, and I would recommend them for consideration by the Administration.

Before I leave the subject of our villagers and their welfare, may I suggest that having regard to the social progress which has been achieved in Hong Kong, the supply of mains water to villages and other populated areas in the New Territories is no longer a matter which can be deferred. I realize that it may take some time before the more remote localities can receive such a supply. There is, however, no valid reason why the residents of villages in which standpipes have already been installed should be refused a connection to the mains when they are quite prepared to pay for their water. Perhaps the Director of Public Works will give this suggestion his careful consideration.

Sir, up to now I have confined my observations principally to matters which are of direct relevance to the New Territories. What I have said must, of course, apply equally to the other parts of Hong Kong except where the context does not permit. With your permission, I shall now turn to a few topics of more general concern.

Hong Kong has really just two natural resources: its land and its people. I shall, at this stage, make a few general observations on people.

The relationships between different people quite often determine the degree of understanding and co-operation between them. Due to a number of causes, our links with the people of the United Kingdom have weakened in recent years. This is a sad thing, for some of the misunderstandings are unnecessary and a great deal of recrimination is misguided.

How does one go about promoting better mutual understanding? Unless I am mistaken, Hong Kong's image in the UK has been tarnished both by poor information and ignorance. This could be remedied in two obvious ways. We should provide more funds and facilities to our London Office to promote Hong Kong and to orientate the Hong Kong immigrants, helping them to integrate and to involve themselves in public affairs and community service so as to create and maintain a good image and good public relationship between the people of Hong Kong and the people of UK. We should also avail ourselves of the assistance of our own people who go for a visit. I believe some wise person once declared that the best ambassadors are the people themselves. It would not be a difficult task to make some kind of briefing available to those of our citizens who travel to the UK and who want it. We have nothing to lose, and everything to gain. While it would be a continuous and long-term process, I think this is a step worth taking.

I turn now to a more important question which concerns every one of us in this territory. Health is the dearest asset for every one of us but unfortunately we do not as yet have a comprehensive health care system in Hong Kong. Government is already providing a very extensive medical service involving ever-increasing capital outlay for hospital and clinic buildings and equipment, salaries for staff and a very large recurrent expenditure

on drugs and consummables. But because of the size of the problem, the provision of Government health services will not be able to expand at a rate which will satisfy the need, hence the inevitable long waiting lists for many forms of treatment and a dissatisfied public who are forced by circumstance to rely upon such Government services.

It is high time to consider offering to all the people of Hong Kong certain territory-wide health care schemes. As a starting point the setting up of a voluntary health fund may be useful.

A voluntary health fund should be a Government-run scheme in which a member of the public will be able to join on payment of a prescribed fee on a monthly basis. After a qualifying period the subscriber will be eligible for health benefits.

A schedule of common fees approved by the Government after consultation with medical associations decides the maximum refundable fee for each medical procedure. This figure is usually somewhat lower than what is currently being charged by private doctors. After a subscriber attends his doctor, he obtains a certificate which he can send to the fund and he receives a refund for the expense incurred up to the maximum common fee. The patient can thus choose his own doctor, paying the difference between the common fee and the doctor's bill.

The refund is to the patient and not to the doctor. The fund provides a fixed percentage and the Government provides a subsidy. If the assets of the fund are invested to earn income, (*e.g.* to provide loans under the Home Ownership Scheme), this would help to reduce the Government contribution.

With such a scheme operating in Hong Kong, Government will no longer have to continue to expand its own facilities at the present rate but would be able to upgrade existing facilities and to cater for those who are unable to afford the subscriptions. For the subscriber, he is free to choose his own doctor knowing the amount of the refund he is entitled to obtain from the fund. As the number of people able to afford private medical care increases, the private medical sector will expand to provide better service at a lower cost.

In this way, the small number of patients requiring expensive, long-term medical procedures (such as pace-makers, dialysis, cytotoxic drugs) will be able to afford these through the fund, and not be dependent entirely on his own resources or have to appeal to charity.

This scheme also covers hospital costs. If a patient is admitted into a Government hospital, no further subsidy is given, but the fund pays the hospital fees up to the prescribed maximum amount.

Pharmaceutical benefits can also be built into this scheme, a list of common drugs being drawn up and contracts with firms made for bulk purchase. If a doctor prescribes on a special form any drug on the list, the



pharmacist will charge a standard fee for each drug and the fund then pays the difference between the agreed cost of the drug and the standard fee.

Medical investigation procedures would have to be closely monitored and common fees determined. There should also be a list of approved laboratories charging a common fee for the procedures.

If this proposal commends itself to Government it would be necessary to have a committee to investigate and study the various aspects of such a scheme. This committee should consist of doctors, medical and health department officials, financiers and economists, statisticians, representatives from hospitals, medical associations, the pharmaceutical industry and laboratories.

Further incentives to join such a scheme may be in the form of tax concessions for subscriptions and company discounts.

Our prison service has been effective and successful. Their functions and roles, however, need to be examined from time to time and revised. There will always be a number of persons who, because of their offence, must be sent to prison. The emphasis then must be on utilising the time that they spend in the institution in the best possible way to try and assist the willing offender towards re-integration into the community after discharge.

Pre-release centres and half-way houses have yet to be properly developed in Hong Kong.

It is essential that a parole system should also be introduced; under such a scheme we can keep an eye on an offender after he has been discharged and see that he is behaving well otherwise he can be recalled.

I also believe that we should introduce compulsory after-care for all young persons sentenced to imprisonment who are under the age of 21 at the time of their sentence.

The fourth aspect touches on the treatment of a minority of the civil service, whose conditions of service are inferior to those of the majority. As a general rule they are not eligible for housing benefits unless they are single, divorced or happen to be a surviving spouse. Only those who are divorced or have buried a spouse are eligible for education allowances and family medical benefits, and in the case of overseas officers, passages for their families.

This discrimination has no doubt kept them a very small minority in the Civil Service, although they form half of the general population of this community of ours. I am, of course, referring to female officers!

I am informed that Government does not confer such benefits on married female officers because, in the Hong Kong community at large, the responsibility for these areas lies with the male spouse! Such an attitude would be understood in the Victorian era, but in this day and age I find it incredible

that Government should continue to discriminate against married women. Perhaps my Friend, the Attorney General, would be good enough to arrange for the early introduction of a Sex Discrimination Bill, to be passed in only one sitting of this Council!

Sir, with these observations, I support the motion.

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

*Question put and agreed to.*

### **Valedictory to Mr P. B. Williams, Commissioner for Labour**

HIS EXCELLENCY THE PRESIDENT:—Honourable Members, Mr P. B. WILLIAMS will shortly leave Hong Kong on retirement and this is the last sitting which he will be with us in this Council.

His departure we all know will leave a very big gap in Hong Kong and in this Council. He has gained respect in many fields of Government during his 25 year service. I think he will particularly be remembered for his work in the Social Services Branch where he played such a large part in drawing up the plans on which the expansion of our Educational, Medical, and Social Welfare programmes have since been based, and also he drew up much of our programme of Labour Legislation. More recently, as Commissioner for Labour he has been able to make a special contribution in this field, and in pushing forward legislation and in planning the reorganization and expansion of this Department.

We all miss him very much, and we wish him and his wife a very happy retirement.

SIR S. Y. CHUNG:—Sir, my Unofficial Colleagues and I would like to associate ourselves with the tribute which Your Excellency has just paid to Mr P. B. WILLIAMS for his invaluable service to our community during his long and distinguished career with Government. Although he has been the Commissioner for Labour and a Member of this Council for less than a year, he has in that time won the respect of those who are connected with his field of responsibilities. For his work in the Labour Department and his many other contributions to the well being of Hong Kong during the past 25 years he will long be remembered. We wish him and Mrs WILLIAMS every good fortune in the future.

MR P. B. WILLIAMS:—Thank you, Sir,

**Adjournment and next sitting**

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 12 of April.

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