

OFFICIAL REPORT OF PROCEEDINGS**Thursday, 27 March 1980****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MACLEHOSE, G.B.E., K.C.M.G., K.C.V.O.

THE HONOURABLE THE CHIEF SECRETARY
SIR JACK CATER, K.B.E., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY
SIR CHARLES PHILIP HADDON-CAVE, K.B.E., C.M.G., J.P.

THE HONOURABLE THE ATTORNEY GENERAL
MR. JOHN CALVERT GRIFFITHS, Q.C.

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR. LI FOOK-KOW, C.M.G., J.P.

THE HONOURABLE DAVID AKERS-JONES, C.M.G., J.P.
SECRETARY FOR THE NEW TERRITORIES

THE HONOURABLE LEWIS MERVYN DAVIES, C.M.G., O.B.E., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE DAVID WYLIE McDONALD, C.M.G., J.P.
DIRECTOR OF PUBLIC WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, C.M.G., J.P.
DIRECTOR OF EDUCATION

THE HONOURABLE DAVID GREGORY JEAFFRESON, J.P.
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE ALAN JAMES SCOTT, J.P.
SECRETARY FOR HOUSING

THE HONOURABLE THOMAS LEE CHUN-YON, C.B.E., J.P.
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE DEREK JOHN CLAREMONT JONES, C.M.G., J.P.
SECRETARY FOR THE ENVIRONMENT

DR. THE HONOURABLE THONG KAH-LEONG, C.B.E., J.P.
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, J.P.
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE JOHN CHARLES CREASEY WALDEN, J.P.
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE JOHN MARTIN ROWLANDS, J.P.
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE GERALD PAUL NAZARETH, O.B.E.
LAW DRAFTSMAN

THE HONOURABLE WILLIAM DORWARD, O.B.E., J.P.
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

THE HONOURABLE JOHN MORRISON RIDDELL-SWAN, J.P.
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE DAVID ROBERT FORD, M.V.O., O.B.E., J.P.
SECRETARY FOR INFORMATION

THE HONOURABLE JOSEPH CHARLES ANTHONY HAMMOND, J.P.
COMMISSIONER FOR LABOUR (*Acting*)

THE HONOURABLE OSWALD VICTOR CHEUNG, C.B.E., Q.C., J.P.

THE HONOURABLE ROGERIO HYNDMAN LOBO, C.B.E., J.P.

THE HONOURABLE LI FOOK-WO, C.B.E., J.P.

DR. THE HONOURABLE HARRY FANG SIN-YANG, C.B.E., J.P.

THE HONOURABLE LO TAK-SHING, O.B.E., J.P.

THE HONOURABLE FRANCIS YUAN-HAO TIEN, O.B.E., J.P.

THE HONOURABLE ALEX WU SHU-CHIH, O.B.E., J.P.

THE REVD. THE HONOURABLE JOYCE MARY BENNETT, O.B.E., J.P.

THE HONOURABLE LYDIA DUNN, O.B.E., J.P.

DR. THE HONOURABLE HENRY HU HUNG-LICK, O.B.E., J.P.

THE HONOURABLE LEUNG TAT-SHING, O.B.E., J.P.

THE REVD. THE HONOURABLE PATRICK TERENCE McGOVERN, O.B.E., S.J., J.P.

THE HONOURABLE PETER C. WONG, O.B.E., J.P.

THE HONOURABLE WONG LAM, O.B.E., J.P.

THE HONOURABLE CHARLES YEUNG SIU-CHO, J.P.

DR. THE HONOURABLE HO KAM-FAI

THE HONOURABLE ALLEN LEE PENG-FEI

THE HONOURABLE DAVID KENNEDY NEWBIGGING, J.P.

THE HONOURABLE ANDREW SO KWOK-WING

THE HONOURABLE HU FA-KUANG, J.P.

THE HONOURABLE WONG PO-YAN, O.B.E.

ABSENT

THE HONOURABLE JOHN HENRY BREMRIDGE, O.B.E., J.P.

THE HONOURABLE CHEN SHOU-LUM, O.B.E., J.P.

DR. THE HONOURABLE RAYSON LISUNG HUANG, C.B.E., J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS. LORNA LEUNG TSUI LAI-MAN

Second reading of bill**APPROPRIATION BILL 1980****Resumption of debate on second reading (26 March 1980)**

Question proposed.

MR. WU:—Your Excellency, the Financial Secretary has reminded us that we were able, during the 1970s, to respond to many of the community's social needs and aspirations. He has also warned us that, within our presently buoyant financial situation, lie the seeds of trouble for the future as recurrent revenue finances less and less of our total expenditure.

No one would be encouraged by those words to propose a wild spending spree but I hope we will not lose momentum on the social front or neglect the quality of the services we provide.

The Financial Secretary gave us a 'broad assurance' that the expenditure estimates provide for policies and programmes to be implemented at 'a very satisfactory rate'.

The annexes to his Speech point to the major shifts in emphasis. The proportion of expenditure on social services is up but the difference is entirely accounted for by the cost of the housing programme. Education, medical and health services, social welfare all represent, for next year, a smaller proportion of total expenditure than previously.

Expenditure on education will be a smaller proportion of our total expenditure than at any time in the last ten years and the, same goes for medical and health services. The proportion we are spending on social welfare is going down again after rising in the middle of the last decade.

These figures do not necessarily conflict with my honourable Friend's assurance that all programmes are being satisfactorily implemented. While they represent substantial increases in real expenditure, these shifts of emphasis should not be ignored. Unfortunately a budget speech cannot tell us much about how Government departments view priorities and plan for the future.

Important public programmes are naturally determined to a large extent by the proposals made by responsible departments and the fate of these

expenditure proposals at the hands of the Finance Branch, in the context of available resources and the Financial Secretary's guidelines.

The figures, which my honourable Friend provides in his notes, only show how much the original total departmental bids exceed the guidelines, how much they are cut back and how much is subsequently added to the expenditure budget for new services and new commitments. The figures by themselves do not tell us the extent to which departments recognize the need for new services and improvement of existing services but are unable to realize their hopes because of financial decisions.

'The maintenance of existing services and their expansion to meet demand at present standards', which has been the Financial Secretary's yardstick for several years is a thoroughly reasonable concept so long as its application is not allowed to stifle initiative or to deny us improved quality.

It would not be unhealthy for people to know more about the programmes which are being developed within our social services departments but which have to be postponed for financial reasons. Certainly, if the programmes are attractive some people will press for them to be implemented earlier than is possible. Public discussion would, however, be a useful guide to opinion on priorities. If too many plans and programmes are unveiled only when they are financially respectable the Government loses credit for forward thinking.

Meanwhile, turning to more immediate matters, even in a buoyant situation, we must watch the dollars and cents. There is a particular need to promote efficiency and quality in the services we do operate.

As regards efficiency I look forward to some tangible return on the heavy increase—nearly 48%—in expenditure on civil service training shown under Miscellaneous Services and the other expenditure, under that vote, for management services, data processing and visiting advisers.

There is no doubt that some of our office procedures, including such simple matters as filing systems, could benefit from modern techniques.

I congratulate the Financial Secretary for taking a step towards improved efficiency with his proposal to delegate authority for the creation of certain posts, subject to appropriate control. He has assured us that this should not lead to a more rapid growth of the civil service. That growth might be further inhibited by a strict examination of civil service posts whose functions have changed, dwindled or even atrophied with passing years. More freedom for heads of departments to deploy staff to new duties could usefully go hand-in-hand with the power to create or not to create new posts.

To obtain value for our money we must watch the quality of what we buy over the whole range of public expenditure, especially in the social services and most of all in education.

Sir, I have repeatedly dwelt on the word 'quality'. I believe that as we are entering a new decade, with rising standards of living and expectations, it will not be enough for us to measure our progress by quantity alone.

Prudent financial management does not conflict in any way with improving the quality of existing services or even introducing new services which, in themselves contribute to the quality of life.

May I now, Sir, be permitted to ride off on my hobby-horse, the encouragement of the arts. Under Head 84, Miscellaneous Subventions, we have a specific Subhead for the promotion of sports. If the creation of this Subhead is justified by the amount of money now being spent in this direction then it is equally justifiable that we should look at the rather ragged situation regarding the promotion of the arts. My honourable Friend has referred to the new Recreation and Culture Division of the Government Secretariat. I welcome this move and I suggest that the Division should work towards greater co-ordination of effort and direction.

Sir, the Financial Secretary spoke of 'defending' his Budget. It hardly needs defending. He has brought us skilfully through one exciting decade, remarkably well-prepared to meet the opportunities of the next. We are in the fortunate position to be flexible in the allocation of priorities if circumstances change and I hope that the same flexibility may be applied in less dramatic areas where small adjustments and modest expenditure can stimulate desirable changes in the style and quality of our lives.

With these remarks, Sir, I support the motion.

REVD. JOYCE M. BENNETT:—Your Excellency, the annual Budget Debate gives the community an opportunity to examine the Government's financial policy. Each year the pundits get busy and advise us all on what should be done. It is easy enough for many of their arguments to be brushed aside by the Finance Branch with such derogatory remarks as the Government knows better than the layman. I, too, speak in a lay capacity in financial matters, but with access to a mass of papers and figures, through which the UMELCO Office guides me. In addition, I have had the opportunity to visit many of our Government and subvented institutions and see the work of Government departments at the district level. I wish therefore to develop a theme which has continually concerned me since I joined this Council. I refer to the Government's policy of providing the majority of its social services through subventing voluntary agencies. This afternoon I would like to highlight the problems that arise from the present methods of carrying out this policy and to suggest some improvements. Furthermore in the course of my recent enquiries into the provision of our social services, I discovered that certain aspects of the staffing of Government institutions also needed to be improved.

As a lay person in financial matters I have been questioned by members of the public over the last year as to why the Government does not provide

subsidy for, or itself run, pre-primary education services. I have been told it was a disgrace for the Government to hold such high reserves and budget for a surplus when so many vital social services in the medical and social work field were underprovided. I have listened to arguments from civil servants asking for higher salaries and professionals employed in the voluntary-run institutions pressing for more fringe benefits similar to their fellow-workers in Government institutions. These requests are natural: the more men have, the more they want. But how do we answer these and other requests? Certainly they will not be satisfied with a refusal of all such demands when the Government continues to keep vast reserves held against some future crisis period. Unfortunately the value of this saving has not been recognized by the present generation who can see the real value of their savings being lost through inflation.

Strangely enough the Hong Kong Government has not silenced these critics by raising the most common direct forms of taxation—the salaries and profits taxes. Year after year these remain the same. Each year we heave a sigh of relief as no increases are announced, indeed we are glad for the reliefs made this year as in previous years. Where then does the money come from? It is estimated that land transactions next year will yield a staggering \$6,000 million, almost all the money needed for our capital development (\$7,000 million). This method of raising revenue reminds me of the great landowners, unable to cope with the rising costs of the modern industrial society, having gradually to sell off vast chunks of their estates to meet their current expenses. But what happens to those highly-respected families when their estates have shrunk to the more usual size? What will the Government do to finance its programmes when its land sales no longer command such high prices? Are we indeed looking towards the sale of the land of the present airport and the reclaiming of all the sea which surrounds it? I ask these questions because I see a danger when citizens of a country are unaccustomed to financing the country's expenditure from current taxation. Hong Kong is beginning to be proud of much of its recent developments. We see ourselves moving out of a third-world status; we strive for the standards of Japan and the developed countries. Many of the critics of the Government cry out for more provisions in the medical and health services, or increased services for the aged and for the pre-school child. We need to listen to them and budget for further improvements. Our hard-working citizens deserve these benefits and will continue to clamour for them. I trust the Finance Branch in Government will give these growing demands their serious consideration.

As I mentioned earlier, the Government's stated policy in the social service field is to provide only part of these services itself, relying on the voluntary agencies to supplement them. In many instances, such as in education, the Government relies on the aided sector to provide the bulk of the services. In other cases, such as hospital beds for T.B. patients the voluntary sector shoulders the whole burden. Thus in Hong Kong when we speak of the public sector we refer not only to the provision made by Government,

but also to that provided by the voluntary sector. Personally I support this policy wholeheartedly. I believe it gives good value; it provides flexibility and individuality; it allows full participation in public services to a vast number of philanthropic bodies and individuals. I believe the Hong Kong Government has much to teach many other countries in this mutual sharing in responsibility between the government and the voluntary bodies. This provides healthy participation in Government-sponsored social services by a great number of our local people. This is part of the process of our government by consent, because it involves the educated and professional classes in sharing the responsibility for the life of our community.

However there have been some danger signals showing in recent months and I would like to draw Your Excellency's attention to them. We see these danger signals when we look at the social services from the point of view of the consumer. Naturally I am speaking for the vast majority of our citizens who have to be content with the institutions in the public sector and cannot afford private schools or private hospitals. As regards education I believe we are moving into a position where the ordinary citizen can get good schooling for his children in the public sector, wherever he lives. As I mentioned in this Council in last year's Budget Debate, it is good that no longer are there to be two grades of aided schools. All aided schools in three years time will be receiving similar Government subsidy through a unified code of aid. Therefore no matter where the family lives the parent can be assured that the schools where his children study will be provided with standard facilities.

Let us turn next to the Medical and Health Department and the Social Welfare Department where we find a different picture. I was glad to participate in the UMELCO team that visited nineteen Government and subvented hospitals from August to October last year. Clearly our medical facilities are as yet inadequate and I recognize that there are very good plans for improving them. But our present hospitals leave much to be desired and our visits clearly indicate that financial stringency frequently hinders good patient care. It will be sad indeed if the observers of Hong Kong while remarking that we put money into education because the children of today are the workers of tomorrow and will in the future therefore benefit the Hong Kong economy, say we have not done enough for the sick and injured, because in relative terms their numbers are small and they can be thrust on one side. Sir, a community will be judged by the way it is prepared to invest its money in caring for the sick and the elderly, for the injured and the handicapped.

During the last weeks I have sought to ascertain reasons for differences between the Government and subvented hospitals and to compare these differences with educational institutions. There is one vital point to remember as we make this comparison. Our schools have no difficulties in employing staff. There are excellent graduates of our universities and colleges of education seeking employment as teachers. Therefore aided schools can find suitable

teachers for their schools, despite not being able to offer them pensions, housing, medical benefits, nor being able to provide educational allowances for their children. However demands for these are increasing and I support the demands, because the teachers are teaching in the public sector; they have the same salaries as their counterparts in Government schools. Why should they be deprived of the fringe benefits given to the Government teachers?

Now we turn to medical and social work agencies. Here we find a different situation. There are not enough doctors, not enough anaesthetists, not enough nurse tutors, not enough physiotherapists, nor many others in the para-medical field. Nor do we yet have enough trained social worker personnel—I recently heard of only two clinical psychologists in the whole Social Welfare Department, which has to run the probation service, the family service units, as well as several institutions. Sir, I am sure you will appreciate the difficulties that our subvented hospitals and voluntary agencies incur as they face loss of staff to Government or to other agencies which can sometimes provide more housing or other fringe benefits. Sometimes, too, staff leave the institutions situated in the outlying areas for others located more centrally in order to avoid long hours in commuting, or they join private institutions where the patient load is lighter.

Clearly the Government saves money when hospital posts remain unfilled. That should be no cause for rejoicing at the amount of money saved, but rather it should be a cause for alarm. The hospital which is short-staffed, whether it is Government or subvented (both suffer in this way), is unable to provide proper services to the sick.

My next plea regarding the staff of our medical institutions concerns the need to provide the same staff ratios for the same type of clinical units in subvented hospitals as in Government hospitals. At the moment the subvented hospitals have difficulty in discovering improvements in Government hospital staffing; when they do discover such, they apply for parity of treatment and eventually may or may not receive it. When improvements and adjustments are made in Government hospitals they should be automatically extended to subvented hospitals in the public sector. I can illustrate this with reference to a current request by the Medical and Health Department for supervisory staff at Chief Nursing Officer and Senior Nursing Officer ranks in the Nursing Education Unit. If these are granted in the Government schools of nursing, as I think they should be, then such should be granted in the subvented schools of nursing. Incidentally my enquiries relating to this request disclosed how seriously understaffed are all schools of nursing. Good nurse tutors will devote much time to counselling their student and pupil nurses who are facing for the first time the traumas involved in nursing the dying and the severely injured, in nursing children and young persons with incurable diseases. Good nurse tutors need also to spend much time going round the wards to check the procedures practised by their students and pupils. In the

United Kingdom there is a ratio of one nurse tutor to twenty-five nurses in training. In Hong Kong the Government ratio is one nurse tutor to every forty nurses in training. Our local Hong Kong Senior Nurses have urged the Government to work towards a ratio in Hong Kong similar to that in the U.K. But this principle has not yet been accepted by the Finance Branch.

Perhaps, Sir, it is thought that subvented hospitals do not need to have the same staffing for similar clinical units as Government hospitals since the latter are regional hospitals and when the subvented hospitals cannot cope they can send their patients away to Government hospitals. Such suggestions have recently been made. I can think of no quicker way of downgrading the subvented hospitals in the eyes of the public. How will they attract good doctors if they are to be confined to the role of providing convalescent and non-specialist beds. Naturally not every hospital can provide all varieties of specialist treatment. But in every district we need to have regional centres for certain specialities based on the acute general hospital which will be run either by Government or by a voluntary body.

Finally I should like to remind you of the inherent difficulties when dealing with these subvented hospitals. There are so many variations among them. Some have emergency departments that require their anaesthetists to work a seven-day week on shift duty. Others have no emergency department and no operations on Saturdays and Sundays. Naturally anaesthetists would prefer a five-day week without night work to a busy routine of a seven-day week including night work.

Clearly I am raising fundamental questions this afternoon. The Government departments concerned—the Medical and Health Department and the Finance Branch need to examine these basic issues. In the educational field the schools' situation is now much healthier since there are now to be no second-class aided-schools. Staff and students will both benefit from this; our educational system as a whole will reap the rewards of this new approach. The medical provision in the public sector should be similarly upgraded. I have dwelt in detail today on this hospital situation. I believe similar principles need to be applied to all of our social service institutions to create a better society for the Hong Kong citizens.

With these remarks I support the motion.

MR. PETER C. WONG:—Sir, Budget Day is always awaited with bated breath. And this year was no exception. The 3½-hour long speech cannot by any standard be considered short, but in my opinion, every minute of it is justified. The Financial Secretary deserves the highest commendation for executing a difficult and complicated task meticulously and, may I say, with tender loving care (*laughter*). In short, it was a good speech, a good budget, a good exposition of our public finance.

Sir, I propose to speak on two issues this afternoon:

The early expansion of the Legal Advice and Assistance Scheme and the air-conditioning of ambulances (*laughter*).

Legal Advice and Assistance Scheme

On 1 November 1979, I spoke in this Council on the newly established Legal Advice and Assistance Scheme and pleaded for its early expansion. May I quote the final 3 paragraphs from this speech:

‘The service is cheap to run, efficient and has considerable human resources in the form of 170 trained legal minds at the public’s disposal. The cost of running the 2 schemes is 3.2 million dollars a year. It is estimated that with a further 2.8 million dollars, it would be possible to meet the expansion envisaged. In other words, for 6 million dollars at current prices, it would be possible to run 8 legal advice bureaus and offer legal representation in all the 8 Magistracies in Hong Kong to all people arrested and charged with scheduled offences. Manpower is available and the Administrator is confident that he has sufficient human resources at his disposal to cope with the proposed expansion.

Priority should be given to geographical expansion, but at a later stage, consideration should be given to broadening the range of free legal advice and increasing the list of scheduled offences. All offences of dishonesty and all offences against the person tried in Magistracies should be brought within the ambit of the scheme, and only then will Government be able to claim the provision of an independent and comprehensive legal assistance service for serious offences in the Magistracies. The significance of this service becomes more apparent when one realizes that more than 90% of our criminal cases are tried in the Magistrates’ courts, which are empowered to order custodial sentences of up to 3 years. And the people tried in these courts are the ones least able to afford legal representation.

Your Excellency, without your personal interest the 2 schemes would not have materialized so quickly. It is most reassuring to note from paragraph 62 of Your Excellency’s Address that the question of expansion would be reviewed at the end of this year (that means 1979). The demand for free legal service is growing and will continue to grow. We look forward to Your Excellency’s continued support and guidance.’

Sir, I must confess my disappointment when I noted in this year’s Draft Estimates only 3.6 million dollars (in round figures) is proposed for this service. May I refer Members to Subhead 121 under Head 84—Subventions: Miscellaneous at page 709 of the printed copy of Estimates of Expenditure 1980-81.

Currently, there are 3 advice bureaus and 3 Magistracies where free legal assistance is offered. The provision for this year is to cover the cost of running 5 advice bureaus and offering free legal assistance at 4 Magistracies.

In other words, the intention is to increase two more advice bureaus and bring one more Magistracy within the scheme, representing about 50% of the services I pleaded for last November. I am given to understand that although the approved estimate for last year plus supplementary appropriations amounted to 3.2 million dollars, only 2.5 million dollars was actually incurred and this was the result of prudent management by the Management Committee of the scheme and the Administrator. In short, there was a net saving of 0.7 million dollars. This saving plus the proposed 3.6 million dollars for the current year amount to 4.3 million dollars. Only 1.6 million dollars is all that is needed to make up the sum of 6 million dollars (the figure I referred to in last November) which, even at 1980 prices, would permit the Law Society to run 8 legal advice bureaus (as against 5 now contemplated) and offer free legal representation in all the 8 Magistracies in Hong Kong (as against 4 now contemplated) to all people arrested and charged with scheduled offences.

As far as free legal representation is concerned, the crux of the matter is that unless all the 8 Magistracies are covered by the scheme, Government would find it difficult to counter allegations of discrimination and unfair treatment by those who are unfortunate enough to be charged in a Magistracy where free legal representation is not available. We have the resources to offer free legal assistance in all the 8 Magistracies and I can see no logical reasons why this should not be implemented forthwith.

The urgent need for the proposed expansion cannot be over-emphasized and I would strongly urge Government to revise the estimate to 6 million dollars. Frankly, I cannot find a more meaningful and worthwhile cause to spend 1.6 million dollars.

Ambulances

On 26.7.78, exactly 20 months ago, I asked Government in this Council whether it would consider air-conditioning its fleet of ambulances. The answer was that the Director of Fire Services was then considering the matter. On the 12th of this month, I again pursued the matter in this Council. The answer, however, was disappointing. Government stated:

1. Air-conditioning is desirable, though, perhaps, not essential.
2. Possible technical complications over the operation of air-conditioning ambulances may be encountered.
3. Provision is included in this year's estimate for 2 air-conditioning units for trial purposes.

Since it is anticipated that there may be possible technical complications in installing air-conditioning units in existing vehicles, it is my submission that it would be a waste of public money to embark on a project that may prove to be complicated if not unsatisfactory. I would invite Members' attention to paragraph 21 under Head 33—Fire Services Department at

page 150 of the Estimates of Expenditure 1980-81. Provision is made for the purchase of 50 new ambulances at a total cost of 9.75 million dollars. There is also a provision of 60,000 dollars for 2 air-conditioning units for ambulances for trial purposes.

Members would perhaps agree with me that the sensible course to follow is:

- (1) either place orders for the entire new fleet of 50 ambulances with factory built air-conditioning units or
- (2) place orders for 2 new ambulances with factory built air-conditioning units for trial purposes and the rest with factory provisions for the installation of air-conditioning units at a later date. This would ensure that if proved satisfactory, air-conditioning units can be installed in the rest of the new fleet without technical difficulties or complications.

Air-conditioned ambulances are used in countries such as Australia, Japan and the United States of America. I have not been able to ascertain the price and specifications of these ambulances at short notice, but from experience of other types of vehicles made in these countries, it is safe to assume that ambulances made in Australia or Japan for example, would be competitive both in cost and quality. In the light of what I have said, may I suggest that the matter be urgently re-examined. And since we are dealing with the transportation of the sick and the wounded, decision makers should not be dictated merely by cold logic. Perhaps some element of compassion should prevail.

Conclusion

Sir, it is my contention that Government has failed to address the 2 issues I referred to expeditiously and effectively. It is the policy of this Government to improve the quality of life, which includes the continuous improvement of social services. Government has demonstrated time and again that this policy is being pursued with vigour and determination. Let us not forget that while spectacular achievements such as the M.T.R. and our massive housing programme are laudable, we must not lose sight of the less tangible social services, any deficiency in which may not immediately be apparent. Public frustration is often the result of minor inadvertencies. It is perhaps in this area that Government should increase its vigilance.

Sir, I have refrained from commenting on the Financial Secretary's budgetary strategy, proposals or fiscal policy. This is not because I am awed by astronomical figures. Far from it, I like figures, especially good figures. The economics I learned at the university is probably dated, but I believe I know enough to distinguish between theory and practice, between idealism and pragmatism, between rigid adherence to principles and flexible management of the economy. It is common knowledge that even too economists may disagree violently on relatively simple issues and this is

inevitable because economics is not an exact science. This discipline is dependent to large extent on assumptions, forecasts and subjective evaluation of known and unknown factors.

But this does not mean that opinions cannot be formed. In the striking words of a young radical: 'Don't speak to me of Gross National Product, G.N.P. To me G.N.P. stands for Gross National Pollution'. May be he has gone too far. But I do subscribe to the modern view that G.N.P. should be evaluated in terms of Net Social Welfare, N.S.W.

Economists view fiscal policy not only as a means of raising revenue but also as an instrument of social policy. On this score, I am convinced that the Financial Secretary has done extremely well in this year's Budget.

Sir, with these observations, I support the motion.

MR. WONG LAM delivered his speech in Cantonese:—

督憲閣下：有關本年度的預算案，本人認為其中有數項重要問題，值得詳加討論。

首先是移民問題。財政司的預算案中，對住屋、教育、醫療、社會福利及公共建設各方面的撥款，都較過往為高，使政府各項利民大計，得以順利推行，對於改善市民之生活水準，肯定有極大的作用。

不過，隨着到港移民人數之增加，各部門之大計及財政司之撥款，相信不易達到預期的效果。來自中國的非法移民，數目驚人，不獨使到政府不得不花費大量金錢以加派人手攔截，同時因為部份非法移民因生活問題挺而走險，引起治安上的問題，加重政府的負擔。當然，最重要的是這些非法移民生產力不高，對本港的各行業，並無太大的幫助，但對於住屋及各項福利措施的需求，卻日見明顯。甚至由中國來的合法移民或以探親名義而長留不返的人士，很多都是依靠家人過活，生產力更低，對住屋及各項福利的需求，較一般香港人有過之而無不及。

雖然政府曾與中國當局討論此項問題，但到目前為止，成效看來並不太大。本人認為政府應該重新尋求更可行的辦法，一方面修改現行對待非法及以探親名義長留不返的移民的處理方法，以減少留港的這類人士。另一方面則應該撥出足夠款項，增加軍警以對付意圖入境之非法移民。但最重要的是應當促使中國當局瞭解到香港市民對移民大量湧入的極大擔憂，和過多移民對本港的經濟及社會民生的不良影響。本人相信透過中國、英國和香港政府的更進一步的磋商和通力合作，對這問題之解決，必有更佳的成效。只有在這種多方面的努力下，香港的人口增長才有希望可以得到控制，而財政司的各項撥款，才能收到預期效果。

其次要提及的是通貨膨脹問題。去年財政司在預算案演辭中，曾詳細討論對付之法，但今年對這問題所論甚少。可能財政司認為本港的通貨膨脹極大部份是外來輸入，所以沒有適當的辦法予以對付。

當然，面臨輸入的通脹，香港能夠做到的解決方法並不多，但政府可否考慮從減低市民消費意念方面着手，尤以刺激市民之儲蓄意念為然。目前市民儲蓄所得之年息，較通脹之百分比為低，所以不容易引起儲蓄意念。假如政府能夠考慮給予小額儲蓄者（例如不超過十萬元）某種優待，例如豁免利息稅，或個人每年於定期存款所收之利息不超過一萬五千元者，則可向稅務局申報，將經已由銀行扣起之利息稅當作已繳稅款之一部份等。雖然政府會因此而失去部份稅收，但在對付通貨膨脹，壓抑市民消費及提高儲蓄意念方面，相信會有一定的成效。

最後要論及的是中等收入人士的問題，過往本人認為中等收入人士無論在稅收及住屋等方面，都是比較吃虧的一群。今年的預算案中，個人認為對中等收入人士而言帶來較好的訊息。首先是居者有其屋計劃有良好的進展，為中等收入人士帶來更多的購屋安居機會。其次是政府的盈餘，

有部份是用於支持居者有其屋及將會推行的公務員貸款供屋計劃。這兩項計劃的推行，其主要得益者明顯地是中等收入人士。其三是個人入息免稅額的增加。

過往本人認為個人入息免稅額數年不增，實與市民的真正收入及支出脫節，而其中受打擊最大的自然是中等收入人士。在今年預算案中，財政司提議把個人入息免稅額實際上提高至一萬五千元，此數目明顯地追不上六年來的通脹率，不過，由於最高徵稅率於去年由百分之三十下降至百分之二十五，所以對中等收入人士而言，目前的個人入息免稅額，比六年前之增加稍為高於表面所見之百分之五十。基於此項原因，本人無意請求財政司檢討增加個人入息免稅額。不過，本人認為政府必須每年隨通貨膨脹之幅度而將個人入息稅額作出相應調整，而非每數年才作一次檢討及調整。

此外要談的是子女免稅額及夫婦應否分開報稅問題。財政司在提議提高子女免稅額時，竟澤及第九名子女。在目前香港人口日增的情形下，此點實在值得商榷。本人認為第一、二名子女的免稅額應當提高，但到第三名及以後的子女，即使不減低其免稅額，亦無提高之必要，因為此舉無意中帶着鼓勵多產的作用。

本人曾詳細考慮應否要求政府准許夫婦分開報稅的問題，但正如韋勒比教授所言，其間頗有逃稅之漏洞。不過，從另一角度而言，香港目前面臨保護主義及部份國家在貿易上的不平等待遇，在在需要走較高技術生產行業的路線。換言之，本港的勞工必須具有較高的教育水平；所以政府應該鼓勵更多具有相當教育程度的人士投入生產行列。目前很多年青婦女，雖然曾受良好教育，但一旦結婚後，便放棄工作。所以本人認為政府不妨鼓勵這些婦女重新出外工作。而最佳的鼓勵方法之一，莫如給予出外工作的已婚婦女稅務津貼，使很多曾受良好教育的婦女重新加入工作行列。此項津貼，對減少夫婦應否分開報稅及個人入息免稅額之爭論，相信亦會起很大的作用。

督憲閣下，本人支持此項動議。

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

Sir, there are a few important issues regarding the 1980-81 Budget which I consider are worth discussion in detail.

The first one is the problem of immigration. In the Budget presented by the Financial Secretary, larger than ever appropriations have been made for such services as housing, education, medical and health, social welfare and public works projects. This will facilitate smooth implementation of Government's plans and programmes beneficial to the public and will surely be of great help in improving their standard of living.

However, with the growing influx of immigrants into Hong Kong, I am afraid the plans and programmes of the various departments and the appropriations made by the Financial Secretary for the various services would not easily attain the expected results. The number of illegal immigrants from China is alarmingly high. It has not only generated a demand for large public expenditure on employing additional personnel to stop the influx, but also added to the burden on the Government as some of the illegal immigrants who fail to make a living would turn eventually to crime, thus constituting a threat to law and order. Of course, the most important point is that these illegal immigrants have relatively low productivity and therefore they cannot contribute much to the various sectors in Hong Kong; however, their needs for housing and all kinds of welfare facilities are becoming more and more obvious. As regards those legal immigrants from China or those

who have come to Hong Kong on the pretext of visiting their relatives but have overstayed, more often than not they have to rely on their families and their productivity is still lower. Their demand for housing and welfare facilities might be no less than that of the general public of Hong Kong.

Although discussions on this issue have been held between the Government and the Chinese Authorities, it seems not much has been achieved so far. I consider that the Government should try to resort to some other more practical measures. It should, on the one hand, revise its current policy on illegal immigrants and overstayers with a view to reducing the number of such people and, on the other hand, appropriate adequate funds to strengthen the military and police forces so as to stop potential illegal immigrants. However, most important of all, the Chinese Authorities should be made aware of the great anxieties of the residents of Hong Kong arising from the large influx of immigrants and the undesirable effect it might bring to the socio-economic situation of Hong Kong. Through further negotiations and co-operation among the governments of China, Britain and Hong Kong, I believe that a more satisfactory solution to this problem could be found. Only with this kind of joint efforts can we hope to contain the population growth of Hong Kong and that the Financial Secretary's appropriations will attain the expected result.

The second point I would like to mention here is inflation. In his Budget Speech delivered last year, the Financial Secretary had discussed in detail the ways and means to tackle this problem. This year, however, he said little on the subject, probably because he considers inflation in Hong Kong is mainly imported and hence no suitable solution is available. Indeed, there is not much Hong Kong can do in the face of imported inflation. But, as a start, can the Government consider finding ways to discourage community's desire to consume, and, at the same time, encourage them to save? The current annual rate of interest on savings is lower than the rate of inflation, and so there is not much incentive to save. The Government might well consider granting small savers (say, not exceeding \$100,000) some form of concession, for example, exemption from interest tax, or, for individuals whose interest earnings do not exceed \$15,000 a year from fixed deposits, to report this to the Inland Revenue Department, so that they could be allowed to treat the interest tax, already deducted by the banks, as part of their paid-up tax. It is believed that such a measure will certainly help to counter inflation, curb consumption and stimulate the desire to save, although the Government might thus lose some of its revenue.

Finally, there is the problem of the middle income group. In the past I considered that the middle income group is comparatively less well-off in terms of tax and housing. In my opinion the 1980-81 Budget has brought better news to the middle income group. First, the Home Ownership Scheme is making good progress which will provide more opportunities for this group to acquire their own flats. Secondly, part of the Government's surplus

will be appropriated to finance the Home Ownership Scheme and to implement a housing loan scheme for civil servants. Obviously the middle income group will be most benefited by the introduction of these two schemes. Thirdly, the personal allowance on income tax has been increased. In the past I held the view that the personal allowance which has remained unchanged for several years was really inconsistent with the actual incomes and expenses of the public and the middle income group was, of course, the hardest hit. In this year's Budget Speech the Financial Secretary proposed to raise the level of personal allowance substantially to \$15,000. This increase is apparently incommensurate with the rate of inflation over the past six years, but as the top platform of tax was lowered from 30% to 25% last year, the present increase in personal allowance is actually higher than the apparent 50% as compared with six years ago. For this reason, I have no intention to request the Financial Secretary to review the increase of personal allowance. However, I think that the Government should revise the allowance correspondingly in the light of the annual rate of inflation instead of reviewing and revising it once every few years.

In addition, I wish to say something about the child allowance and separate assessments for married couples. When the Financial Secretary proposed that the child allowance be increased, the coverage went as far as the ninth child. With the current growing population of Hong Kong, this proposal is really open to doubt. I think that the allowances on the first two children should be raised as proposed, but for the third child and the children thereafter, there is no need to raise the allowances even if we are not going to reduce them, because such a move may unintentionally encourage the birth rate.

I have carefully considered the question of whether a married couple should be assessed separately, but as Professor WILLOUGHBY has stated, it might provide a loophole for tax evasion. Nevertheless, viewing it from a different angle, as Hong Kong is at present confronted with protectionism and discriminatory treatment in trade by some countries, we must employ high technology in our manufacturing industry. In other words, the labour force of Hong Kong must have higher levels of education. Therefore, the Government should encourage people with considerable educational background to join the manufacturing sector. At present, many young women, even though they are well educated, leave their jobs once they get married. So I think the Government should try to encourage them to rejoin the work force and one of the best forms of encouragement is by granting tax allowances for those working married women, thus inspiring them to rejoin the work force. The granting of such an allowance may go a long way to resolving the controversy of whether a married couple should be assessed separately and also on personal allowance.

Sir, I support the motion.

MR. YEUNG:—Sir, the family-type budgetary policy adopted by Government, though departing from the generally applied public finance practices of other countries, is defensible and well suited to the Hong Kong situation as long as its limitation and shortcomings do not seriously jeopardize our growth and the basic demand and aspiration of our people.

The success of this budgetary policy has put Hong Kong on a strong economic footing and furthermore has produced substantial surpluses year after year.

Economic success inevitably brings along a parallel demand for higher living standards, of which housing and transportation are the basic components.

According to official sources, more than half a million households are still in urgent need of proper or improved housing, including 130,000 households living in squatter huts without proper sanitation and road access. The ten-year public housing programme is expected to fall short of its target by a big margin. There has not been any comprehensive plan to provide adequate acceptable housing to satisfy demand. The Government land production programme has been centred excessively on industrial demand for space and work-force support, with little attention to the general housing need and production of land for development by the private sector.

Vehicular roads and railways are the basic form of transportation as well as the essential element in the infrastructural support for housing and other forms of development. Though much can be done to improve the urban communication system to make life easier, yet from the standpoint of development potential and from the fact that within this decade more than half of the total population of Hong Kong will be housed in the New Territories, the communication system in the New Territories should be improved and expanded quickly as a matter of top priority within the framework of the existing budgetary policy. Paradoxically within the past five years only 4%, 6%, 15%, 15% and 9% of the total capital expenditure on road projects have been allocated to the New Territories in the years 1975-76 to 1979-80 respectively. The Draft Estimates before Council for the coming year propose a mere 8%. There is no plan for the major improvement to the road service on Lantau Island, except the proposed road to serve North Lantau which is incidental to and dependent on the decision to construct the Chek Lap Kok Airport. There is no motorable road at all on Lamma Island and Cheung Chau. Improvements to, and expansion of, the road networks for the Sai Kung Peninsula and the New Territories mainland have been very slow and time again postponed. The section of the New Territories circular road from Au Tau to Fanling via Maipo has remained in the Category B/C of the Public Works Programme for the last 15 years and the date for the commencement of its construction is still uncertain. In this respect one has to bear in mind the fact that in the normal course of priority rating, all the projects in Category A will

take precedence over the Category B projects and some of the projects in the existing Category A may not be able to start work within the next 5 years.

It is easy but futile to be wise after the event and criticize Government for its failings. However, it is constructive to evaluate past performance, identify the shortcomings and benefit from the experience of the past for the successful planning of the future.

It is well recognized that the first order of the day for Hong Kong is to produce both from public and private sources as many houses as possible in the shortest possible time. In order to achieve this target more private as well as Crown land has to be formed and made available for housing development, and as the first step more resources should be directed to providing more and better roads and other transportation facilities urgently. Even if our existing policy should prevent us from realizing extra revenue to finance the public housing programme and the supporting infrastructural facilities, the estimated surplus and, if it need be, accumulated surpluses or reserves should be employed directly to fund these projects or, alternatively, they may be financed indirectly by raising outside loans, irrespective of the possible inflationary effect that such a move is likely to have on Hong Kong, for this is the price that we will have to pay for decent housing and rapid transit for all. Readjusting the estimates of expenditure appears therefore to be both justified and necessary.

With these observations and suggestions, it is my pleasure to support the motion.

DR. HO:—Sir, the Budget constructed by the Financial Secretary for 1980-81 proposes no tax and fee increases except to the charges for certified copies of business registration documents. Therefore, the overall Budget was well received by all sectors of the community.

As I see it, the Budget is more than an annual statement of revenue and expenditure. The Financial Secretary conscientiously examined the performance of the economy in the current year, and then expounded on its strengths and weaknesses, flexibility and potential. Analysis of this sort is of utmost importance to the industrialists and businessmen, because the knowledge of our economy's characteristics will boost their confidence, resilience and steadfastness in their enterprise, even in times of world uncertainties.

On this Budget Debate, I would like to raise two points of interest.

I. *Integration of Immigrants*

On the question of immigration from China, I shall address myself to the problems associated with those immigrants who remain in Hong Kong.

It is estimated that 70,000 legal and 110,000 illegal immigrants arrived in Hong Kong from China last year. Some of the arrivals have relatives or friends here who are able to provide them with some short-term assistance. But many are strangers, without any resources at their disposal. Furthermore, they have lived in a very different economic system with a different political ideology, social order, and opportunity structure. They may have problems fitting into our industrial work-force, which is relatively skilled; they may be unable to adapt to our mode of life which requires a degree of self-motivation and initiative. It will take some time for them to adjust to our pace and way of life. Disorientated and frustrated by reality, the new arrivals may fall prey to triad societies, or political extremists. In the interest of the entire community, the Government would be well advised to allocate some resources to assist their integration into the main-stream of our society. Various approaches are available for consideration.

A. Economic Self-sufficiency

The primary consideration is to help the immigrants to attain economic self-sufficiency. Relief at arriving in Hong Kong will not satisfy the cherished hope of the new entrants for long, because they ventured into Hong Kong in pursuit of a better life. Our thriving economy abounds with job opportunities. A co-ordinated employment service for both the public and private sector is necessary to match job seekers with vacant posts.

Many of the new arrivals are not adequately prepared to meet the requirements of our sophisticated technology. Vocational training should, therefore, be instituted for them. At the same time language courses, especially English, should be provided to facilitate their ability to communicate. Furthermore, the current apprenticeship schemes under the Labour Department should be expanded and given wider publicity to reach the newcomers.

Continuing economic prosperity is essential to meet the needs of our burgeoning population. Efforts aimed at assimilating the immigrants, must be tied in with measures to boost our economic development, industrial diversification and export expansion. In addition, increased Government expenditure on public and community services (such as transport, roads, civil engineering and land, water and fire services) and on social services (such as education, medical and health, housing, social welfare and labour) will not only create additional employment, but will also facilitate our capacity to absorb the immigrants.

B. Social Orientation

The newcomers are badly in need of social education to acquaint them with the local way of life, a practical knowledge of the legal system, government administration, social customs, and so forth. The purpose is to familiarize them with a new society, so that they may intermingle, without conflict,

with the local community. This kind of social education is best undertaken by the voluntary sector as part of the adult education scheme, and subvented by the Government. The reasons for involving the voluntary sector, at least at the initial stage, are numerous. The newcomers may have fears and suspicion about the Government, because of their status. Many voluntary organizations are already providing services for this group and their experience and expertise would be of value to the new assignment. Furthermore, private and religious bodies appear to be in a better position to mobilize those resources and manpower which may not be readily available to the Government.

Funds from the general revenue are necessary to support these efforts, but more importantly, policy guidelines and direction on integration must come from the Government. The gains are self evident. They provide needed manpower for Hong Kong's growing economy and will contribute directly and indirectly to the well-being of our community.

II. *Industrial Safety*

My second topic is industrial safety. Our diligent work-force is one of our greatest assets. However, I am alarmed by the apparent disregard for their safety as evidenced by the rising incidence of industrial accidents. It is estimated that nearly twice as many workers are killed in industrial accidents in Hong Kong as in Singapore, and six times as many as in Britain. In money terms, \$24 million was paid out in 1978 as workmen's compensation. To this amount, another \$120 million would have to be added as indirect costs, such as medical expenses for the injured workers, social welfare payments to their families and dependants, damages to machines, and disruption to the production process.

A study of the 105 fatal industrial accidents in 1977 revealed that the responsibility was distributed among the different parties concerned as follows:

(i) Management	55%
(ii) Deceased workers	20%
(iii) Management and deceased workers jointly	7%
(iv) Management, deceased workers and fellow workers	15%
(v) Management and fellow workers	3%

The findings, show that while employers should bear much of the blame, the workers themselves nevertheless share a substantial responsibility. Measures to promote industrial safety may be organized at two levels.

On the Government Level

Firstly, the Government has two primary roles to perform, namely: enforcement and education. By enforcement, the Government should ensure that both management and labour are properly observing the regulations pertaining

to industrial safety. New amendments to legislation may be necessary to deter those workers who deliberately defy safety rules in order to boost their earnings. For employers, stern penalties including imprisonment and temporary suspension of business licences may be required to deter repeated offenders. An adequately staffed Inspectorate is essential for the efficient discharge of Government's responsibilities. In this regard, I would urge the Commissioner for Labour to bring the staffing in the Factory Inspectorate Division and the Prosecutions and Training Division up to the required level as soon as possible to ensure that there will be sufficient inspectors to inspect factories and construction sites regularly.

A far-reaching measure in preventing industrial accidents is education and publicity. The Government should undertake to advise industrialists and workers alike of the advantages of safety rules and devices. Workshops, seminars, training courses and exhibitions should be organized to heighten their safety consciousness. Posters, slogans, songs and radio and T.V. programmes are useful aids to transmit this safety message to the target groups. Publicity is a costly activity. But in the coming year's Estimates, the Labour Department has only allocated \$490,000 to promoting industrial safety, a decrease of \$140,000 over this year. Will the Commissioner for Labour reconsider this item of expenditure and bring it up to a more realistic level so that industrial safety can be more effectively promoted?

At the Workplace Level

Action at the second level involves both management and labour. Both are direct beneficiaries of industrial safety, and therefore they have good reason to work together towards creating an accident-free environment in their work place. A practical approach is to establish a joint safety committee comprising representatives from both employers and employees. The chief functions of the joint committee would be to ensure implementation of safety legislation, to monitor compliance, and to report to the Government any deficiencies in the existing regulations on industrial safety. The overall objective of the joint committee would be to generate self-discipline and safety consciousness on the shop floor. Only when self-discipline is attained can we confidently expect a steady decline in the rate of industrial accidents. A framework is essential for sustained action and I would like to suggest that the Labour Department provide the necessary staff to help organize joint safety committees in factories and building sites, just as the Home Affairs Department assists in forming mutual aid committees by way of employing part-time staff.

With these remarks, Sir, I support the motion.

MR. ALLEN LEE:—Sir, the anxiety of the people of Hong Kong can be summed up in one word—'stability'. Unlike our forefathers, the younger generation do not feel Hong Kong is 'foreign', but is a place to stay,

to build their careers and to contribute to its socio-economic development. Therefore, their demand to our Government to provide stability is of foremost importance. The Financial Secretary in his Budget Speech this year, in a broad sense, gave us this much needed assurance. Our future depends on our ability to manufacture as the manufacturing sector is still the largest contributor to the G.D.P.

Industrial Training

Both the Government and the manufacturing sector recognize the pressure from the industrialized countries to restrict trade. We must realize, regardless of the reasons for protectionism, that pressure will continue in the future; we are in urgent need to broaden our products and expand our markets in order to combat this trend. Moreover, there is no guarantee other products such as plastics and electronics will not be subject to trade restrictions in the future. There are many constraints to diversifying our industry, and even though our industrialists in the 70s have been, and still are, doing everything they can to diversify, they are limited by resources.

Let me qualify my statement: for many years there has been a great need for a centralized training scheme in Hong Kong to train our labour force in order to increase our productivity and move into more sophisticated products. As far back as March 1978 the Hong Kong Training Council had proposed to Government the urgent introduction of a centralized training scheme. We are still waiting for it to materialize. Recently the report of the Advisory Committee on Diversification emphasized again that such a scheme is essential (paragraph 399 of the report). The results of the manpower surveys carried out by the Trading Boards of the Training Council are indicative of the demand. Trained manpower is one of our most important assets but I do not wish to elaborate on its merits here as they are already well known to our community. For the sake of the future of industry and of Hong Kong's economy, I urge Government not to procrastinate any longer and give the Training Council the green light to implement its recommendation.

Technical Education

I was disappointed when I read the Estimates of Expenditure 1980-81 on technical education. The numbers of planned places for full-time and part-time day courses for the 1979-80 academic year were not filled by a wide margin. I am especially disappointed that the reason given was due to the difficulties faced in recruiting teaching staff. This means the Government has deprived 1,100 full-time and 2,900 part-time students from receiving technical education. In view of the importance of diversifying our industry, and the tremendous shortage of technical personnel, will the Director of Education give an assurance that the planned places of full-time and part-time day courses in the technical institutes in 1980-81 will be met?

With these observations, Sir, I support the motion.

MR. NEWBIGGING:—

Introduction

Sir, tilting at the Financial Secretary on the length of his Budget Speech has become something of a national sport. As he has now added a suit of knightly armour to his other defences and accomplishments (*laughter*), I would like to depart from tradition this year by offering instead my compliments for his masterly analysis of our complex and fast changing economic environment and, based thereon, of what the Government should (and should not) do. He will not, I am sure, Sir, regard it as a criticism if I say that thereby he renders all the harder the task of the Unofficial Members of this Council in replying. Thus constrained, I will limit my remarks to brief comments on three issues with important implications for our economic and social progress.

1. *Invisible earnings*

I believe that quantification for the first time of our overall invisible trade is a major step forward. Having, so to speak, led an attack on this matter, I would like now to record my appreciation of a job well done. No doubt in future years ways will be found of refining and increasing the precision of the actual figures: however, that our *overall* trade with the rest of the world is estimated to have been almost in balance in 1979 does indeed help to set our largest ever *visible* trade deficit (in absolute terms) in a less worrisome light, and also to emphasize the importance of some of our growing service industries.

In the latter context, Sir, I believe the results of a recent study of the economic contribution of inward tourism (which is of course only one of our service industries), in comparison to that of two of our leading manufacturing industries, to be highly relevant. This study, which was commissioned by the Hong Kong Tourist Association and carried out by the Productivity Council, showed among other things that in 1978 added value (expressed as a percentage of gross output) averaged 45% for tourism as against 36% and 32% for the two manufacturing industries: added value per employee was some \$57,000 in tourism's case as against \$21,000 and \$29,000 for the other two, although admittedly the tourist industry is not a large employer of people in Hong Kong. These figures would tend to contradict the frequently expressed view (referred to in a recent edition of the Far Eastern Economic Review) that, owing to its high import content—a characteristic, incidentally, of virtually all Hong Kong industry—the net contribution of inward tourism is not particularly significant. When applied to the total of over \$6 billion that visitors spent in Hong Kong in 1979, added value of 45% produces a very worthwhile result indeed. This of course assumes that the 1978 added value percentage was at least maintained in 1979, and there are, in fact, some grounds for believing that it actually increased although the figures have not yet been compiled.

My purpose in once more highlighting this issue, Sir, is not to downgrade the importance of our manufacturing industries which are certain to remain the backbone of our economy for the foreseeable future. It is appropriate, however, to draw attention to developments in the tertiary (or service) sectors of our economy, the relative growth of which the Financial Secretary noted in his speech, since this constitutes a very important element in the diversification process.

2. *Land and housing*

Following the crisis in domestic rents that developed in 1979 and the ensuing spirited debates in this Chamber, the Financial Secretary has produced forecasts of land production, land sales and production of public housing which, if realized, should go a long way towards solving this critical problem.

In order to assess the chances of achieving these targets I have attempted to compare our actual performance in recent years, and the latest forecasts for future years in these three areas, with some of the earlier targets set. I stress *attempted* since, when I requested the assistance of the UMELCO Office on this, I had little notion of the statistical minefield into which I was sending them (at least so far as land production and sales is concerned). Some data is given for financial years, others for calendar years; sometimes land sold is used to mean land sales, at others total land transactions etc. To quote but two examples—

1. In the Economic Background to the 1979 Budget the figure for 1978 land sales was given as 52,000 square metres; in 1980's Economic Background, 1978 land sales had become 181,000 square metres.
2. In the 1979 Budget Speech the Financial Secretary told us that 249 acres of *land had been sold* but, 77 paragraphs and I forget how many minutes later (*laughter*), that *land sales* were only 58 acres (both with reference to the 1978-79 financial year).

I have absolutely no doubt that there are valid reasons for these apparent inconsistencies (*laughter*), and that those who produce the figures understand them. However on the basis of the existing presentation of information, the most diligent student of footnotes (*laughter*) has some difficulty knowing whether he is comparing apples and oranges and hence runs a serious danger of slipping up on banana skins (*laughter*).

In the light of these difficulties, my analysis will only support very tentative conclusions which I advance in an appropriate spirit of caution:

- (i) With regard to *land production*, the rate of growth has been extremely rapid since 1976 and in 1979-80 appears to have exceeded the various forecasts of the Special Committee on Land Production. The forecast for 1980-81 is lower than actually achieved in the previous two years and

thus, on the surface, appears conservative. The Financial Secretary's forecasts for ensuing years of some 1,100 acres per annum are in line with recent and immediately prospective experience, and thus have at least *arithmetical* credibility.

- (ii) With regard to *land sales*, in three of the last four years, the actual area sold has been between 65% and 71% of the forecasts given in the Budget Speeches for the respective years. (In 1977-78 the percentage was only 28% presumably owing to exceptional factors.) The forecasts for the next three years are on average some 40% higher than the revised estimate for 1979-80—itself a record—and, given the well known problems of turning such plans into reality, must be regarded, for the time being at least, with some caution.
- (iii) With regard to *public housing* (including the Home Ownership Scheme) the actual numbers of flats produced have been below the targets set for each of the last three years. However there would seem to be grounds for encouragement. *Actual* production has increased by no less than 3.4 times since 1976-77 and is estimated to have been within 6% of the 35,000-unit target in the year now ending.

Against the above background, Sir, I would like to register, first, a plea for more comprehensible and consistent statistics to facilitate analysis of this vital issue and, secondly, my sincere hope that the targets that have been set (particularly relating to land sales which do seem to be quite stretching) will indeed be achieved, not only to provide the land which Hong Kong needs so badly—particularly for housing—but also to give the Financial Secretary every chance of achieving the substantial capital revenue forecasts he has made.

3. *Transport*

The Financial Secretary referred in his Speech to the desirability of an earlier-than-envisaged start being made on the Hong Kong Island Eastern Corridor, which I welcome. However—important though this project is—I believe it should not deflect us from an early decision on a rail system covering the north side of Hong Kong Island. My recommendation on this is quite straightforward and simple—even though it may run contrary to the interest I declare as Chairman of Hong Kong Tramways Ltd.: we should bore a hole for an underground railway from Kennedy Town to Shau Kei Wan, and the sooner the better.

The M.T.R. has proven its ability to deliver a functioning system on time and under budget. A subterranean system has the twin advantages of causing less disturbance to the community and consuming less of Hong Kong's scarcest resource, land. Further delay will add to the cost, lose the advantage of a proven existing development team, and defer the social and economic advantages that the system will bring.

Conclusion

Sir, I repeat what I said at the outset: the Financial Secretary has presented a budget which is hard to fault. It is however a budget which, by relaxing some of the constraints on the Government's capital expenditure, runs the risk of stimulating further domestic inflation—our everthreatening public enemy number 1—in addition to the imported variety. He clearly recognizes this danger and I would agree with him that it is one that we must accept—but within disciplined limits—in order to deal with our social and economic imperatives. Accordingly I have pleasure in supporting the motion.

MR. SO delivered his speech in Cantonese:—

督憲閣下：一個預算的好壞，雖不能以稅收的增減去衡量，但是對一般市民，尤其是中下受薪階層來說，減稅的就是好預算案，反之，就不受歡迎了。財政司所提的一九八〇年度預算案，不但沒有提出加稅，更將一些深為社會人士所關注的稅率，如個人薪俸稅免稅額，單身人士免稅額，子女及供養父母免稅額等予以調整，亦可謂「俯順輿情」。

雖然個人薪俸稅免稅額調整的幅度頗低，追不上近年來的物價漲幅，不過，香港的一般稅率偏低，加上其他的免稅額亦獲得調整，財政司的提議是可以接受的。但是，本人覺得免稅額的釐定辦法應在每隔一段時間內予以覆閱。

本人曾經細讀今年政府收支預算案的一九七九年經濟概況，和翻閱一些有關消費指數的書冊，內裡雖有分析工資和收入，但卻找不到一般家庭收支的調查資料。有些地區的統計處或勞工部，經常邀請工會、宗教團體、婦女組織和其他志願機構進行家庭預算調查，以便釐定生活工資及其他有關經濟的政策。進行這種調查是不大順利的，原因係保存收入和支出紀錄的家庭不多，另外有些人則因為害怕真實的資料會被用作抽稅的根據，故亦有隱瞞事實的情況。要調查獲得良好的效果，便要作宣傳和教育，更要得到接近群眾的志願團體，大學和研究所的協助，使接受調查的人了解調查的目的是減輕他們的經濟困難。在香港進行這項的調查，對釐定免稅額及其他類似的政策，必有很大的幫助，同時亦是聽取民意，體察民情的途徑之一，故此政府可透過各區民政處，進行此種調查。其次，亦能間接灌輸一些家庭經濟知識和提供商議的服務。

關於子女免稅額，有些人認為要限制生育，第二或第三名以後的子女便不應給予免稅額。此一論點，本人不能苟同。香港受很大的人口壓力，必要遏止非法移民進入本港，亦要大力推廣家庭計劃，培養有責任心的父母。鼓勵每個家庭只生育兩個子女是正確的目標，但要用宣傳和教育的方法，而不應用「懲罰」，或用種種政策予以限制。任何夫婦應該有權選擇和決定一個屬於他們自己家庭的計劃，而不受政府或任何人的干預。國際兒童年雖然已過去，但我們不應忘記基本的人權要所有的兒童都能享受同等的社會保障與平等的待遇。

督憲閣下，本人支持當前的動議。

(The following is the interpretation of what Mr. So said.)

Your Excellency, whether a budget is good or not cannot be assessed on the basis of reduction or increase in taxation. However, to the general public, particularly to people in the middle and lower income bracket, a budget that proposes tax reduction is a good one. Anything to the contrary will not be welcome. The 1980-81 Budget, as proposed by the Financial Secretary, not only makes no mention of new tax proposals, but also increases the allowances for personal taxation about which members of the public are most concerned,

for example, personal allowances for single taxpayers, children and dependent parents. From this we can see that the Financial Secretary 'acts in deference to public opinion'.

Although the scope of the adjustments in personal allowances is too small to make up for consumer price increases over the past years, taxation in Hong Kong is low in general and this, coupled with the adjustments in question, makes the Financial Secretary's proposals acceptable. Yet, I think all these allowances should be reviewed every now and then. I have studied in detail the '1980-81 Budget: Economic Background' and glanced through a number of publications on the Consumer Price Index. Except for some analyses on wages and earnings, I cannot find in them any surveyed information on family income and expenditure. In some countries, the Statistics or the Labour Ministry often invites trade unions, religious bodies, women organizations and other voluntary agencies to conduct a 'Family Budget Survey', so as to formulate policies in connection with the living wage and the economy. It is difficult to conduct such a survey because not many families keep records of their income and expenditure, and there may also be cases of families concealing information for fear that it will be used to impose tax. Success of such a survey depends on publicity, education and the assistance of voluntary agencies close to the public, universities and research institutes. Respondents should be made to understand the aim is to alleviate their financial burden. To conduct such a survey in Hong Kong is surely a great help to the determination of tax allowances and other similar policies. At the same time, it is also a way of gathering public opinion and ascertaining public feelings. Thus, the Government could carry out such a survey through the City District Offices. Furthermore, the survey can indirectly pass on to people some knowledge of family economy and provide consultative services.

As regards child allowances, some people feel that as a device to impose birth control no allowances should be given to the third and following children. I cannot agree to this. The pressure of population growth in Hong Kong is great, illegal immigration must be stopped. It is also necessary to promote responsible family planning, to foster a sense of responsibility in parents and to encourage each and every family to aim at the right target of having only two children. Yet these should be achieved through publicity and education rather than by 'disincentive' or other restrictive measures. All married couples should have the right to choose and decide on their own family planning without interference from the Government or anybody. Although the International Year of the Child has passed, we should still bear in mind basic human rights call for all children to enjoy equal social security and fair treatment.

Sir, I support the motion.

MR. F. K. HU:—Sir, I wish to congratulate the Financial Secretary in presenting a budget with increased expenditure on all services, especially housing, education, medical and health, social welfare in a balanced proportion. The Budget is generally well received by the general public and has greatly helped to inspire confidence in the future of Hong Kong. After studying the Financial Secretary's Speech and the Budget in depth, I wish to make the following comments.

The Financial Secretary pointed out that all our planning to date had been based on the assumption of an average population growth rate of around 2% per annum, made up of 1.2% by natural increases, and the balance by net immigration. Through careful and co-ordinated long-term planning of future requirements on transport, housing, hospital, social welfare and education, etc. we can look forward to gradual improvements in living standards as long as the population growth rate is around 2% per year. According to statistics, the population at the end of 1979 was about 5% higher than at the end of 1978, an alarmingly high figure by any standard. It compares with 2% during 1977 and 3.3% during 1978, when the rate of net immigration started to increase.

Every effort has been made to limit the influx of legal immigrants from China through negotiation, and so far, the result has been reasonably satisfactory in containing the problem. Considerable expenditure has been incurred to stop the influx of illegal immigrants, both at our land and sea borders. Many were arrested and sent back to China but still large numbers, estimated to be as high as 500 per day, managed to infiltrate through the border area into urban areas, where they would be allowed to register and stay in Hong Kong.

Even the Financial Secretary has agreed that should immigration continue at its present high rate, there would be inevitable strains on our infrastructural facilities. In turn, this would generate additional pressure for higher levels of public expenditure which might well be quite unacceptable. A rapid population growth rate will have obvious repercussions on the economic and social infrastructure to the detriment of our long established residents. Rapid increases in population are frequently associated with movements from the rural to urban areas as the standard of public services tend to be higher in the latter, although we have been trying to encourage movement of the population to the new towns in the New Territories.

It may be argued that immigrants increase our labour force which is beneficial to our manufacturing sectors in stabilizing wage rates and in increasing production. However, we must realize that the increase is mainly limited to the unskilled labour force and the quality and productivity, especially among illegal immigrants, are, generally speaking, very low. Many of them have turned to crime in conducting illegal businesses, such as building squatter huts in an organized manner. On balance, the influx of illegal immigrants causes more problem to us and is not welcome by the general public.

I have been asked by many community leaders and ordinary people what can we do to stop the influx of illegal immigrants and they are rather disappointed by the lack of effective action in this respect by the Government. The present attitude and policy toward illegal immigrants have greatly encouraged the outflow from China. Many were arrested, sent back and tried again repeatedly, hoping that sooner or later they could find a way past our tight border patrols. The only way to stop the influx is to repatriate all illegal immigrants, including those who have succeeded in reaching the urban areas. No identity card should be issued and they should be sent back if found anywhere in Hong Kong. Laws should be enacted to stop employers from engaging and landlords and principal tenants from letting their premises to any person not in possession of an identity card. No resident should be allowed to shelter any one without an identity card. News of these tough measures would soon spread across the border and should help to reduce the unlawful exodus at its source. The influx of illegal immigrants must be stopped to limit our population growth so as to ensure controlled expansion of public expenditure and implementation of our carefully constructed welfare and related programmes.

Housing is the most important social problem faced by the Government. The annual production target of public housing for both rental and sale is set at 35,000 flats a year, excluding 7,207 Housing Society flats and 2,274 Home Ownership (Private Sector Participation) Scheme flats expected to come on stream within the next four years. On the other hand, this production target includes units built through redevelopment of old Marks I/II estates, but do not take into account units lost due to redevelopment which are estimated to be 2,691, 7,329, 5,730 and 1,945 units in the years 1979-80, 1980-81, 1981-82 and 1982-83, respectively. The net production rate is therefore at most 30,600 units per year. After allowing for allocations in emergency categories, development clearances and other requirements, units to be allocated for waiting list applicants can at best be around 11,000 units a year in the foreseeable future. There are 145,000 applications on the waiting list. If we allow 50% to be successful, 72,500 units will be required for the existing waiting list applicants. New applications are received at the rate of 26,000 a year. Therefore, if the present production rate is maintained it will be years before we can accommodate all those eligible for public housing.

Evidently this production rate of 35,000 units per year is too low and should be improved when we can overcome the present strain on the construction and the building industry. Increased production naturally requires additional funds. We note from footnote 37 of the Budget Speech, that the Housing Authority contributed only \$66 million out of the total requirement of \$2,981 million in the 1980-81 estimate as against \$171 million out of \$1,746 million total expenditure in the 1979-80 revised estimates, i.e. a drop of 9.8% to 2.2%. This shows that the cost of public housing production will be increasingly met from general revenue and that the burden will be further increased if additional annual production is required.

The Housing Ordinance lays down that 'the policy of the Authority shall be directed to ensuring that the revenue accruing to it from its estates shall be sufficient to meet its recurrent expenditure on its estates'. Recurrent expenditure should include interest payment, reserves for major maintenance, depreciation of building costs over 40 years as well as a factor for future redevelopment of the estates for the benefit of the existing tenants. I suggest that public housing rent should be assessed in such a way to generate sufficient reserve in order to allow for new developments, without relying too heavily on general revenue. Only then, can a higher production target be reached with more new tenants moving into public housing estates where they can enjoy security of tenure at reasonable rent as enjoyed by present tenants. Rent should be set at a level within the financial capacity of most tenants, say 20% of their income. At the same time, a new rent subsidy scheme should be introduced by the Social Welfare Department to assist those who could not afford the rent. It is only fair for those who can afford to pay the proper rent without hidden subsidy.

The Financial Secretary has pointed out that the average annual growth rate of the civil service, representing about 6.4% of the total labour force, for the last decade is 5% and that the increases in this order were rather worrying. Personal emoluments at \$4,066 million account for 38% of recurrent expenditure. Of the total provision, \$185 million is for posts applied for, but yet to be examined by Finance Branch and approved by the Finance Committee. One will always worry whether expansion at this rate is really justified. Are we actually creating posts to cope with additional workload or are we creating more posts for the purpose of supervision without any real increase in workload? We must always ensure that the value-for-money criterion is conscientiously observed at all times. A contributing cause for inflation is the growing civil service. Any increase in pay in real terms without a corresponding increase in productivity is inflationary. Productivity would be reduced with decreasing efficiency, which generally happens to any organization, including the civil service, if it expands too rapidly. Therefore every effort should be made to limit the establishment of the civil service.

Each department should study whether they could contract out any work presently undertaken directly to the private sector in order to reduce its establishment. It should retain supervisory staff to ensure that the contractor would carry out the work effectively and satisfactorily according to the agreed terms. Due to lack of competition and comparison, the productivity of the department's own staff for the same work tends to be lower and we are not getting value for money. For example, the Public Works Department could look into the possibility of contracting out to the private sector maintenance of vehicles, operation and maintenance of air conditioning units, plants, etc. It is worthwhile to conduct trials and compare the two methods before reaching a conclusion.

Each department should also look into the possibility of simplifying working procedures and cutting out redundant work without affecting the original aim and intended purpose. In this way, work load could be reduced and the number of civil servants reduced or deployed to do other work. For example, the Immigration Department is currently issuing identity cards to newly arrived immigrants which are subject to renewal every three months. The renewal work is practically automatic but it requires manpower to carry out the work. If renewal of such identity cards is done annually instead of quarterly, the Immigration Department could save a lot of manpower and quite a number of staff could be deployed to undertake other work. Limiting the expansion of the civil service would help to reduce public expenditure.

It is noted that the enhanced prosperity enjoyed in the last decade has been taken in the form of additional leisure. The average annual growth rates from 1971 to 1979 of hours worked per worker is—1.9%. The Council for Recreation and Sport recommended and the Government agreed to set up the Recreation and Sport Service in 1974 to organize recreational activities for the general public at the grass roots level. They have proven to be very popular and welcome activities. Training classes for practically every sport have been organized on the basic techniques involved. However, it is embarrassing that due to the lack of proper planning, there is still a shortage of recreational facilities to meet the demand from those who have completed the training courses provided. Provision of facilities must go hand in hand with the programme of training. I am pleased to note that the Census and Statistics Department has plans to undertake a special survey of leisure pursuits in November 1981 as there is a great need for information for the planning of recreational services. This action is highly recommended and I do hope that a long-term plan on the provision of recreational facilities can be decided upon before long.

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

MR. WONG PO-YAN:—Sir, in rising to support the motion before Council, I would first of all like to congratulate the Financial Secretary for presenting a highly informative and well-balanced budget for 1980-81. I believe the Budget will benefit our social and economic development, and rightly deserves the generally favourable response from the community. Today, I would like to comment on a few subjects which may not fall directly within the context of the Budget, but are nevertheless of great concern to the public. The subjects are industrial safety, industrial land policy, and use of public funds.

Industrial Safety

The recent increase in the number of industrial accidents is alarming. In 1979, there were 45,991 industrial accidents, as compared with 39,242 in 1978 and 37,073 in 1977. In the first two months of 1980, about 7,500

industrial accidents have already occurred, giving an average of more than 120 industrial accidents per day. There has also been a corresponding increase in the number of fatal industrial accidents: 163 workers died of accidents in 1979, compared with 141 in 1978 and 136 in 1977.

I am gravely concerned about this drastic increase in the number of industrial accidents, not just because productivity is lost but much more importantly, because many workers' lives have been lost. I feel that the situation now calls for immediate action from all the parties concerned: the Government, employers and employees.

As immediate steps to avert accidents, I would like to make two suggestions. First, workers should be taught how to avoid accidents in factories and construction sites before they are taught how to handle their jobs. In Hong Kong's highly competitive business environment, employers are naturally anxious to put their staff to work as soon as possible. Therefore, workers are normally given only the minimum necessary instructions and training for them to carry out their work. On the other hand, employees are equally keen to grasp the basic techniques of their jobs as quickly as possible in order to demonstrate their ability and earn more income. Both parties have a natural tendency to neglect the importance of the safety aspects of the work involved.

Protecting workers' health and safety would in fact be beneficial to industry in the long term. A safe working environment would avoid costly disruptions to production due to accidents, and enhance staff loyalty. This has been well proven in many developed countries where the importance of industrial safety has been recognized early and acted upon accordingly. I would therefore urge all employers to seriously consider my suggestion and take steps to highlight the importance of industrial safety in the training programmes and refresher courses provided for their work-force.

The second short-term solution would be for Government to launch vigorous publicity campaigns on the importance of industrial safety. It is gratifying to note that Government is already taking steps in this direction by appointing an attractive industrial safety girl to convey its messages on industry safety. However, I feel that it is also necessary to promote this theme at a more localized level in the industrial areas such as Tsuen Wan, Aberdeen, Chai Wan, Kwun Tong and Tsing Yi. More seminars and publicity activities such as safety weeks and safety exhibitions should be organized for workers in these areas, and brief explanatory booklets should be distributed to workers so as to drive home the message more directly. I am also glad to learn that some workers' organizations have also taken the initiative in promoting industrial safety among workers themselves.

The long-term solution to the problem of industrial safety must lie in education. Since an increasing percentage of our labour force are secondary schools leavers, may be we should introduce into our secondary school

curriculum some basic concepts of industrial safety. This concept must be stressed in courses provided by the Polytechnic and prevocational training schools. In so doing, school leavers who join industry will understand clearly that safety is an inseparable part of industrial skill, requiring constant vigilance. It is a very disturbing and tragic experience to witness the suffering occasioned by industrial accidents on our workers and their families. I urge the Government to take effective and immediate steps to reduce the incidence of these accidents and remove this blight from our industrial scene.

Industrial Land Policy

The Financial Secretary has indicated in his Speech that most western economies are likely to face a slow-down in their growth rates in 1980. According to forecast, the United States and the United Kingdom are even likely to have a negative growth rate. As our economy is export-oriented, we need to make every effort to diversify both our products and our markets so as to make up for the possible loss in our major markets due to their economic stagnancy. The Government must therefore be very careful with its industrial land policy to ensure that it is compatible with industrial development and diversification. I feel there is a pressing need for the Government to review its industrial land policy and to make fundamental changes to the basic concept of industrial land allocation.

Under the present system, the majority of new industrial lots, apart from those under the control of the Industrial Estates Corporation, are allocated to users through public auction. The rationale for the system is that under a free market, industrial land should be allocated to the most efficient user in the market i.e. the highest bidder in the auction. The problem is that, as I see it, as far as land is concerned, free market conditions just do not exist in Hong Kong. The Government has in fact recognized this fact by heavily subsidizing public housing through the provision of land at nil premium, thus admitting indirectly that free market forces have failed to solve our housing problem.

It is true that housing is a basic human necessity and thus deserves special treatment. However, we must not forget that our economy is export-oriented and economic growth is always export-led. Thus, it can also be argued that manufacturing industry is just as essential to our economy as housing is to our people. In fact, industry is suffering from very similar problems: just like the large number of families who find it difficult to secure a roof over their heads and own their own flats, many industrialists are finding it increasingly difficult to buy their own factory premises. Industrialists, the genuine users of industrial land and the direct contributors to Hong Kong's economic development, constantly fall prey to land speculators and those developers who are motivated only by profit. This applies particularly to small manufacturers who are more often than not driven out of the market

by the unrealistically high prices quoted at public land auctions. If they want to operate, they have no alternative but to buy their factory premises at inflated prices to guarantee huge profits for property developers. This constant drain of resources from the manufacturing sector to a minority group in the service sector is unhealthy for the economy as a whole and is a direct result of the present system of industrial land allocation.

In my address of thanks to you, Sir, last November, I pointed out the adverse effects of unscrupulous land speculation and profiteering on small industry. I suggested as an alternative the setting up of a factory ownership scheme whereby small manufacturers can form co-operatives to buy industrial land at fair market value direct from the Government. The Secretary for the Environment, in his reply on 14 November 1979, undertook to examine the proposal. I would therefore be interested to learn of the Government's present thinking on this subject.

In the 1980-81 budget forecast, revenue to be derived from land transactions is estimated at \$6,169 million as against total revenue of \$21,428 million, that is, 1/3 of our revenue comes from land sales alone. However, despite its importance as a source of revenue, Government should not be so short-sighted as to measure the intrinsic value of land only in terms of the hard currency to be obtained through public auctions. Land does not qualify to be a resource until it is put into effective use. It is capable of generating much longer-term benefits to the community in terms of foreign exchange earnings, employment and prosperity, if allocated properly to the real users. Without having to divert their financial resources to shoulder the burden of unreasonably high prices for industrial land and factory premises, manufacturers would be able to spend more on new technologies and modern equipments to meet our diversification objectives.

Use of Public Funds

I turn now to my last point. Public expenditure for 1980-81 is forecast to rise to a record high of \$18,028 million i.e. 27% over that in 1979-80. This percentage increase exceeds the forecast growth rate of G.D.P. at 21.4%. In view of the high rate of growth in public expenditure, I hope Government would improve its internal financial and management monitoring system so as to maximize output from the vast public expenditure incurred.

41% of our expenditure is used for capital projects, many of which are essential and badly needed. For example, the East Island Corridor project should be allowed to proceed without delay. Projects on sports and recreational facilities are also urgently required. However, I would like to remind our planners that in the provision of infrastructural facilities, we should aim at reasonable quality and moderate standards at the most economical cost. In every project we undertake, some basic essential planning standards relating to safety, reliability and durability should always be provided. However, supporting and subsidiary facilities should not be provided

at higher standards than is necessary. Although Hong Kong has come a long way, I don't think there is yet room for luxurious and prestigious items in our public facilities at our present stage of economic development. Our conscience will be pricked if we spend our public funds on unnecessary extravagance while knowing very well that many of our people are still living in appalling squatter huts. Government must remember that there is still a long list of social commitments that must be met, so public funds must be used very carefully and selectively.

Sir, with these remarks, I support the motion.

MR. CHEUNG:—Sir, the Budget provides \$549 million this year for double tracking and electrification of the Kowloon-Canton Railway. The whole project will cost about \$2 billion. A very large part of this will be spent in the United Kingdom, with whom we have placed the order for the rolling stock. We could have placed the order elsewhere. The rolling stock for the Mass Transit Railway was also supplied by the United Kingdom. Likewise we could have placed that order elsewhere. We did not do so because we believed in fostering reciprocity in trade between United Kingdom and ourselves.

Without going into other details, other large sums out of this year's Budget will buy British goods and services.

Sir, in the private sector, for example, Cathay Pacific Airways bought United Kingdom equipment. They specified that their 747s should be powered by Rolls Royce engines. They spent £ 70 million on them and plan to invest £ 10 million a year more. This was in furtherance of reciprocity.

It has come therefore as a surprise to me that in the matter of granting landing rights on the Hong Kong/London air route the Civil Aviation Authority in London should have forgotten about reciprocity: reciprocity both as regards two-way trade, and reciprocity in the specific matter of landing rights.

British Airways held the monopoly for 30 years. Instead of reciprocating by granting a licence to Cathay Pacific, either with the addition of British Caledonian or to its exclusion, they have added a second British based carrier to the route. The reasons given by the Civil Aviation Authority of course do not bear examination for one minute. We would not be better served by an airline that proposes to use the smaller DC 10 rather than the Boeing 747. The Civil Aviation Authority has completely ignored the pattern of traffic, with peaks on both sides of the week end and dips in mid week. It has ignored the very high seasonal demand that occurs several times a year. One rather suspects that the decision was political. Our wholly dependent status failed to protect us in the E.E.C. textile negotiations. Here it will work to our positive disadvantage unless the Minister rectifies the position. It is within his power to do so.

I think I ought to say that sentiment is a delicate flower. We are a large market for British goods and services. We have consciously fostered the sentiment of buying British. We believed in the good faith of Britain, but the decision of the Authority casts some doubt in my mind on whether the United Kingdom sincerely practises what it preaches. I can only hope that wiser counsel will now prevail, lest sentiment withers.

With those observations, I support the motion.

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

Question put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday the 16 April 1980.

Adjourned accordingly at thirty-five minutes past four o'clock.