

**OFFICIAL REPORT OF PROCEEDINGS****Thursday, 23 October 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. DENIS CAMPBELL BRAY, C.M.G., C.V.O., 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 INFORMATION

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 JOHN MARTIN ROWLANDS, C.B.E., J.P.  
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JAMES NEIL HENDERSON, J.P.  
COMMISSIONER FOR LABOUR

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 DONALD LIAO POON-HUAI, O.B.E., J.P.  
SECRETARY FOR HOUSING

THE HONOURABLE GRAHAM BARNES, J.P.  
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE SELWYN EUGENE ALLEYNE, J.P.  
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.  
SECRETARY FOR SOCIAL SERVICES (*Acting*)

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

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

THE HONOURABLE JOHN HENRY BREMRIDGE, O.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 CHEN SHOU-LUM, 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 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.

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

DR. THE HONOURABLE HO KAM-FAI, J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, J.P.

THE HONOURABLE DAVID KENNEDY NEWBIGGING, J.P.

THE HONOURABLE ANDREW SO KWOK-WING, J.P.

THE HONOURABLE HU FA-KUANG, J.P.

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

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, J.P.

THE HONOURABLE CHAN KAM-CHUEN, J.P.

THE HONOURABLE JOHN JOSEPH SWAINE, O.B.E., Q.C., J.P.

**ABSENT**

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

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

**IN ATTENDANCE**

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

## Statement

### Immigration (Amendment) (No. 2) Bill 1980

HIS EXCELLENCY THE PRESIDENT:—Honourable Members, in accordance with Standing Order 11(1)(b) I would like to make a statement in order to commend to honourable Members the motion standing in the name of the Chief Secretary. The legislation he will introduce, if acceptable to this Council, would radically change our traditional policy towards illegal immigrants from China. It would not only end the so-called ‘reached base’ policy, but it would also make it an offence to employ illegal immigrants.

There are two streams of immigrants from China who reach here and stay. The first group are those who leave China legally with proper permits. The daily figure of 150 is much too high and I hope will come down. But we can live with this stream for the time being. Sooner or later means must be found of enabling people from Guangdong to pay genuine short visits to their friends and relatives in Hong Kong while ensuring that they do not stay here permanently. It is the other stream, the illegal one, which operates outside the laws of both China and Hong Kong which must be stopped and to which our present proposals relate.

Hong Kong’s record of providing home and livelihood for persons wishing to enter from China must be unequalled in the world. It results from both a long historical tradition, the buoyancy of our economy and the willingness of our people to welcome their compatriots. It has been possible to sustain this policy in the past because, after the early 50s, high levels of influx have been comparatively short-lived and thus absorbable. The present case is different. We are now entering the third year of the phenomenon. It is as objectionable to the Chinese Government as it is to us, and they, like us, are making every effort to stop it. Far from being welcomed by our people, the illegal immigrants are now more and more resented as they are seen to be eroding the improvement in standards that the people of Hong Kong have worked so hard to achieve.

I described all this in detail to you in my address on 1 October—the effect on our prospects over housing, medical provision, education, social welfare, and public security, and its implications for further economic development of this territory. There is also the constant diversion of Police from combatting crime, which is what really matters, to combatting illegal immigration, and crime committed by illegal immigrants is on the increase and out of all proportion to their numbers. Short-time working in some industries, some rise in unemployment, fear of recession, have all given an added thrust to the general demand for new action by the Government to halt this flow— a demand of which I have been increasingly conscious of during the past months.

Why then have we not acted earlier?

In addition to distaste for ending a traditional policy, the main reason has been the possibility of crime and corruption if such a policy failed to achieve its purpose of stopping the inflow, and of a sub-stratum of society living outside the law growing up, and I will come back to this. But your Government considered these dangers sufficiently serious to refuse to accept them unless and until we were assured:—

Firstly, that the flow of illegal immigration itself had reached a stage at which it posed dangers greater than those involved in abandoning traditional policy. For reasons I described to you in my address on October 1 that is already the case. Now the total arrests for August and September were worryingly high—26,000; and this trend has continued into October.

Secondly, that the present measures by the Chinese and our own forces would be unlikely to stop the flow, as they have done in the past, unless some new elements were introduced to help. This too is now clearly the case.

Thirdly, that direct discussion with the Chinese leaders at Central and Provincial level had confirmed our belief that this change of policy on our part really would assist them and us; and that, having regard to the new and resolute action we would take, we could count on them also stepping up their own efforts so that, with each of us adopting our own measures, there would be a prospect of this movement of population being halted. After the very positive response of the leaders in Guangdong, on this too I am also now satisfied.

The final condition was, that the people of Hong Kong were so alive to the danger that traditional hospitality was creating, that they had come to accept that it must be abandoned despite the personal trouble and inconvenience entailed. Of all the conditions this is particularly important and advice is unanimous that this condition is now met.

Lord CARRINGTON's talks with Vice Premier HUANG HUA in London, my talks in Guangzhou, and the subsequent advice yesterday of the Executive Council, were the last links in this long chain of evaluation and consultation which has led to the legislation now before you.

The 'reached base' policy has become a tragic charade in which the illegal immigrant has little to lose and everything to gain by attempting to run the gauntlet of Chinese and Hong Kong forces, and even if caught has every incentive to try again. The Chinese accuse us, with some justification, of applying a policy which positively encourages illegal immigration. If this movement is to stop the potential illegal emigrant in the commune must be made to realize that even if he gets through the security cordons, he would not have reached base and safety, but like an illegal immigrant anywhere in the world, will be constantly liable to arrest and return. We propose that this should be the case for anyone who arrives as from tonight.

But this is not enough. The incentive to beat the cordons is largely the desire for money through obtaining work and wages in Hong Kong. This

assumption that life in Hong Kong will be so much better for the illegal immigrant and for those to whom he plans to make remittances must be eliminated. This means that the prospect of obtaining legal work must be removed. The legislation before you therefore makes it a crime punishable with a heavy fine or imprisonment to employ an illegal immigrant—defined as someone without an identity card or other specified document.

Neither the ending of the 'reached base' policy nor the denial of work can be enforced against illegal immigrants unless all legal residents of Hong Kong can readily be identified. Consequently the carriage of identity cards or some other specified means of identification, and their production on demand by authorized persons, becomes essential. Thus it is proposed that failure to do so should be an offence—as it is already in most of the New Territories.

So if the measures before honourable Members are accepted and implemented an illegal immigrant who has reached Hong Kong after today will be liable to arrest anywhere in Hong Kong and removal, and it will be a crime to employ him. He will be seen to be an illegal immigrant because he has no identity card, or proof of application for one, or other specified proof of identity.

In order to avoid retrospective action, we propose that those illegal immigrants from China here at this moment should be given a short period in which to register. But they must do so immediately within the next three days at the special registration office in Victoria Barracks. This office will be open 24 hours a day from 10 p.m. tonight until midnight on Sunday. The special arrangements made to deal with the numbers expected will be widely and immediately publicized.

As a safeguard for the individual, provision is to be made in the proposed legislation for appeals by those not caught in the act of entering against whom removal orders have been made, to be considered by a Tribunal of two unofficial members. Their decision will be final.

The time-scale proposed is as follows:—

- (i) After today all those who come illegally from China, and have no right to remain, will be liable to be returned wherever detected.
- (ii) From tonight until 26 October: those who were already in Hong Kong on 23 October but who have not got identity cards will be able to register for them under special arrangements made by the Immigration Department.
- (iii) From 30 October: compulsory carrying of proof of identity begins.
- (iv) From 3 November: it becomes illegal to employ any person who does not have an identity card or certain specified proof of identity.

Honourable Members we cannot stand by and accept the indefinite continuation of a high level of illegal immigration while Hong Kong standards are steadily eroded, and it loses its prospect of being the place its residents and its Government are so anxious to make it, and also the place which

could contribute so much and so willingly to the modernization of Guangdong. Therefore the measures we are proposing are essential; but they will become irksome with time. It is irksome to have to remember to carry an identity card or some other form of identification and to produce it if asked. It is irksome for employers to have to check that employees have identity cards or certain other forms of identification. It will be distressing when friends and relatives from China enter illegally and have to be turned away. But if this movement is to be halted as it must be, a very clear message must get back from Hong Kong to the communes that the door is closed, and even if evaded leads only to a dead end without either profit or safety. This message must get back clearly. We must not allow it to be obscured by criminal abettors, the faint or soft hearted or the grasping or inefficient employer. If that message gets back and is understood, then our problem should be solved. I therefore appeal to all members of the public to do everything they can as responsible citizens to play their part in enforcing these measures, and to assist the Police and Labour officers and Immigration officers to do so. The added burden on these agencies will be great, and I again appeal to the public to realize the problems of these agencies and to help them in their duty at whatever cost to their own convenience.

I appeal particularly to employers voluntarily and firmly to enforce this new policy and refuse employment to illegal immigrants. By doing so they can win this battle and confer a great benefit on the whole community. I spoke earlier of the dangers of this policy if it failed, and the immigrants continued to come, and an illegal community built up outside the law. But this will not happen to any significant extent provided we all act with sufficient unity and resolution to leave no loopholes for sanctuary or employment and thus deter immigrants from coming. This cannot be achieved by the enforcement agencies alone, though they will do everything they can.

Since they may be heavily stretched in the days ahead, I have signed an order mobilizing the Royal Hong Kong Regiment (Volunteers) as from 2 p.m. tomorrow. The Government will do everything it can, but success can only be achieved by united action by the community as a whole.

I now leave it to the Chief Secretary to explain the details of the legislation proposed.

## **Government business**

### **First reading of bill**

(The Chief Secretary indicated that under Standing Order 40(1)(a) His Excellency the Governor had directed that the Immigration (Amendment) (No. 2) Bill 1980 should not be published in the *Government Gazette* before it was read the first time.)

**IMMIGRATION (AMENDMENT) (NO. 2) BILL 1980**

*Bill read the first time and ordered to be set down for second reading pursuant to Standing Order 41(3).*

**Second reading of bill****IMMIGRATION (AMENDMENT) (NO. 2) BILL 1980**

THE CHIEF SECRETARY moved the second reading of:—‘A bill to amend the Immigration Ordinance’.

He said:—Sir, I move the second reading of the Immigration (Amendment) (No. 2) Bill 1980.

In your statement just now, Sir, you explained the reasons which make it essential for there to be a change in the ‘reached base’ policy and to provide for the obligatory carrying of proof of identity; a ban on the employment of those without such proof; and revised procedures for the removal of those here illegally. The Bill before the Council amends the Immigration Ordinance so as to legislate for these measures.

In conjunction with the decision to enforce the Immigration Ordinance in respect of illegal immigrants from China, in the same way as it is enforced in respect of those from all other countries, this Bill provides the machinery to bring to an end the ‘unacceptable situation’ which has developed in Hong Kong these past two years.

The first major amendment to the Immigration Ordinance, which is proposed, is a new Part IVA which will require every person aged 15 and over, who holds an identity card or is required to be registered under the Registration of Persons Ordinance, to have with him or her, at all times, one of several specified forms of proof of identity. These include an identity card, an official document confirming that the person has applied for a new such card (or for a replacement); a valid travel document; a driving licence; or a Vietnamese refugee card—the last requirement has been inserted in order to avoid preferential treatment of Vietnamese refugees, since they are not issued with normal identity cards). Those stopped by the Police must produce their proof of identity, and failure to do so without reasonable excuse carries liability to a fine of \$1,000.

The object of this measure is, of course, to facilitate detection of illegal immigrants. The latter will no longer be issued with identity cards. Consequently anyone, say, found by the Police in a stop and search operation or at a road block without an identity card or other proof of identity will be suspect. If, after questioning, the person is able, by some other means, to identify himself as a genuine resident, he or she will be released, though that

person will remain liable to a fine for failure to carry proof of identity. It is, therefore, in the individual's interests—if only to avoid personal inconvenience and embarrassment—as well as in the interest of the community at large, that this requirement should be complied with. It will make the large scale checks and controls at, for example, road blocks, much easier and quicker to carry out; and at the same time help to flush out illegal immigrants hoping to avoid detection.

The obligation does not apply to people in Hong Kong who are not required to register—for the most part, those in Hong Kong for less than six months. However, to avoid the inconvenience of questioning and other enquiries by the Police such persons will be advised to carry their travel documents or some other document which would satisfy a Police officer as to their identity. I should stress that visitors will not be committing an offence if they do not have such documents with them: but, as I say, clearly it would prevent inconvenience and embarrassment to them if they were to carry proof of identity.

The second major step is embodied in a proposed new Part IVB of the Immigration Ordinance. Its object is to debar illegal immigrants from employment. Under the legislation, it will be an offence to employ any person who has not produced to his employer an identity card; or, if he is not normally resident in Hong Kong, a valid travel document, or a Vietnamese refugee card. Existing employees will be given a week in which to produce to their employers such proof of identity: failure on their part to do so will provide the employer with legal grounds for discharging them without notice or liability for compensation. It is further proposed that employers will also be obliged to inspect the proof of identity of any person taken into employment from 28 October onwards. To facilitate checking by Labour Inspectors, Police or Immigration officers, it is also proposed that employers of more than ten persons will be required to keep a simple list of names and details of the identity documents produced by each of their employees. Other employers will merely need to have these details on record.

Employers who fail to comply with these requirements become liable to a fine of \$50,000 or imprisonment for a year. The monetary penalty may seem low, having regard to the potential gain to be derived by an unscrupulous employer who takes on illegal immigrants at starvation wages: but it is the Government's hope that it can rely on employers to co-operate over this—it is clearly in their long-term interests to do so. If, however, there is widespread evasion, it will be necessary to reconsider the level of the penalty.

One other section in this Part which calls for comment is section 17N, which provides for the presumption that any person found without proof of identity in a place of employment is an employee, unless the contrary is proved. We regard this as essential to the enforcement of the new measure—otherwise it becomes all too easy for an unscrupulous employer to maintain



that an illegal immigrant found on the premises just happened to be visiting. But some honourable Members have expressed misgivings. May I therefore assure the Council that this presumption clause will not be used against an employer upon whose premises an illegal immigrant is found, if it is clear that the employer could have had no knowledge of that person's status.

I turn now to the removal of the illegal immigrants who are detected. A new section 19 has been provided which leaves with the Governor the responsibility for ordering the removal of a person regarded as an undesirable illegal immigrant (which is a weightier and more subjective decision); but transfers, from the Governor to the Director of Immigration or his Deputy, the authority to order removal of the ordinary illegal immigrant. It has been recognized for some time that it is undesirable and unnecessary to require the Governor personally to make the relatively large number of removal orders which are made, and which will need to be made in future, under the Immigration Ordinance.

However, as a safeguard, a new appeals system is proposed. This introduces into immigration legislation, for the first time, the principle of an independent appeal and tribunal. It is based in part on the U.K. system, under which an independent layman of standing considers appeals against removal orders. We are proposing that there shall be a panel of lay assessors (or a Tribunal as it will be termed) who will consider appeals against removal made on specified statutory grounds. The Tribunal will consist of persons known and respected in the community, with full-time occupations, who will be called upon from time to time to consider appeals as the numbers demand. They will work in pairs, which will be an added safeguard: if they fail to agree, the appellant will be given the benefit of the doubt, and the appeal will be allowed. Certain ladies and gentlemen are now being approached with a view to their participating in this system. I hope as many as possible will agree to play their part in this important aspect of the new measures. Their work will be co-ordinating and guided by a Chief Adjudicator, assisted by a member of the Legal Department to provide legal advice when necessary.

The new Bill, if enacted, will be supplemented by a number of regulations and orders to be made by the Governor in Council. A resolution enabling persons charged with failure to carry proof of identity to plead guilty by post will be moved in this Council on 5 November.

As to timing: if the Bill is enacted this afternoon, a public announcement giving details of the new measures will be made immediately. The announcement will be widely publicized. It will, among other things, urge all illegal immigrants from China, at present in Hong Kong, to take advantage of the three-day period referred to by you, Sir, and to register at Victoria Barracks over the next three days (i.e. tomorrow, Friday, Saturday and Sunday). Special arrangements have been made to cope with the expected large numbers coming to register—the special registration office will in fact be

open from 10 p.m. tonight, and will operate round-the-clock, closing at midnight on Sunday. It will be in the interests of all those in this category—that is, and I repeat, illegal immigrants from China—to register in this period: if they fail to do so, they risk being returned to China. Employers should also urge this step on those of their employees who are affected—otherwise they will be obliged to discharge them, as they will have no acceptable identity document.

On 28 October, the new provisions for removal and adjudication will come into effect. On 30 October all residents of Hong Kong will become obliged to carry proof of identity, and from 3 November it will be an offence for an employer to have in his employment, persons who fail to produce proof of identity.

We have not included a termination clause in this Bill, since we must assume that the situation, which it is intended to guard against, will remain a threat for a long time to come. However, there is provision for Parts IVA and IVB to be discontinued at any time by the Governor in Council.

The aim of these measures is to discourage and deter persons from leaving their villages and communes in South China, in the hope—the belief—that they can enter Hong Kong and do better for themselves. In future such persons will be at risk. You have said, Sir, and I have repeated, that a very important deterrent will be the fact that they cannot legally work. But the fact that the population as a whole will be required to carry identity cards will also mean that proof of identity will be needed for the transaction of day-to-day business with Government departments. In future, before any public service is made available (other than services of an emergency kind such as urgent medical treatment or the saving of life or property), proof of identity will have to be provided. Government departments will, of course, exercise discretion; but the intention is that all the normal Government services enjoyed by residents of Hong Kong will be denied to illegal immigrants.

Sir, we are embarking on a course the outcome of which cannot be entirely certain, but all our considerations lead us to the belief that this is one step which stands a good chance of ridding ourselves of a problem which has so adversely affected our quality of life, the problem which has been nagging us for too long.

To repeat, Sir: for us to succeed—and succeed we must—the message must get back to, and be understood by, the young people in the communes, that illegal immigrants are not welcome in Hong Kong—that we simply cannot have them: that from now on life for them in Hong Kong will not just be unpleasant, it will be intolerable: that sooner or later they will be detected and they will be repatriated.

The severe problems brought by illegal immigration are well known. What has to be done is quite clear: but in taking this essential, no longer avoidable,

action which we propose today, let us be clear also the penalties which we— as a community—have to pay, the frustrations and problems with which we shall be presenting ourselves, are very considerable too. It is a choice of evils. In many ways the Hong Kong of the future will not be the sort of Hong Kong we all have known until today.

I make this point because the going, inevitably, is going to get rough: and when that happens, and some begin to cry out for a return to the old days, and the old ways, it will be important to look back upon these past two years, and especially the past few months, and recall the worry and concern we all felt; to recall the demand made by the vast majority in all walks of life that something truly effective should be done to safeguard ourselves against the floods of illegal immigrants. And then to resolve, to determine as a community—as we do today—to overcome this nagging, painful problem in the interests of the future of Hong Kong: in our own interests and in the interests of our future generations.

Sir, I beg to move.

MR. CHEUNG:—Sir, it has been obvious for some time that, given two conditions, the touch-base policy and the lack of restrictions on their employment, large numbers of illegal immigrants would find it worthwhile to make the effort to get through the cordon of our security forces. The odds, I am told, were about even that they would succeed at the first try. I am not concerned to inquire into what motivated them; suffice that large numbers, too large and increasing too rapidly, decided to come within our borders.

Probably, as the policy of modernization is implemented in Guangdong, and as the special zone of Shenzhen is developed, the motivation will decrease, but meantime we have to take action.

The object of the legislation this afternoon is to bring to an end those two inducements to gamble on reaching base in Hong Kong. Plainly stated, first, all illegal immigrants who arrive here after today from China, whenever and wherever they are found, and by whatever route they have come, will be liable to be returned to China.

Secondly, stating it plainly again, it will be a serious offence to give employment to any illegal immigrant.

It cannot be said too emphatically that our infrastructure cannot sustain the inflow. Our housing programme, our social services, our transport services cannot cope with the large influx. The growth of population attributable to immigration from China alone last year was 3%, on a base of 4½ million. We are not prepared to be submerged. We are not prepared to see hard won improvements in the quality of life whittled away.

And in the past few months public demand for action has become increasingly more vocal and insistent. The message has been loud and clear. And I hope the message will echo loud and clear in the communes.

And whilst these measures, which have been already outlined by the Chief Secretary, are aimed at illegal immigrants, the willing co-operation of our citizens is essential for their success, however inconvenient and irksome it may be to many. We have been left with no choice.

It will, as the Chief Secretary has said, be obligatory for those over 15 to carry an official document of identity throughout the territory on and after 30 October, and to show it on demand by the Police and other designated services. There will be a lot of stop and search. Forgetfulness or indifference to these laws will result in temporary detention and a fine.

For those illegal immigrants already here, there will be a period of 72 hours during which they may register themselves in the Immigration Department in Victoria Barracks. The choice to have one centre only is one that my colleagues support, after examining the practicability of having two, one on both sides of the harbour. Victoria Barracks is well known to illegal immigrants, it is opposite Queensway Station on the M.T.R., and it allows the Director of Immigration to concentrate his resources in one place. These appear to us to be valid reasons for the choice.

These measures will require the active co-operation and support of employers. They deserve whole-hearted support, and my colleagues urge that it be forthcoming. No one without a specified document of identity may be henceforth employed or continue to be employed; those already employed shall have their employment summarily terminated. These measures, again, may be inconvenient, but they are essential.

These measures are directed, as I have said, at illegal immigration.

A person who is apprehended when not carrying a document of identity will be taken to a police post and later to a police station. He will be given every opportunity and facility to make contact by telephone with his family or relatives or his lawyers, to establish that he is not an illegal immigrant or is otherwise lawfully here. If he fails to do so, he will be handed over to the Immigration Department, where again he will be given further facilities to prove that he is entitled to be in Hong Kong.

I emphasize while these measures are not aimed at Hong Kong residents, but I need hardly add that those who through carelessness, forgetfulness or indifference do not carry their document of identity will have only themselves to blame if they spend some hours in anxiety and some degree of inconvenience and discomfort, and at the end be fined.

We wish it to be known that although we will give this Bill all three readings today, it is not legislation that has not been fully deliberated upon or rushed. It has been absolutely necessary, in order not to create an even bigger build-up of illegal immigrants waiting to make the dash, to keep these proposals highly confidential, but on that basis Your Excellency has consulted Executive Council at all stages over a period of months, and pending

your discussions with Her Majesty's Government and the Chinese Government, the Bill itself and the accompanying regulations have been subjected to the closest scrutiny by Unofficial Members of this Council. We wish to pay a most sincere tribute to the very senior Government officials, including the Chief Secretary and the Secretary for Security, who for many hours answered queries, discussed differences and considered our advice. It is too much for any legislator to hope that the laws he makes will cater for every combination of circumstances that may arise, but these new laws and how they operate in practice will be kept under close review, and it may be that amendments and changes will have to be made in the light of experience, but if there are obscurities or deficiencies it is not for want of trying to remove them.

We are very gratified to learn that you, Sir, have secured assurances of utmost co-operation from the Authorities in Guangzhou.

Sir, all my Unofficial Colleagues, on behalf of whom I speak, support the motion.

*Question put and agreed to.*

Bill read the second time.

*Bill committed to a committee of the whole Council pursuant to Standing Order 43(1).*

### **Committee stage of bill**

Council went into Committee

### **IMMIGRATION (AMENDMENT) (NO. 2) BILL 1980**

Clauses 1 to 10 were agreed to.

### **Third reading of bill**

THE ATTORNEY GENERAL reported that the

IMMIGRATION (AMENDMENT) (NO. 2) BILL

had passed through Committee without amendment and moved the third reading of the Bill.

*Question put on the Bill and agreed to.*

Bill read the third time and passed.

(3.10 p.m.)

HIS EXCELLENCY THE PRESIDENT:—Honourable Members, I think we might have a short break at this point. Council will resume in 10 minutes.

(3.25 p.m.)

## **Motion**

### **MOTION OF THANKS**

#### **Resumption of debate on motion (22 October 1980)**

DR. HENRY HU:—Your Excellency, in reviewing our past economic and financial performance and prospects for the future, Your Excellency have encouraged our confidence in the future stability and prosperity of Hong Kong. I would like now to speak briefly on three subjects, namely, our economy, quality of life and district administration.

#### *Economy*

Sir, I have said in this year's budget debate that I was very optimistic about our economic future, but at the same time we should probably be careful on the following points.

First, the imbalance in the development of our economy, namely, soaring commercial rents and the frenzied property market with obviously increasing speculative elements, may upset and eventually put a brake on our normal economic growth. A modern society is like a living organism in which every section is organically related to each other. The weakening of one section and the swelling of another may destroy the normal and delicate interdependence among sections. This sort of imbalance in growth, if unchecked, would seriously affect the healthy state of the whole body. In recent months, it seems that neither our manufacturing industries nor our real estate sector are in a healthy state. This is a major aspect of the imbalances in our economy. To put it another way, in a free-enterprise economy like ours, it is not the Government's job to intervene in the economy directly. It is, however, the Government's job to provide and to maintain the macroeconomic and socio-political conditions conducive to economic growth. The cost of land is a major determinant of our industries' ability to compete internationally and to attract new investments, and hence to generate more employment. It also has a direct and important bearing on people's living standard.

Secondly, to maintain social and economic equilibrium, Government should build more public housing units to satisfy the needs of our working class people. Without their efforts, our economic development would be hampered.

Thirdly, as I have said before, our economic strength and public revenue will depend largely on service and tertiary industries. In order to maintain the momentum of our development in this direction. Government should be bolder in embarking on major capital works projects. These will not only help with regard to unemployment, but the further strengthening of our infrastructural framework will also provide a better basis for enhancing Hong Kong's importance and bargaining power in international terms, provided, of course, that sufficient skills are developed. We should continue to develop this trend for our future without any hesitation.

### *Quality of Life*

Economics is only a means to achieve our aim which is the improvement of the quality of life for our people. A government is strong and popular to the extent that it looks after the interest of the ordinary people. I think that the Government has done much to achieve this. But there is certainly some room for improvement. Firstly, I think that in the present circumstances, the production of 35,000 units of public housing per year may not be sufficient. Many people have had to wait for a long time before they could get a housing unit. The housing problem is a major hardship for many. Their purchasing power has been reduced significantly with the increase in rental and price of flat mainly because of speculation. In Hong Kong, public housing is an essential social service and an indispensable social stabilizer. I therefore consider that the Government should make more efforts to increase the production of public housing. In order to reduce the production time and cost, we may have to consider building unified or relatively less lustrous housing units to offer to the public. Secondly, because of or despite Hong Kong's economic affluence, people often neglect the moral side of their behaviour. We should not only teach our youngsters how to make a living or how to improve their skills, but also attempt to inculcate a greater sense of purpose, a moral and a civic sense into their lives. We should pay more attention to this both at home and in schools. Technical training should keep balance with education in the broad sense of the word. Many problems in the technically advanced countries arise out of this lack of balance in the development of the materialistic and the moral aspects of their people's lives.

While I admire the Government's efforts to improve the quality of life for the ordinary Hong Kong citizens, I consider it equally, if not more important, for the Government to look after its own disciplinary forces, namely, the Police Force, Fire Services, Immigration, Customs and Excise, Prisons and the Ambulance Service. I think all of them are doing an excellent job for Hong Kong and we are very proud of them. We may have some black sheep but the passing of an occasional cloud over a blue sky does not change the nature of the good weather. Their standards, conditions of work and pay levels should constantly be reviewed so that they will continue to be adequately rewarded for the good work they have done.

*District Administration*

Sir, I now come to deal with the Green Paper on District Administration.

In the past ten years, Hong Kong's progress is phenomenal and it has become one of the world's financial and shipping centres. Progress has been bewildering and the situation of the city is ever changing. It is now the right time to have a major re-think on the pattern of district administration in Hong Kong, because of the influx of Mainland people to Hong Kong, the successful development of our new towns in the New Territories, and the growing complexity in administering the districts from a central government body. The aim of the reform in district administration is for the inhabitants of individual districts to have more say over the impact, adequacy and effects of these services and policies, and to have better and more uniform channels for bringing their views to bear on the Government'. To achieve this aim the Green Paper has suggested three approaches, i.e. evolution, participation and practical experience, which I support.

The theme of 'evolution' has been consistently implied in the Green Paper. This is significant because to meet Hong Kong's ever changing circumstances, any administrative reform must be flexible and capable of continuous adaptation. So must any decision on the Green Paper be.

The word 'participation' also figured prominently in the Green Paper. It is indeed the key word for the success of any reform of our local administration. To achieve this the Government has proposed to introduce universal franchise for district elections and also to give some executive power to the District Boards. If one reads the Green Paper, one cannot escape the impression that the emphasis is on the reform of district levels. It would be logical to presume that the representatives of Urban Areas should have the same characteristics and functions as their counterparts in the new towns in the New Territories.

The suggestions contained in the Green Paper are also based on practical experience, in particular the experience gained from operating the City District Committees since 1972 and the Kwun Tong District Management Committee since its establishment in November 1979. Experience is also drawn from the development of the new towns. 'The new towns have borne the brunt of development but in consequence the points of contact between officials and unofficials are firmly founded and the mechanism for concerted inter-departmental efforts exists and is appropriate.' (paragraph 12 of the Green Paper). It would therefore be obvious that the Green Paper has a solid basis. The working relationship between the District Boards and Urban Council needs to be subject to continuous evolution. Such a view has been very clearly stated in paragraph 4 of the Green Paper. The setting up of the District Boards should be beneficial to the Urban Council's work because seats will be reserved for Urban Council members on each District Board. This would enhance the liaison and communication between the local needs and the Urban Council's work.



Since the key word to the Green Paper is 'participation', it would be logical to suggest that in order to have a large participation from residents, the voting age may be lowered to 18 years of age which is now generally considered as mature for modern young men and women. I also suggest that in District Boards, the usage of Chinese should be emphasized, even both Chinese and English are official languages. Many people who do not participate in the local administration may have language difficulties.

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

DR. HO:—Sir, in congratulating you on your annual policy address, I would like to speak briefly on three topics you mentioned, namely:—housing for the elderly, juvenile crime and the Green Paper on District Administration.

#### *Housing for Elderly Single Persons*

I was pleased, Sir, to learn from your address that 'at least 5,000 new places in institutions for the elderly will be provided over the next four years' and that a quota of accommodation in public housing for old people will also be introduced. However, I am concerned that these measures alone might not be sufficient to meet the extent and urgency of the need for proper, decent housing for our senior citizens.

A joint survey conducted by the Hong Kong Council of Social Service and the Social Welfare Department estimated that by 1979, 67,500 elderly people would be living in 'substandard and often inhuman living conditions', that is, 16,200 living in bed spaces, verandahs and staircase landings; 4,500 living in roof shacks, basements and attics; 9,500 living in other non-domestic housing; and 37,000 in temporary structures.

In 1978, a survey undertaken by a group of Chinese University students projected that about 10,000 people were living in boarding houses in various parts of Hong Kong and Kowloon, including Tsuen Wan. About 40% of the inhabitants were above 60 years of age. They lived on threedecker bunks, which were fenced in by chicken wire, and they were sensationally known as 'caged men'. The average boarding house measured 900 square feet, including kitchen and toilet, and was occupied by 63 inhabitants, thus the average living area per person was about 15 square feet. Living conditions were appalling:—over-crowded, unventilated, squalid and dark. Almost half of the elderly inhabitants suffered from varying degrees of physical and mental disorder. Roughly 80% of the elderly lodgers came to Hong Kong before 1960; a great majority of them did not have relatives here and lived on public assistance. To make matters worse, these lodgers were not protected by the Landlord and Tenant (Consolidation) Ordinance, because the boarding houses were registered for non-domestic use. The current boom in real estate might heighten their fears of being evicted, because the landlords may take procedures to repossess the properties for redevelopment.

The deplorable living conditions of our elderly single persons warrants more sympathetic consideration and speedier action from our Government. I therefore venture to put forward some suggestions.

Firstly, high priority of public housing provision should be compassionately assigned to our single senior citizens. The 5,000 places promised for the next four years could be provided in a shorter period.

Secondly, a portion of the places in the temporary housing areas and in the Mark I and II estates, which have been planned for re-development, could be reserved for allocation to the needy, single elderly applicants for public housing.

Thirdly, the resources and the good will of such welfare organizations as Helping Hand and Salvation Army, could be more fully utilized by increasing their subvention so that they can provide more accommodation.

Fourthly, the rent allowance under the public assistance scheme should be realistically adjusted to keep in line with market rents, so that our senior citizens can secure decent accommodation in private tenements.

Lastly, the Public Health and Urban Services Ordinance should be strictly enforced, so that boarding houses are required to observe regulations relating to overcrowding, fire hazards, sanitation and health.

#### *Juvenile Crime*

Sir, your concern about the escalating rate of crimes committed by juveniles between seven and 15 years of age is widely shared by the community. This is of particular concern since of the approximately 900 youngsters charged in May 1980 for criminal misconduct, 95% of them were born and bred in Hong Kong. This suggests that the great majority of the young offenders are the genuine products of our own making. Indeed some of them were even repeated offenders. A wide range of crimes committed by these young persons included shoplifting; theft from vehicles, factories and construction sites; burglaries; serious assault and gang fight and robberies with aggravation.

I do not pretend to offer a solution to this problem; but I would like to make some observations to explain in part the increasing incidence of juvenile delinquency.

Today, more and more mothers are going out to work. They rely on various institutions such as child care centres, kindergartens and various welfare organizations to care for their children and to instill in them a sense of morality and ethics. Outside school hours children are increasingly left to their own devices, to roam about outside their homes with little or no parental supervision, and are free to choose their own company, be it desirable or otherwise.

My personal association with welfare organizations serving children of this age group indicated that a substantially large number of school children are

not satisfied with their relationship in the family. They complained that their parents did not show them adequate attention, concern and affection, did not set a good moral example for them to follow and failed to give them guidance and support in times of trouble. This knowledge leads me to believe that the weakening of the family system and family relationship is one of the cardinal determinants of juvenile crime. Like the womb for the foetus, so the family safeguards and conditions the development of the child, until it becomes strong enough to function independently. Now the modernization process in Hong Kong is eroding the family system and has forced it to undergo certain structural and functional transformations. I consider that juvenile delinquency is a symptom of the malfunction of the family system in its adaptation to the modernization of the community at large.

Sir, we must accept that mothers are increasingly going out to work and relying on other people to bring up their children, but I would suggest that greater effort be made, perhaps with the help of the Family Life Education Programme, to encourage parents to spend whatever free time they have with their children in order to promote the cohesion of the family unit. Similarly there should be better co-ordination between the various departments responsible for providing services for children, and between teachers and parents and teachers and pupils themselves in order that the problems children may be facing are quickly recognized and appropriate action taken.

In addition, laudible as the nine years compulsory education and prohibition of employment for persons under 15 years of age is, more attention should be paid to the attitude and motivation of these young people towards their schooling. Of particular concern is the youngster who has lost all interest in his education and who is no longer able to earn his pocket money by working part-time. Not only may such a person turn to illegitimate means to restore his self image but he may also be a disruptive influence on others. Again, Sir, I would stress the importance of a close family relationship and good pupil-teacher relations in order that such a potential juvenile offender can be quickly recognized and helped, before it is too late.

#### *District Administration*

Turning to the Green Paper on District Administration, the intention of the proposed pattern of local administration is laudible and I believe it will attract widespread support from the general public. However, if we want the District Board to become a genuinely effective framework whereby 'the inhabitants of individual districts (would) have more say over the impact, adequacy and effects of (Government) services and policies, and have better and more uniform channels for bringing their views to bear on the Government', I would like to make a few observations.

The functions of the proposed District Boards are mainly advisory, although they have limited executive power in undertaking minor environmental improvement works and recreational and cultural activities. If District Boards

could be empowered to supervise and censure Government decisions and activities and to formulate policies in partnership with Government departments serving in the Districts, they would better serve the needs and interests of the community. If the present circumstances do not permit consideration of these roles, I hope that the Government will keep this suggestion in mind until it believes that the public has gained sufficient responsibility and sophistication from their participation in the present wide network of consultative committees.

That the number of elected members is limited to one in a constituency comprising 250,000 people, poses real problems of representation in a community with such diversified interests as those in Hong Kong. The one elected representative will become impotent when he has to debate and to defend the views of his constituency against other opposing claims in the District Board. This number of elected members may be increased, Sir, say to three, in a single constituency and this would strengthen the elected element in the District Board, as all other members in each Board are appointed. The merit of increased elected representation will enhance the creditability of the District Board as a forum for dialogue and consultation between the governed and the government, and will encourage more people to go out to the polls on election days.

Improved district administration will have implications for departmental organization, staffing and priority setting. The identification and articulation of community needs and problems will call for more Government action not only in environmental improvement projects, but also in social and community infrastructure. The proliferation of District Management Committees, District Boards and other subsidiary committees will require more public funds and staff will have to be released from relevant Government departments. The availability of high-calibre civil servants in sufficient number for appointment to the proposed District Management Committees and District Boards may pose a manpower problem. The Government must therefore be prepared to make the necessary staff and finance available to implement the proposals in the Green Paper.

The Green Paper has not indicated in clear terms the relationship between the District Management Committees and the District Boards. It only stated in paragraph 16 that 'the operation of the District Management Committee should be reinforced by the appointment of a District Board and the links between the District Boards and the District Management Committees may have to be strengthened'. However, in your policy address (paragraph 143), Sir, you added that 'In no district will we proceed to the setting up of a District Board until an adequate Management Committee is in place to work with it. No one will wish to serve on a Board that cannot achieve results because of the absence of adequate official support.' By this, are you, Sir, implying that the District Management Committee may, among other functions, serve to execute some of the decisions and recommendations made

by the District Board? If this is the case, what assurances are there that the District Management Committee would take heed of the Board's decisions and recommendations?

There are certain community concerns which transcend the deliberations of a single District Management Committee or a single District Board. For example, the allocation procedures for Form I places or the East-West Corridor issue will require a territory-wide approach. In these instances, direction from Central Government is crucial. The White Paper therefore needs to devote certain space to spell out the way in which the workings of the various District Management Committees and the District Boards will be co-ordinated with the Central Government.

Lastly, as regards voting qualifications, I am in favour of keeping them to the minimum, that is, 21 years of age and 3 years of residence in Hong Kong, as suggested in the Green Paper. The fewer the requirements, the more universal the suffrage will be. This would encourage people to come forward to vote. The general concern attached to a short residence requirement lies in the likelihood that the interests of the recent arrivals to Hong Kong might be represented in the District Boards and that their interests might not be akin to those of Hong Kong belongers. I see nothing undesirable in this, because it is my belief that any inhabitant, who has been permitted to reside here and intends staying here for a considerable period of time, should be regarded as part of the community, and as such should be allowed to participate in the running of its affairs. The liberal requirements for voting as proposed in the Green Paper, I believe, Sir, will facilitate the creation of a more integrated, stable community in Hong Kong.

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

MR. NEWBIGGING:—Sir, against the background of a world troubled by recession and international conflict, you have given us a picture of Hong Kong's continuing success: it is a convincing picture and will no doubt contribute further to the feelings of confidence in our future—feelings which have developed so healthily both here and overseas in recent years, and which in turn have lain at the root of so much of the progress that has been achieved.

In concluding your address, Sir, you pointed towards the tasks that lie ahead if we are to seize the opportunities on which much of this confidence is based. The exercise of this 'higher prudence', if I may call it that, will involve further Herculean efforts in terms of the development of our infrastructure—land production, roads, tunnels, housing, perhaps a replacement airport and much else besides—and of our social and educational services. Suitably 'heroic assumptions' (if I may borrow a phrase from the Financial Secretary) will no doubt be required on which to base decisions to proceed with some of the major projects, particularly bearing in mind the scale of development to which we are already committed.

In supporting wholeheartedly the need to continue—and indeed accelerate—the rate of development, I have two recommendations to offer:

*First*, we must give due weight to timeliness, as well as avoiding expensive mistakes, in making decisions on such issues. One of the most familiar problems in business is that, while one may have incomplete data on which to base a decision, waiting to get the missing data may put the basic objective beyond one's reach. One therefore has to bridge the gap with judgment: it is in the exercise of this judgment that an executive—whether in the public or private sector is irrelevant—earns his keep. I suggest that this applies to a number of major development decisions with which we currently are, or soon will be, confronted. Obviously we must obtain the advice of experts, but we must be wary of postponing decisions so long that the problems we are trying to solve grow to the point that they will not yield to any of the choices contemplated. If I may suggest a maxim for our decision makers, Sir, 'when you're up to your ears in alligators, remember that the original objective was to drain the swamp' (*laughter*).

*Secondly*, we must aim for productivity as much as quantity: in an environment as restricted as Hong Kong this has almost universal application. We are inclined to think of productivity in terms of the number of toys, garments or digital watches a worker can produce: however the productivity relating to the facilities and services provided by the Government is just as important. There are few better illustrations of this than the field of transport. Without question we need more roads, bridges, flyovers and tunnels: while realizing that the practical limits of such development may still be some way off, nevertheless, obtaining the optimum use of these scarce resources assumes ever increasing importance. My purpose is not to argue for a particular mechanism to achieve this. A variety of ideas have been put into practice with varying degrees of success in other Asian cities, each of which has its own particular problems. But one thing is certain: more roads or not, in the absence of imaginative policy initiatives soon, the inexorable growth of traffic—itsself a product of our success—could well prove the cause of our undoing.

This, Sir, leads me on to a confession. I mentioned in the budget debate earlier this year the hole I would like to see drilled by the M.T.R. from Kennedy Town to Shau Kei Wan. Unfortunately the subterranean dragon that has been carrying out this task—with hope springing eternal in my imagination at least—has proven to be an unruly beast and has developed a mind of his own. Having reached Shau Kei Wan he proceeded to Chai Wan, then turned left, and is now somewhere under Lai Mun gap well on his way to completing the circle at Kowloon Bay terminal. While apologizing to honourable Members (and in particular to the Director of Public Works) for these unauthorized peregrinations, perhaps I might suggest that, nevertheless, we take them into account in our long-term planning. Having said this about

planning, however, may I again repeat my plea for an extension of the M.T.R. from Kennedy Town to Shau Kei Wan at least; and as soon as possible.

I would also, Sir, like to voice strong support for the intention to accord a higher priority to the cleanliness of Hong Kong. Greater prosperity creates more opportunities for enjoying our environment but also intensifies the pressures on it. We could well find that prosperity is valued progressively the less if one of its most visible manifestations is the fouling of our own nest. I therefore regard the proposed setting up of a new 'Keep Hong Kong Clean' campaign as timely: indeed it is very much in line with a plea I made in this Chamber a year ago. However this time we must ensure momentum is not lost. In this respect I believe much can be achieved by more effective law enforcement: once again I would refer honourable Members to the example of Singapore where simple, if sharp, legal sanctions are employed without any genuine infringement of civil liberties.

*Finally*, I would like to take this opportunity of endorsing the measures concerning illegal immigration from China adopted by this Council today. Not only as a Member of this Council but also as Chairman of several companies employing a large work force and as Chairman of the Hong Kong General Chamber of Commerce, I am sure that other employers and employer organizations will also give their unqualified support. Given the dimensions of which you spoke in your address, Sir, this is clearly the single most serious threat affecting us, both socially and economically, and tough measures are required to deal with it. In many cases, these may be personally inconvenient but they are necessary.

#### *Conclusion*

Sir, enthusiasm concerning the future of Hong Kong is running at as high a pitch as at any time I can remember. Given the increasingly constructive relationship that is developing between Hong Kong and China and the impressive strides that Hong Kong is making in the application of modern technology, I consider this optimism is soundly based.

However there are, as I say, massive tasks to be faced and bold decisions to be made—a prospect which, I suggest, can also be regarded as a source of great enthusiasm. I therefore have much pleasure in supporting the motion.

MR. F. K. HU:—Sir, your opening address outlined a plan aiming at improving the quality of life of our people and in particular drew attention to the problem of immigrant which is becoming an insidious threat towards economic and social well-being. I am pleased to know that positive measures are taken to stop its exodus from China. This afternoon, I wish to speak on two issues, cleanliness and the Green Paper on District Administration.

#### *Cleanliness*

The first impression a visitor has on any city is its cleanliness. In order to keep our reputation as 'Pearl of the Orient', to safeguard the health of our

people and to improve the environment, we have to intensify the efforts of all parties concerned to make our city cleaner, neater and greener.

It is important to solve the problem at source, namely where the refuse is generated. The smaller the amount of refuse delivered to the streets for collection, more successful our efforts will be. Evidently, very little can be done about buildings already completed or under construction. However, for new buildings which have yet to be constructed, the law should be amended to make refuse storage chambers a compulsory requirement. The chambers should be of a size relative to the floor area and use of the building, and should be accessible to refuse collection vehicles. This requirement can easily be met for Government projects but may face resistance from private developers. If the overall interests of our people and our city are to be placed above personal financial interest and gain, there can be no objection to this requirement. I understand that this question has been raised and discussed repeatedly in the past, but in view of the seriousness of the problem we must take up this point again and overcome the obstacles which stand in the way of achieving progress in the matter.

Community involvement and public awareness are absolutely necessary if the Keep Hong Kong Clean Campaign is to achieve real success. Therefore, we should intensify educational activities in schools and community organizations in order to enlist the support and co-operation of the public.

The most effective measure to deter people from littering the streets is by levying heavy fines. The present fines are far too low and should be raised substantially in order to make them really effective.

#### *Green Paper on District Administration*

The silent majority of our people is only interested in a stable society where there is little violence and life is secure and comfortable. It is important to know what is in their minds and what are their feelings towards the present environment. With the population increasing year by year and the complications in our society, the administration needs adjustment to cope with the changing situation.

I quote my remarks given in the Urban Council debate in January this year as follows:

—  
‘With the increasing population in Hong Kong, the Council will find difficulty in maintaining a close contact with the public. The Council may seem to be remote and aloof especially with the increasing scope, magnitude and complexity of Council functions. It is worthwhile to consider the creation of a two-tier system. The creation of a lower tier of District Councils facilitates the delegation of power on purely local matters to District Councils, which are in a better position to know much more than this Council about their own districts, and they should be able to keep in close and intimate touch with their local affairs while this Council will be



responsible for the planning, co-ordination and administration of largescale function.

Members of this Council can be assigned to the District Councils which will also comprise elected and appointed members of the local community. It will greatly encourage community involvement and develop a sense of civic interest in the mind of the public.’

The establishment of the proposed District Boards is a natural evolution and will likewise give the Government quicker and more accurate feedback so that early action can be taken to meet local needs.

The success of District Boards depends on the formation of District Management Committees in the Urban Area. The effectiveness of District Management Committees, in turn, depends on the regionalization of Government departments. Some departments have already implemented their regionalization plans and some departments not. Regional boundaries more or less follow the present ten Urban City Districts, which have worked quite satisfactorily irrespective of the differences in population and differing circumstances of each district. It is perfectly acceptable to have districts with different areas and population. It is not necessary to arbitrarily readjust the boundaries of districts so that they will have similar population. Readjustment involves reallocation of regional work and related matters and can be a cumbersome exercise. I, therefore, am in favour of maintaining the existing ten urban districts to ensure causing the minimum disturbance.

The success of District Boards will also rely on local support and involvement. Therefore, it is imperative to encourage candidates of high calibre actually residing in the districts to stand for election to District Boards. It will also help if there are the same number of seats for both appointed and elected members. Good candidates residing in the district will arouse a bigger interest in the elections in the districts and ensure active and effective District Boards. As the numbers of registered electors and the percentage of registered electors participating in voting increase to a reasonable level in future, consideration could then be given to increasing the number of elected members.

I support the idea of adult suffrage for residents over the age of 21, but electors should have at least seven years residence in Hong Kong. This requirement will ensure that eligible electors are permanent residents and as Hong Kong belongers will be more interested in what is happening around them because of their sense of belonging. They must also have received a minimum of nine years’ education which is in line with our present education policy. However, those persons already registered as electors in the current Register of Electors for the Urban Council should not be deprived of their rights irrespective of the introduction of the above requirements.

On the question of election to the Urban Council, it is logical to confine the Urban Council electorate to residents of the Urban Areas. The question is whether the election should be on a district basis or territory-wide basis.

Many other cities have the same problem, and arguments for or against the two differing systems have been going on for years without a clear cut decision in favour of either. Members elected on a district basis could claim to be true representatives of voters' opinion in the district. They would also have a more intimate knowledge of the district conditions and reflect more accurately the districts requirements. The argument against elections on a district basis, in other words, in favour of territory-wide elections, is that emphasis on district requirements tends to overlook the overall plan for the whole Urban Area which can result in petty arguments and poor planning. Without past experience with which to compare the two systems in Hong Kong, I would consider a mixed system to be the answer for the time being. Out of the 15 elected members of Urban Council, ten should be chosen on a district basis and five on a territory-wide basis. There should not be separate elections in the district for members of District Board and Urban Council. There should be only one election in each district and the candidate with the highest number of votes would automatically have a seat on the Urban Council. Elections on a district basis and territory-wide basis should be held at different times. Judging from the results of elections conducted under the two systems and having regard to the percentage of registered electors voting over a number of years, we could eventually decide which system was more acceptable to the public and then make a final decision on whether elections should be on a district basis or a territory-wide basis.

I am confident that District Boards will supplement the role of the Urban Council in providing a quicker and better service at district level through feedback to the regional offices of the Urban Services Department which would continue to act within the overall policy of the Urban Council. Furthermore, through the district elected members, the Urban Council would receive more accurate information on district requirements and would therefore make better policy decisions and thus enhance the quality of life of our people. Naturally, the District Boards would cover many fields outside the scope of the Urban Council and help other Government departments to improve their services at district level.

It is prudent to maintain the parity of appointed with elected members in the Urban Council so long as the general public lacks interest in elections. Parity can be reviewed at some future time when it may be possible to increase the number of elected members if the general public shows a much bigger interest in the elections coupled with the involvement of candidates of higher calibre.

With these remarks, Sir, I support the motion.

MR. WONG PO-YAN:—Your Excellency's speech covered a wide range of important subjects and indicated a generally encouraging picture for Hong Kong with a buoyant economy. This afternoon, I wish to speak on five subjects, namely, industrial relations, development of higher technology, budgetary policy, commercial rent and district administration.

#### *Industrial Relations*

Your Excellency has rightly paid tribute to our industrialists, exporters and builders for their fine work in making our economic progress possible. If I may, I would like to add workers to the list as well. Our workers are no more the cottage workers of the 1950s who buried their heads and worked their lives away. Being better educated, they now not only work for a decent living, but, rightly, they also demand a better working environment, better welfare, more leisure and job security. Employers would be ill advised to ignore their rising aspirations and their desire to share Hong Kong's prosperity that is partly the fruits of their labour.

The spate of labour disputes in the past year shows that there is a general lack of communication, understanding and trust between the management and staff of many industrial organizations. The resultant labour disputes are economically damaging. I think many of these disputes can be prevented if both sides show more sympathy and understanding towards each other. For example, there were a number of recent cases where factories were closed down without any prior notification to the workers concerned. These examples are hardly congenial to good working relations. Although there is no statutory requirement for the employers to inform their workers beforehand, they should show more consideration for their workers. It is through the establishment of effective and sincere two-way communication, the fostering of better understanding and goodwill that our industries will have a solid and better basis from which to face the future. It is essential for any industrial establishment to dispel any possible atmosphere of distrust between management and staff, which may eventually lead to head-on confrontation, the result of which can be extremely damaging both economically and socially. I should like to see more Government effort in bringing home this message to both employers and workers.

I should also like to see that the provision of recreational facilities by Government, such as the Recreation and Sports Council Camp in Sai Kung, be accelerated. If at all possible, certain priorities should be given to organized participants from the industrial sector so that workers can have more recreational outlet. This, I believe, would be conducive to better industrial relationships. As workers in general have fewer holidays than office employees and students, I think it would not be unfair for them to be given higher priorities in the use of public recreational facilities.

#### *Development of Higher Technology*

Hong Kong has come a long way in industrial development. We have moved from primitive industries to more sophisticated ones, and our products are

gradually finding their way into the upper end of the international market. Our industry has so far adjusted very well in the transition process. However, I can foresee that the road to further industrial advancement will be rougher than any time before, the reason being that we do not have sufficient local research and technical backup services to provide our industry with a solid technological basis from which to move on. Take the electronics industry for example. We are one of the world's most important exporters. However, we only do the designing and assembly work here, the basic ingredients, parts and components which require advanced technological production methods, come from abroad. In order to strengthen our position in the long run, it seems logical to me that we should not only think of producing these parts and components but we should also research into new techniques so that new tools and equipment can be developed to produce new parts and components.

We cannot rely indefinitely on partial or pre-packaged technological transfers from overseas if our products are to move further up-market. I believe that our industrial development has already reached a stage when we should seriously consider promoting and co-ordinating our own research and development efforts in a more active manner. Limited research and development facilities do exist in a number of academic and industrial institutions, but their scope can in no way match the community's demand for higher technological support. I hope they can be given a substantial boost by Government in terms of increased financial assistance and better co-ordination. I would not venture further as to suggest how research activities should be promoted and coordinated. I believe this should be the job of our Government administrators. But Government would be very short-sighted if it were to ignore this area of activity which would, in the long term, be a key factor in determining whether the quality of our products and the quality of life in our community can be further improved.

#### *Budgetary Policy*

Sir, although the third topic of my speech sounds more suitable for the budget debate, I think I ought to make this point earlier so that my honourable Friend, the Financial Secretary, can have time to consider it before he starts his annual budget exercise (*laughter*).

In your concluding remarks, Sir, you indicated your concern that we should have the basic infrastructure to meet 'the needs of our decade to come'. It is believed that the Pacific region is going to be one of the centres of the world's economic developments in the coming decades. Hong Kong, being centrally located in this region, will no doubt wish to help and to benefit from this development. I do not think that we shall be able to do so with our existing facilities. We should therefore hasten our pace in improving them.

Provision of essential infrastructure such as land, roads and housing inevitably require a lengthy lead time. They should therefore be planned and provided for according to well designed programmes. Flexibility is needed to

allow for adjustments according to changing circumstances. But it is essential that once a programme is approved, its timing of implementation should as far as possible not be disrupted, unless there are overriding political or economic reasons for doing so. This is because the penalty for the slippage in the provision of an essential item in the basic infrastructure can be extremely serious to the community in the long term. An obvious example is the Hong Kong Island Eastern Corridor project. The result of this slippage is well known: hundreds of thousands of residents living in the eastern part of Hong Kong Island have to spend additional hours everyday in getting to and from work. The loss to the community in terms of man-hours is tremendous, not to mention the physical and psychological strains experienced by these frustrated commuters.

I am quoting this example not as a means of criticizing any particular decision, but merely as an illustration of how serious the consequence could be in upsetting the programme of an urgently needed item of infrastructure. There are good reasons for Government to argue that 'the growth rate of public expenditure ought to have regard to the growth rate of the economy' and that Government 'should observe certain guidelines with a view to ensuring that capital expenditure can be financed without recourse to debt'. However, the point I would like to stress here is that, when observing these sensible principles, Government should be planning over a broader time-span of say, three to five years, rather than just the year which is being budgetted for. For example, the growth rate in public expenditure may be allowed to exceed the growth rate in G.D.P. in a certain year, provided that the two growth rates are in line with each other over a period of, say, three years. In this way, the growth in public sector expenditure will have regard to the changing economic circumstances, while at the same time it will not be so abruptly affected by short-term economic fluctuations to the extent of disrupting essential public works programmes.

#### *Commercial Rent*

No industrialist in Hong Kong is free from the threat of exorbitant rent increases unless he owns his own factory premises. But, unfortunately, such factory-owning industrialists are not in the majority. Rents for commercial and industrial premises have increased sharply recently, making it very difficult for even the efficient operators to cope.

The traditional argument against commercial rent control is that, in a free market, landlords and tenants are on equal footing, that is, they are both businessmen, and they should be left freely to negotiate acceptable rent levels. What I would like to point out is that this sort of ideal negotiation situation rarely occurs in real life. Take an industrialist renting a factory for example. Before he signs any lease he can be said to be 'free' as he can assess whether the rent levels being offered would be bearable. However, once he has signed the lease, moved in his machinery and equipment, and employed his own workers in the factory, he has a much bigger stake in hand

and his 'freedom' of choice would be very much reduced when the lease comes up for renewal. The removal cost and disruption can be so big that he would no longer be on equal ground to negotiate with his landlord. Similarly, this applies to commercial tenants as well.

Sir, I do not propose at this stage to recommend the introduction of control on commercial rent increase because of its attendant evils and the fact that once instituted it will be very difficult to retract. But I do advocate some means of regulation be introduced in the form of an arbitration body or a commercial rent tribunal, where serious disputes between landlords and tenants in commercial and industrial premises can be settled in a reasonable manner. I urge that careful and early consideration be given by Government on this issue.

#### *District Administration*

As you have said in your speech, Sir, Hong Kong has become too complex and its territory too spread out to be administered from a central government organ. I therefore agree that the innovative feature of administering Hong Kong on a district basis is a major step in the right direction. To enhance the sense of responsibility and belonging of the people in the district, I would like to suggest that each district should have a certain percentage of rates apportioned as funds for financing its activities at the district level. I hope that by so doing the District Advisory Board would have the enthusiastic support of the people in the area concerned to help create a better living environment.

With these remarks, Sir, I support the motion.

MR. BROWN:—Sir, there are 115 licensed banks operating in Hong Kong today and no less than 278 deposit-taking companies. These statistics reflect the enormous increases which have occurred in the numbers of our financial institutions during the recent past—and they most certainly justify the need to re-examine the Banking Ordinance, and the Deposit-taking Companies Ordinance, and to introduce amendments which will reflect the changing circumstances mentioned, Sir, in your address.

The benefits for the economy to be derived from our expanding financial sector, and in particular from our fast growing status as a regional financial centre—and such benefits, Sir, measured both in political and economic terms, are of increasing significance—are more easily identifiable than the problems which are inherent in this rapid growth in the number of financial institutions permitted to operate in our market.

As Chairman of the Exchange Banks' Association I am, of course, an interested party in these matters, but I concur that the introduction of amendments to the Banking Ordinance and the Deposit-taking Companies Ordinance are both necessary and timely.

Although not directly related, these two proposed pieces of legislation are accompanied by the proposal to incorporate the Exchange Banks' Association into a statutory body; a proposal which I believe—again speaking as an interested party—deserves unqualified support.

The proposed incorporation of the E.B.A. by statute deserves support for at least two reasons. Firstly, it is likely that the new arrangements will be more readily acceptable to the large number of international banks which have recently entered the Hong Kong market. Notwithstanding that all licensed banks are currently members of the existing association it cannot be denied that many banks view the present E.B.A. as little more than a relic of the past and see little benefit to themselves in voluntary membership with the accompanying obligation to abide by its rules.

It is important that our financial markets are conducted in an orderly manner, and this is the more so during a period of rapid expansion when unregulated competition could lead to undesirable practices. A reconstituted association will provide the opportunity to recognize the new forces in the market place, while statutory authority will enable the association to assume a more effective role.

*Secondly*—and perhaps more importantly—it must be right, given the inflationary times in which we live and the recognized importance of interest rates as a tool to implement monetary policy, that the body which sets these rates in liaison with Government has the authority to enforce its decisions. I trust that the bill to be introduced will adequately cover this important requirement.

Should problems arise in our financial markets they are more likely to surface in the deposit-taking companies sector rather than amongst the licensed banks. It is, therefore, important that the encouragement being given by Government to these companies to form an association be continued until this desirable objective is achieved. Once achieved it must be for consideration whether such an association should also be given the status of a statutory body so that its members can also be subject to a greater degree of discipline and control in the public interest.

Sir, I support the motion.

MR. K. C. CHAN:—Your Excellency, Hong Kong owes its prosperity to the political and economic stability created mainly by prudent administration, an independent legal system and the creativity and industriousness of its people.

We are admired by fair minded people in other countries for our achievements under almost impossible conditions, but attacked by others as an affluent society with an uneven distribution of wealth. Whilst absolute equality is still an unattainable goal in this world, our social programmes will gradually narrow down this disparity.

The improvement of our social services is by necessity a gradual process not only due to economic and other constraints but also human nature itself. A simple theoretical model would be something like this: over protection or provision by Government would kill the incentive to work, followed by dropping productivity, high taxation, discouragement of investments, growing unemployment and finally ending in widespread poverty with its attendant social evils.

To supplement our social services programmes, I suggest that Government should explore new avenues to effect a more even distribution of wealth. We should work out a comprehensive policy and a well-considered implementation plan to fit in our existing facilities of the social programmes and add in new modular services to assist the public, especially the working class, to achieve self-sufficiency and a better quality of life.

This requirement is now all the more pressing in view of the certain increase in imported inflation since the oil crisis and the uncertain economic future of our major export markets.

The following three suggested preventive services may be considered:—

(1) *Family Budgetary Counselling*

Most large organizations have used budgetary control with good results. For the employees who can barely make ends meet with hardly any savings, especially those who enjoy the benefit of public housing, a family budgetary counselling service, provided on a voluntary and confidential basis, would help them closely examine their income and expenditure pattern to reveal and eliminate any unproductive items (such as excessive indulgence in mahjong, overspending to satisfy a personal vanity) and convert them into savings but without cutting down expenditure on the necessities of life.

The unwise use of money without a sound family budgeting during their working life would result in little or no savings for old age. Even those fortunate enough to have a pension or other retirement benefit would find their purchasing power gradually eroded by inflation and extra income from investment would make life after retirement much more pleasant.

Indeed, we should place more emphasis on educating our children in respect of the concepts of sound family budgeting before they leave school and begin to work. At present, it seems that school girls and not boys would take up Domestic Science which includes family budgeting. Therefore it appears worthwhile to consider expanding the existing Economic and Public Affairs syllabus for secondary schools to include the topic of family budgeting.

If budgetary control and planning is in the blood of our younger generation, we shall have more solvent citizens, prudent businessmen and less failures in small businesses and in society generally.



(2) *Investment in Leisure*

For those who subsequently find the long hours freed from excess mahjong, reading of trash novels and magazines and the like too boring, they would be well advised to use the various recreational and sports facilities available, the public libraries which are ideal for serious reading, or take short courses to better their knowledge or improve their skills for better pay or better career prospects, and prepare themselves for the changes brought about by diversification and sophistication of our industries and business.

As ignorance is the root of many evil things, our Government should gear up adult education courses to these requirements for employees after working hours.

(3) *Small Investment Counselling*

In these days of high inflation, savings plus interest alone are insufficient to maintain one's purchasing power but investment—and I emphasize sound investment—could out-manoeuvre inflation.

However, good investment consultancy services in the private sector are not generally interested in advising small investors of the lower income bracket.

Our Government should consider including some sort of small investment counselling or courses at Adult Education Centres in simplified and layman's terms on the options available, the possible yield, the calculated risks and methods of conservative investments based on past performance records.

If no proper advice is given, the small investors would very likely lose their hard earned savings through speculation or ill advice.

The yield from investment would not only augment their family income, but would also make them more interested in business generally, and give them the satisfying feeling of sharing in a small way the success of our economy.

The appreciation of their successful investment would probably provide them the initial downpayment for home ownership or even spare their wives from work to look after their children at home which is one of the effective measures in reducing juvenile crimes.

Given the right publicity and assistance by Government, this plan would arouse sufficient public interest to make it a success. This would be beneficial not only to people in the lower income group but also to society as a whole in the long run.

*Senior Citizens*

Finally, for those members of our community who have given their valuable contribution to society and have now retired from their work, I recommend that the qualifying age for old age allowance should be lowered by another five years to 65 to align this with other affluent societies.

Our Government should seriously consider setting an example by subsidizing our senior citizens aged 65 and above with half fare outside rush hours in the Kowloon-Canton Railway and Mass Transit Railway.

With these observations, Sir, I am pleased to support the motion.

*Motion made. That the debate on the motion be adjourned*—THE CHIEF 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, 5 November 1980.

*Adjourned accordingly at twenty minutes to five o'clock.*