

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 28 October 1981****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
MR. JOHN HENRY BREMRIDGE, O.B.E.

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 KENNETH WALLIS JOSEPH TOPLEY, C.M.G., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., 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 TRANSPORT

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

THE HONOURABLE ERIC PETER HO, C.B.E., J.P.
SECRETARY FOR SOCIAL 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 WILLIAM DORWARD, O.B.E., J.P.
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

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

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

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

THE HONOURABLE COLVYN HUGH HAYE, J.P.
DIRECTOR OF EDUCATION

THE HONOURABLE IAN FRANCIS CLUNY MACPHERSON, J.P.
DIRECTOR OF ADMINISTRATION AND ENVIRONMENTAL AFFAIRS

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

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

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

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

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

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

THE HONOURABLE 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.

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

THE HONOURABLE CHARLES YEUNG SIU-CHO, O.B.E., J.P.

DR. THE HONOURABLE HO KAM-FAI, 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.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, J.P.

THE HONOURABLE CHEUNG YAN-LUNG, M.B.E., J.P.

THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, J.P.

THE HONOURABLE MARIA TAM WAI-CHU

ABSENT

THE HONOURABLE DAVID WYLIE McDONALD, C.M.G., J.P.
SECRETARY FOR LANDS AND WORKS

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

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

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

IN ATTENDANCE

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

Papers

The following papers were laid pursuant to Standing Order No. 14(2):—

<i>Subject</i>	<i>L.N. No.</i>
Subsidiary Legislation:	
Public Omnibus Services Ordinance. Schedule of Routes (China Motor Bus Company) Order 1981.....	308
Public Omnibus Services Ordinance. Schedule of Routes (Kowloon Motor Bus Company) Order 1981	309
Road Tunnels (Government) Ordinance 1981. Road Tunnels (Government) Regulations 1981.....	310
Tax Reserve Certificates (Fourth Series) Rules. Tax Reserve Certificates (Rate of Interest) (No. 2) Notice 1981.....	331
Shipping and Port Control Ordinance. Merchant Shipping (Pleasure Vessels) (Amendment) Regulations 1981 (Commencement) Notice 1981.....	332
Evidence Ordinance. Evidence (Authorized Persons) (No. 14) Order 1981.....	333
Public Health (Animals and Birds) Ordinance. Regulation of Movement of Dogs Order 1981	334

Government Business**Motion****Motion of Thanks**

Resumption of debate on the following motion moved by the Chief Secretary on 14 October 1981:—

That this Council thanks the Governor for his address.

MR. LOBO:—Your Excellency, your remarks about the work of this Council are appreciated, all the more so because you know how much of that work is done away from the public eye—and, I am glad to say away from the camera's eye also (*laughter*).

Some Members of this Council who are so often captured in attitudes of rapt concentration (*laughter*), must sometimes wish that they were not quite so photogenic (*laughter*). Perhaps, just as there are courses in public speaking, there should be courses in public listening (*laughter*) so that we might all strike a proper balance between respectful attention and total immobility (*laughter*).

This may not be the liveliest debating chamber in the world but, as you have said, Sir, we are more concerned with the interests of the whole community than with the partisan affairs of factional interest which generate excitement.

The Unofficial Members give only a very small proportion of their public service in this Chamber and spend much more time on other public committees in studying the impact of Government policies, or meeting groups and individuals with problems and grievances.

Our contacts with the community are extended by our membership of a wide range of public boards and committees dealing with every aspect of public life.

At the last count our 27 Unofficial Members were holding over 300 seats on such bodies and were, at the same time, giving detailed attention to specific areas of Government policy on 17 standing groups and an even larger number of in-house committees examining individual proposals and problems.

Members are well assisted by a capable and efficient UMELCO Office staff. I hasten to add I am making these remarks neither by way of advertisement nor defensively but simply by way of record.

The Unofficial Members of this Council need not defer to anyone as to concern for the well-being of the people of Hong Kong at every level and in every walk of life.

We are well aware that broad plans and policies do not solve immediate individual problems and that the quality of our society is judged ultimately by the extent to which, on an every day basis, it respects the rights of every member, protects the weak and is in every way just and fair. Our free Society must always be fair.

Taking a lead from the concluding remarks of Your Excellency's own address I would like, to look firstly at two aspects of our situation which cannot easily be dealt with in terms of plans and programmes.

In your frank review of the housing programme you stated that the five-year programme will still leave us with a substantial residue of inadequately sheltered families. Indeed, roof-over 'is the greatest single cause of worry in Hong Kong.'

For a number of people it will continue to be a case of 'jam tomorrow' and for some it looks like little jam at the foreseeable future.

If we are to regard that as a problem of manageable proportions I think we must do more to make conditions tolerable for those who wait, particularly in the squatter areas.

I have spoken before in this Council on the need to provide basic facilities, such as water, electricity, footpaths, latrines, etc., for our more permanent squatter areas. Whilst I appreciate that the provision of such services is an aim for the longer term, because of the need to concentrate at the present time on control measures, I would like to ask what progress is being made in this respect.

Hong Kong's attitude to the improvement of condition in squatter areas was established at a time when it seemed sensible to deploy resources to eliminate squatter areas rather than improve them.

Like it or not, this problem of unlawful occupation of public land seemingly will always be with us. It is said that it occurs because there is not enough alternative cheap housing for our increasing population. Overcrowding in both public and private flats is certainly one of the causes of squatting, but the shortage of housing and high rents are by no means the only other reasons for squatter growth.

Since 1976, 90% of new squatting has been concentrated in East Kowloon and it is the availability of accommodation in this desirable location, rather than the force of demand for homes, which is the main cause of current new squatting in this area. This is borne out by the reluctance of those rendered homeless by fire or flood to accept perfectly good accommodation in the New Territories.

I am told that 90% of new huts in East Kowloon are being built by racketeers and it is against this group that I would suggest the Government's effort should be concentrated. Instead of relying so much on the corrective measure of demolishing squatter huts, I would prefer to see more positive efforts being made to arrest and prosecute those who are enriching themselves by exploiting the susceptibilities of others. I do not suggest that we should persecute the helpless squatter who is genuinely building a hut in which to live, but rather that we should seek out and punish those who build and sell huts, thus profiting from the misfortunes of others at the expense of the community as a whole.

We must therefore also now accept that squatters will be a feature of our housing situation for many years to come—our own programmes do not provide for their elimination in the foreseeable future and they will certainly not go away by themselves.

That being so, we must consider what sort of an element they constitute in our society. If it is important that our society should be cohesive, then to deny or to withhold from squatter areas what are regarded everywhere else as essential services and amenities, risks discontent, resentment and division.

It is one thing, as a matter of policy, to make new squatting unattractive: it is another to perpetuate among established squatters a sense of neglect and alienation.

While I recognize there is no easy solution to these problems; that some people have a greater claim on resources than others; that those who have given lifetime of work and their loyalty to Hong Kong will resent waiting even longer in the queue because resources are diverted to newcomers.

It is not necessary, however, to reverse our policies and our priorities. Indeed no great effort is required at all to provide basic services on a reasonable adequate scale.

If electricity can be supplied illegally, for example, it can surely be done legally. It sometimes seems as if red tape rather than a determined effort to improve is the major obstacle.

Neglect is too prevalent a feature of our environment, and as we embark on another Clean Hong Kong Campaign we should pay attention to this.

All over the city there are examples of official neglect; pavements ripped apart and obstructed by untidy and inconsiderate building work; undeveloped plots of Government land which have degenerated into uncontrolled tips; unpainted, illegible road signs; road dividers festooned with rubbish and silted up with dirt.

Ironically some of the most visible eyesores for many years have been the tilted cubes advertising the last Clean Hong Kong Campaign, which lay peeling and faded until they were repainted for this one.

It is equally ironic that some of the worse despoilers of the environment are those who would regard themselves as caring and responsible people.

Art and theatre groups slap their cultural invitations up without thought and never think of taking them down; like the posters glued on pillars or wrapped around trees—some with photographs of articulate critics who never fail to find errors and wrong doings.

Civic minded organizations hang banners for worthy causes on flyovers and pedestrian bridges and years later the remnants hang in tatters as another contribution to civic squalor.

Cleanliness, like charity begins at home and I hope that Government departments and public organizations will set an example to the rest of us.

Closer attention to the impact which public programmes have on the individuals and more evident concern for the immediate circumstances of daily life could do much to give our society the sense of purpose and direction which we may otherwise be losing.

You spoke, Sir, of the qualities our society aspires to: to be technically advanced, valued and respected; may I humbly add—the quality of self-respect?

Your Excellency also made references which I believe ought to be mentioned before I resume my seat.

Your encouraging and positive remarks and confirmation of the strong state of our economy coupled with the present excellent Sino-British co-operation in themselves and over Hong Kong, are very reassuring.

You also dispelled whatever doubt there were on any deliberate policy of disengagement by Her Majesty's Government towards us and you, Sir, went on to explain that in the recent years there has been wider and greater understanding in UK Parliament of Hong Kong—its problems and its achievements.

I am confident that most thinking people in Hong Kong welcome a continuing bond with increasing understanding and collaboration, by all, to our mutual benefit—we are also pleased to hear your reassurance of UK support for Hong Kong.

Sir, as we progress into the eighties those remarks and reassurances are important. We are pragmatic and reasonable people and as such we know only too well that it is through partnership, co-operation, hardwork, understanding, trust and confidence that the plans which you have surveyed and our continued success and well being will be insured.

We are proud of our achievements and success and there is much to be done for our today and our tomorrow.

My colleagues who will follow me with their addresses will have much to contribute towards this debate.

With these remarks I welcome wholeheartedly Your Excellency's address and have pleasure in supporting the motion before this Council.

DR. FANG:—Sir, in rising to thank you for your address I am reminded of the good old family physician who habitually feels the pulse and takes the temperature of the patient himself, diagnoses the ills and prescribes the right cure. Available at all times for matters big or small, and ever ready to administer relief to the people under his charge. For the past ten years, Sir, you have been the good family physician of Hong Kong.

As Chairman of the Medical Development Advisory Committee, I enjoy a unique opportunity to survey the full breadth of our medical and health programmes and to be involved in their planning and development. I value this involvement but would like to use this occasion to draw attention to several aspects affecting the future development of these services.

We can be justifiably proud of our achievements in the health field. The gradual disappearance of communicable diseases and the standard of preventive services and health care have been the envy of our neighbours in this region and have earned the praise of the World Health Organization.

We have indeed come a long way, but what of the future? Satisfying the medical and health needs of a population of 5½ million, and this at nominal cost to most consumers, is a monumental task, and some would say an impossible one. On the one hand, we have an ever expanding population who are increasingly better informed and educated, and who expect more and better services. On the other hand, the constraints of limited financial and manpower resources are very real impediments to progress.

I believe that the development of our medical services has reached a cross-road and we should re-examine the direction in which we are doing.

In 1974, the white paper on 'The Further Development of Medical and Health Services in Hong Kong' was tabled before this Council and passed. The time has come for Government to re-examine the broad principles of its medical and health policy. A senior official of the Medical and Health Department once said and I quote: 'Government had by implications veered towards the policy of providing a medical service for all that needed it, but in trying to provide too much for too many the Government has ended up by not providing enough for anyone.' There is a lot of truth in this statement.

Without a clear definition of who are the ones in need, Government has in fact been providing a mini National Health Service. If a National Health Service for all is our aim, then funds must be made available to run it.

The total medical and health bill for 1981-82 is a substantial \$1,884 million. It forms roughly 8% of the total Government budget but slightly more than 1% of the Gross Domestic Product. Most developed countries are spending between 5-8% of their GDP on medical and health services. This share (8% of our budget) can only be increased at the expense of other programmes or by an overall increase in taxation or through a special tax for medical and health care. The last two would mean major changes in our economic and social policies.

National Health Service schemes elsewhere have not proved to be the panacea that they promised to be. In any event, I doubt whether we can afford it. Working with the per capita cost of the British National Health Service of three years ago, that is 1978, we would need to spend over \$7,600 million in 1981-82 which is four times our present medical and health budget and is over 40% of last year's total expenditure on the public sector.

Your Excellency has in your address referred to the future requirement of an additional 15 000 hospital beds, which are being planned for the end of the decade, but warned that its implementation would depend on the priorities within the Public Works Programme and the budget. The likelihood of achieving the target is as you put it, Sir, 'rather doubtful'.

Already Government is directly, or indirectly through subventions, funding 85% of the hospital beds, the most expensive portion of any health service. If no new beds are built in the private sector, the proportion of Government commitment in hospital beds will be over 92% by the end of the decade.

In meeting our housing needs Government seems hopeful of surpassing its target by encouraging private participation in the Home Ownership Scheme. There is surely scope for the same formula in the medical field. The development of private hospital in the past ten years is most disappointing and will continue to be disappointing unless positive steps are to be taken. Plans of the Dr. Sun Yat Sen Hospital in Kowloon were aborted; the Wah Jen Hospital on Braemar Hill has been delayed and the recently approved Aw Bon Haw Hospital in Wong Chuk Hang has made little headway.

One of the disincentives could well be in the restrictive land grant condition which requires 20% of the hospital beds to be operated as 'charity beds'. It is common knowledge that in such circumstances the chance of breaking even is very slim.

I have no doubt that there are people in our community who are willing to shoulder the capital costs of constructing hospitals, but who are put off by the prohibitive recurrent costs. If the requirement for land grants could be modified to emphasize solely on the 'non-profit making' aspect, I am sure this would stimulate private participation without negating the social objective of ensuring that the service is within the means of the community. A fixed percentage of beds can be provided 'at cost' while profits from the remaining beds could be used to upgrade and expand the services. There is an increasing number of more affluent consumers in the middle class who are willing to pay for some degree of privacy which they feel is lacking in Government and assisted hospitals.

There is also scope for private and individual participation in the area of primary medical care. At present, primary care is carried out in the Government out-patient clinics. This is also one of the weakest areas of the Government medical service.

Work at these clinics is heavy with little scope for training. Doctors are assigned there not by choice but for circumstance. Because of the tremendous workload, often less than two minutes are spent on each patient. There is no continuity and the patient often sees a different doctor on his or her next visit. The doctor and patient relationship is non-existent. A recent survey of attendance at the clinics showed that the majority were housewives, elderly people and children. Few working men or women could afford to spend time queuing at these clinics. I suggest that Government should encourage more employers in the private sector to provide for the medical needs of their employees and their families through insurance schemes and arrangements with private doctors.

From preliminary enquiries, it would seem that a premium as low as \$200 per person per annum, assuming that the entire working population participates, would give adequate coverage. This charge could be met through contributions by employers, employees and Government. The proportion of contribution by each of the three parties could vary, depending on circumstances. The School Medical Service at present operates along similar lines.

Such a scheme has several advantages. *First*, it would relieve pressure on Government facilities and make these more readily available to those who cannot afford medical care otherwise. *Secondly*, there would be a better utilization of resources in the private sector. *Thirdly*, the public would have a genuine choice in service selection at costs that they can afford. *Fourthly*, it fosters a patient-doctor relationship and continuity of care which is absent in the present system.

I now turn to the problem of doctors serving in the Government and assisted institutions.

Presently there are some 3200 doctors working in Hong Kong. Roughly 50% are in the Government and assisted institutions and the remainder work in the private sector. However, out of a total of 20800 beds, 85% are in the Government and assisted hospitals. The workload is therefore very unevenly spread. The present high wastage rate of trained staff from the public sector, which is in the region of over 12%, is a cause for some concern and we must continue our efforts to reduce this wastage and encourage the doctors to stay. A number of proposals have been made on previous occasions and I am aware of the feelings recently expressed by the Government Doctors Association. I am glad to note that the Medical and Health Department has recently set up a Special Unit headed by a Senior Consultant, charged with the specific responsibility for manpower development including ways and means of increasing the supply of doctors in the public sector.

On this issue I wish to make four further suggestions. *First*, more posts should be made available on contract terms for doctors who wish to rejoin the service. I expect that some private doctors who have passed the early retirement age and have established themselves financially may well consider a Government contract attractive. They bring with them a rich store of experience and expertise and could play a particularly useful role in training the younger doctors. *Secondly*, limited private practice for senior ranking Government medical officers who are on the pensionable establishment would encourage good and experienced doctors to remain in the service. They should be allowed to keep some of the fees charged up to a prescribed ceiling. This has worked well in other countries not only to the advantage of the doctors themselves but also to the patients in general because it fosters a closer doctor/patient relationship. It is a sad feature of our medical service that senior doctors in the public sector are so hard-pressed that they have little opportunity to develop any rapport with their patients. There are undoubtedly administrative hurdles to overcome, including safeguards against abuse but I do not think that they are insurmountable. A similar but inadequate scheme is already operating in the University of Hong Kong. *Thirdly*, are we satisfied with that existing scarce professional resources are being used to their optimum or is there scope to relieve them the duties that do not require their professional expertise? *Fourthly*, to recognize good work, particularly in less popular posts, the Government should consider a 'Distinction Award' scheme for meritorious service, along the lines of a scheme now operating in the United Kingdom medical service.

Sir, I am convinced that the key problem facing us in the medical and health field is not one of overall shortage of doctors but of an unbalanced use of the resources available in the community as a whole. I have suggested some means of redressing this imbalance and I urge the Government to put its mind to these issues.

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

MR. LO:—Sir, on the transport front the past year saw a number of developments. In the first place, along the lines suggested by the TAC the administration has established a Transport Secretariat. However, whilst it is one thing to get the structure roughly right it is another to fill all the key posts smoothly.

Secondly, I detect that the administration has begun to accept that in making a judgment on the allocation of our resources, transport is no less important than housing. Moreover, it is also beginning to admit that, in the past, road building has suffered much more from budgetary tailoring than was prudent.

Thirdly, the administration is beginning to realize that it is not possible to dodge issues such as how to slow down the growth and use of private cars. Moreover through consistent TAC prodding it is even beginning to respond (not admittedly with a marked degree of enthusiasm) to suggestions that it should have a greater input into the proper management of public transport undertakings.

Fourthly, the administration has in the last few months destroyed a few myths such as that the taxi trade is a protected business and the Government had a responsibility to ensure that it remained lucrative by limiting taxi licences, and that congestion could be relieved by not increasing off-street parking facilities and that primary school children are mostly less than three feet tall (*laughter*).

All of this is encouraging and I dare say if it had happened ten years ago our transport situation might have been more tolerable than it is today. I know it is depressing to say this but it will take some time for the transport secretariat to get a grip on things. But I do see a dim light at the end of the long tunnel.

Turning now to the UMELCO Police Group: critics of the system say in effect that it is impossible for the group properly to monitor the work of CAPO because CAPO is but a part of the Police Force. This is a two pronged criticism both of the effectiveness of the UMELCO group in monitoring and of the integrity of CAPO in detecting.

In a sense it is always true to say that no one can perfectly monitor the work of another unless he actually sees what the other is actually doing throughout the whole of the time that he is doing it. This line of reasoning is childish and should not be pursued.

The other criticism is directed at the system of using members of the same Police Force to investigate the conduct of their fellow policemen. Where does this argument take us? If, for example, a special corps is established by the Government separately from the Police Force, can it not then be criticized because members of the Hong Kong Government are being employed to investigate the conduct of other members of the Hong Kong Government? To be absurd, even if the special corps were attached to a foreign Government,

there would still doubtless be critics who would complain that members of the human race were investigating fellow human beings (*laughter*).

Psychologically I accept that it is desirable to destroy any suggestion of collusion or of the turning of a blind eye. That is precisely why there is a UMELCO group. We can and we do go into any file we choose and in depth. We can and we do duplicate some investigations and we can and we do interview witnesses to ensure that there has been no misrepresentation of their evidence by CAPO. All of this is in our annual report. As we said in effect in the report, whilst there is always room for improvement, we are satisfied that CAPO is run very much on the right lines.

From the practical point of view it is clearly far more economical and sensible to establish an elite unit within a large Police Force than it is to establish a separate force altogether. This is an elementary administrative point which need not be dwelt on. But equally important; a policeman knows the training, the reaction and the thinking of another policeman. He is a trained investigator and as a policeman he can tell whether in a moment of stress the reaction of a policeman is consistent with that of a good policeman.

It is perhaps for similar reasons that when the conduct of a barrister is called into question, the investigation is invariably done by other members of the bar and when the conduct of a solicitor is called into question, the investigation is invariably done by other solicitors. What is perhaps noteworthy is that no one has ever suggested that this system is inherently wrong or collusive.

As always, Sir, I shall be pleased to support the motion of thanks.

MR. TIEN:—Sir, there is one area where Government's record has been anything but a cause for pride or praise. I am, of course, referring to manpower training. To all who are engaged in industry or have an interest in its future, Government's lack of progress in implementing the manpower training schemes recommended by the Hong Kong Training Council and bringing about the necessary machinery to operate them has been a cause of extreme concern.

This recalls an old story well-known to Chinese people. It concerns a lazy student. Why study, he said, when there is so much else to do. In spring, it is too early, in summer, it is too hot, in autumn, it is rather late, and in winter, it is too cold. A whole year slipped by and, therefore, the lazy student did no work.

We have been reminded regularly over the years by both officials and unofficials alike that irrespective of what may happen, the manufacturing industries would remain the engine of our economy and important to Hong Kong both as a job provider and a wealth generator.

That being so, we have further been reminded that to remain in business, Hong Kong industry must diversify, upgrade its products and keep product costs down through increasing productivity. But, Sir, to do this, demands better training at all levels. The facilities for such training do not exist at the moment and we are running out of time.

The Training Council has done its utmost to tender Government advice on facilities needed to raise the level of training, in quantity and quality, to that required by Hong Kong's industries. Despite endorsement by the Advisory Committee on Diversification and acceptance by Government, the Training Council's recommendations have yet to be implemented.

You informed this Council last October that legislation would be introduced in the session 1980-1981 to establish a statutory body to implement the training schemes proposed by the Training Council. Despite the note of urgency, the session ended with no sign of the legislation.

Government's sense of timing needs to be much better. Let me illustrate this with a story. During war-time, a soldier asked to go on leave as his wife was having a baby. 'When is the baby due?' asked the officer-in-charge. 'About nine months after I go on leave' said the soldier.

We would hope that the Government might *conceive* in better fashion. The Training Council isn't even a baby yet.

Sir, both yourself and I would dearly wish to see this infant born and find its feet.

In your speech this year, Sir, you have again informed this Council and I quote 'subject to the approval of the Executive Council, legislation will shortly be introduced to create a statutory Vocational Training Council'.

But in view of the considerable time that has been lost since the Training Council first recommended the training schemes, I, in company with many in and outside this Council, would be happier if rather than 'shortly', Government can be specific about the date by which a bill *will* be placed before this Council.

Let us remember the late President Kennedy who said 'Time is a tool to use, not a bed on which to lie.' There is also a Chinese saying 'An inch of time is an inch of gold, but an inch of gold cannot buy an inch of time.'

Sir, I support the motion.

MR. WU:—Your Excellency, in your review of the economy, Sir, you have dealt, as you must, with the statistics and the indicators by which we have to judge our performance and our prospects.

At the same time you have recognized that there are aspects of behaviour which can have an unpredictable effect on events. You mentioned, for example, the failure to observe self-restraint in the provision of credit and in the speculation which contributed to high housing costs.

It doesn't take a very sophisticated economist to see that we will not expand the wealth of the community by taking in each other's washing, which is what a great many recent big financial deals amount to. If we don't expand our national wealth we don't keep up with our social and economic commitments, we don't enjoy the better life we have worked for, and our standards of living will fall.

We used to be a society that knew those hometruths by instinct. I can only hope that our second generation entrepreneurs are not losing the touch their fathers had.

Looking back only thirty years to the beginning of our industrial miracle there was an almost frontier virtue about the spirit Hong Kong then displayed. To be an industrialist in those days was to be recognized as a pillar of society, someone who made a tangible, visible contribution to the progress of the community, and, above all, who created jobs.

But what about the spirit that wrought our economic miracle and built a modern industrial economy out of virtually nothing? Has it lost its impetus, or just its direction?

The legends which catch popular imagination today are not about men who started with a dollar and a backroom workshop and built a manufacturing enterprise employing hundreds and sending Hong Kong goods all over the world.

I don't think that does mean our manufacturing entrepreneurs have lost their touch, or their belief in the essential importance of the manufacturing base of the Hong Kong economy. But I do think there is a lack of purpose and direction evident at this time.

I doubt whether there is anything in terms of specific economic management or interference that the Government could or should do to assist manufacturing industry as such. But I believe Government should take every other step possible to restore the morale and the status of manufacturing industry, in other words the pioneer spirit.

We might dust off the report of Advisory Committee on Diversification. It was a good and sensible report but we have a fatal tendency in Hong Kong to take the report for the deed.

Government has taken heed and acted on some of the recommendations. I am particularly pleased by the action we are getting on land although I cannot help observing that it has taken us a long time to get round to being so enthusiastic about private participation in development.

It wouldn't be a bad thing to reconvene the Advisory Committee on Diversification, or those members who are available and report progress on the implementation of their recommendations.

Conditions have changed a great deal since that report was published and even more since the terms of reference were framed in 1977. The reasons why we must diversify and modernize are more compelling today.

Hong Kong's manufacturing industry remains the backbone of the economy and we must not neglect any opportunity to encourage and develop it.

I am sure I would surprise my friends, and I would like to think I might even disappoint some of them, if I didn't say something about the proposed Academy for the Performing Arts to which Your Excellency referred briefly.

It is very appropriate to couple matters of economic importance with those which concern the enlargement of the human experience through leisure, recreation and the arts. The alternative is a fatal assumption that the two are not integral aspects of a full and satisfying life.

I am particularly pleased by the use of the name 'Academy' to describe the proposed establishment. Since the project was first announced and widely welcomed it has also attracted some criticism which reveals only too clearly the confusion between the teaching function of such an institution and the provision of facilities for performance.

This ill-conceived criticism culminated in querulous complaints that we were embarking on the Academy before we had begun work on the long-planned Tsim Sha Tsui Cultural Complex. While a complex designed for public performances may well become involved in education and can certainly provide valuable facilities the distinction should be recognized as fundamental. And when it is recognized there will be no grounds for conflict or misunderstanding of any kind.

It has been one of the better-informed criticisms of our cultural scene that it is in some ways top-heavy. We have had, for example a professional Philharmonic Orchestra for sometime but no adequate supply of locally trained musicians to meet the needs. And many of the recruitment and management problems of that orchestra could be related to that situation which is repeated to a lesser degree in several others of the performing arts.

It will detract in no way from the thoughtfulness and generosity of the Royal Hong Kong Jockey Club if I say that these matters have been long and seriously discussed among Unofficial Members of this Council and Government officials who will join me, I am sure, in welcoming this imaginative project and Government's recognition of its role in education and training in the arts. We will all look forward to Government's pragmatic plans for the organization and management of the Academy.

With these remarks, Sir, I support the motion.

REVD. JOYCE M. BENNETT:—Your Excellency, your annual address at the opening of this session brought some sober reminders of the basic assumptions on which Hong Kong society is built. You mentioned that, and I quote, 'Government activity should provide the framework for an economic society which should be as free as possible.' But you further warned that this freedom must not run counter to the cohesiveness of our society. This depends on a sound economy stemming from an industrial base which grows strong and vigorous with satisfactory communications and sound financial institutions. However, the stability of any society in the eighties of the twentieth century rests

on the fine balance of what has been achieved and what is desired, especially by the under-thirties in the population. Preliminary figures from the March 1981 census show in round figures that 58% of our population is under 30 which means there are some three million under that age. You, Sir, hoped that our society will be decently housed and will, I quote again, 'observe mutual respect and restraint'. I would echo those sentiments and shall suggest some areas of our society which require greater consideration by our Government if we are to maintain that balance and encourage the mutual respect and restraint so necessary in our society.

Housing

I am particularly concerned for housing. I am thankful to learn of improvements in the Home Ownership Scheme and I welcome these. However, I have been frequently approached for help over the last months by the poorer members of our community, who cannot aspire to purchase their own home. The UMELCO monthly reports during the last Legislative Council session show that the greatest number of complaints relate to housing. The printed version of my speech lists this out.* What does a young man do when he marries, if he is not the son chosen by his parents to remain in the family public housing flat? He is earning a very modest wage each month; he cannot afford to rent proper accommodation; the most he and his wife can hope for is a room or part of a room in someone else's flat. What hope is there to keep this if they start a family? But if they do not have a family, they do not qualify for the waiting list of public housing. Then there is another dilemma—should the wife continue to work and so place the couple outside the money limit for public housing or should she stop working until the public housing has been obtained? Is it not better to go to East Kowloon and live in one of the squatter villages clinging precariously to the hillside?

I am not convinced that we have all the right answers to the housing problems of our young couples in the 20-30 age bracket. Many young people have been educated to Forms IV and V; they have learnt some Economic and Public

* *Statistical breakdown of complaints cases by departments (the number of cases reported includes complaints, appeals, requests, proposals suggestions, enquiries, private civil matters and cases outside UMELCO jurisdiction):*

<i>Department</i>	<i>No. of Cases</i>	<i>%-age</i>	<i>Department</i>	<i>No. of Cases</i>	<i>%-age</i>
<i>Housing</i>	702	28.50	<i>20 depts. received complaints under 50</i>	}	311
<i>Immigration</i>	429	17.42			
<i>Police</i>	236	9.58			
<i>Urban Services</i>	166	6.74	<i>Non-Government</i>	219	8.89
<i>Public Works</i>	128	5.19	<i>Total</i>	<u>2463</u>	<u>99.98</u>
<i>NTA</i>	106	4.30			
<i>Judiciary</i>	59	2.39			
<i>Transport</i>	57	2.31			
<i>Social Welfare</i>	50	2.03			

Affairs. They know their rights; they will come to UMELCO to complain. They know the dangers of living in squatter areas, but what are they to do? Some will have a correspondence address to conceal from their employers the true whereabouts of their home. But that correspondence address will cause great difficulties if they become fire victims, because it will appear from official records that they were living in some rented accommodation elsewhere. Those of us who remember the squatters of Shek Kip Mei before the fire of Christmas Day 1953 watch the proliferation of the flimsy structures on the hillsides today with horror and dismay. The recent fires at Tai Hom Tsuen in the Diamond Hill area and On Lok Tsuen in the Sau Mau Ping area are grim reminders of that earlier disaster. We need some new vision on housing.

I am glad to know that it is possible for some of the older H blocks to be reused by those in need of temporary housing. I am happy to learn that by enabling temporary housing areas to be two-storeyed, more people can be housed. But what else can we do? Vietnamese refugees were temporarily housed in factory buildings in industrial areas. Our racketeers and squatters have cut away so much of our hillsides; can we safely utilize this land into vast new temporary housing areas? So much of our anti-illegal structure policy seems so negative. Clearly we are not succeeding in demolishing all the new huts. Do we need more men working in East Kowloon to do this? Do we concentrate too much on checking, and measuring again so regularly, the tolerated structures and the houses already passed at some earlier survey? The Housing Authority has taken over all this squatter control work. But would not some men be better employed in supervising proper fire prevention measures, in promoting safer lighting and cooking methods and organizing the squatters in sanitation and cleanliness teams? Squatters—we are told, they now number 750 000—have unfortunately become part of the Hong Kong scene. Let us realistically supervise them until we can produce enough land throughout the whole territory and rehouse them near sufficient employment opportunities. At this point I would like to add that I am very grateful for Mr. LOBO's remark on this subject which I whole-heartedly support.

Correctional Institutions

When young people grow up in cramped conditions, perhaps against a background of family strife, they will not easily develop mutual respect and restraint. You mentioned, Sir, that the increase in juvenile delinquency has not yet slackened. It will take more than twelve months to overcome those problems. A year ago, I drew our Government's attention to them. Since then I have been chairing an Ad Hoc Group formed by Unofficials, looking into the running of our correctional institutions for juveniles. The Group has seen that young people may commit offences for many reasons, not the least important can be their unsatisfactory homes and lack of parental control. However, we have been convinced that the young offenders must be brought face to face with the fact that offences have been committed. This fact must not be concealed. We consider that the young offender needs to receive some clear punishment to

bring home to him that his unsocial behaviour cannot be tolerated. We must not be misled by any starry-eyed idealism from overseas that discipline is old-fashioned. We are looking forward to seeing changes in our correctional institutions. They will require more staff and more professional personnel. Present staff in the Ma Tau Wai Girls' Home are fully stretched and attempting almost impossible tasks. They need more help. We tightened up the law to ensure stricter control over certain establishments of dubious reputation, but did not consider whether or not the one girls' remand home could cope with those brought in by the Police as a result of the changes in the law.

At this point I would like to support the preliminary recommendation of our UK adviser, Mr. R.M. JARMAN, who urged the Government to separate the different kinds of cases referred to our correctional institutions run by the Social Welfare Department. The new Ma Tau Wai Girls' Home is a vast improvement on the old Home, but there must have been confusion in the minds of those who briefed the architect. It looks like a prison and has the atmosphere of a prison. But it is not run like a prison, because it caters not only for girls on remand and probation, but also for girls in need of care and protection and it is run by the Social Welfare Department. Mr. JARMAN has recommended that different institutions must be developed for these different categories and we would support this recommendation. However, the Unofficials in my Group would develop this theme even more clearly. We consider that girls on remand for investigation into some offence or awaiting sentence in the Courts will benefit from a different expertise than that available in the Social Welfare Department. The Social Worker in that Department has been trained in a caring profession that is admirably suited to the Home where young people are committed for care and protection. We need to review the Care and Protection Ordinance to ensure that there is no confusion between caring for those children, who come from inadequate homes, and bringing discipline into the lives of those other children who have begun a life of crime. These others, delinquents, need discipline because their own homes do not provide them with sufficient control, so that they have not learnt the essence of self-discipline.

Social Workers who spend a year or two or more as Probation Officers and then return fully to the social welfare field will never make satisfactory Probation Officers. Probation work is a specialized career and we need to develop a proper Probation Service. The expertise needed in it is different from that in the Social Work profession. It should be fully integrated with the Prisons Department. Indeed my Unofficials would like to see the young offenders put under the Prisons Department for correction. We would support a recommendation put forward a few years ago that the Prisons Department should be renamed the Department of Correctional Services. Children and young persons committed to institutional care after being found guilty by the Courts should be given the opportunity to reform themselves in a properly designated section of the Prisons Department. The Prisons Department is doing a fine job with young men and women. Visit their institution for girls at Tai Tam Gap after seeing the Ma Tau Wai Girls' Home and you will be in no doubt which place is giving the

young offenders a second chance in life, a respect for themselves and sound training for their future return to the community.

Has this plea for a complete reorganization of our correctional institutions for juvenile offenders surprised you, Sir, coming as it does from an English woman? I can assure you that my Chinese friends are completely behind me and we have had lengthy discussions on these themes over the last months. Traditionally, there has been greater emphasis on discipline and punishment in Chinese society. Unfortunately Great Britain has not helped us here. The Children and Young Persons Act 1969 with its permissive approach has failed to help their youngsters who have started on a life of crime. If we look to the West, French Canada has a first-rate scheme, worthy of close study, for its correction and rehabilitation of young offenders. Already our Prisons Department is doing a fine job and I believe they could develop further their services. As you remarked, Sir, I quote 'high standards are being maintained. In detention centres 94.6% of inmates have not been reconvicted in the twelve months following release. Similarly the extension in May 1980 to other young offenders (up to the age of 21) of statutory supervision for up to 12 months following discharge has produced most encouraging first results although it is too early to draw firm conclusions.'

I hope my friends in the Social Welfare Department and social work field will not be hurt by my desire to take from them the probation work and the correctional institutions. I think our Social Workers are doing tremendously valuable work in prevention and in outreach work amongst young people. I am alarmed to hear that there is an attempt to cut back on the latter. Their outreach programmes must surely be developed, as also the School Social Work programme.

More children are now being caught stealing. More children under 15 are now in well-run schools. Consequently more children are coming to the notice of the Police, and so to the Courts, for being in need of care and protection. I therefore consider it to be highly dangerous to allow schools to have freedom as to whether or not they wish to use the School Social Work Scheme. I fully appreciate that we have a far from adequate number of social workers. But we must aim to ensure that no child in need of counselling and the care of a school social worker falls through the net which our social services programme is meant to provide for those least able to care for themselves. It must be part of the aim of our educational system to ensure that each school is served adequately by social workers. They will help by preventive, as well as by remedial work, to create that stable society which provides mutual respect and restraint.

Education

Your Excellency, I hope and pray that our schools will indeed encourage this mutual respect and restraint. I am alarmed therefore to learn from your speech that important decisions have still not been made in the educational field. I

regret that you could still not give us the date when the primary school class size will be reduced. Nor, Sir, were you able to announce a decision regarding the future extra teachers in secondary schools. Please do not misunderstand me—we are most grateful for the provision in September 1982 of two additional teachers in Forms I-III for remedial language work in each standard school. But School Principals faced with the day to day running of the schools require more staff. I repeat, therefore, requests I have previously made in this Council for extra posts for Deputy-Principals, Careers Counsellors and for remedial work in the senior classes of our secondary schools. I will not bore you with repeating my arguments in support of these posts, but urge your staff to re-read speeches I made in this Council on March 25th and April 29th this year and on October 22nd a year ago. I have been encouraged in my struggle to improve our schools by the number of friends, known and unknown, who urged me not to resign from this Council before my work was done.

I know they are looking to me to state the teachers' case once more. Why is this necessary? Perhaps because the senior Education Department officials so seldom go into the schools and discuss with School Principals their needs regarding more staff. I have had inspectors from the Special Education Section of the Department come for briefing on the everyday problems encountered in running classes for slow learners. I have yet to receive advice on how to strengthen middle-management in our schools with discussions on the duties of Deputy-Principals and Heads of Departments. I suspect that there is no one in the Education Department who really understands the problems of running new aided schools, especially those serving the children allocated to the lowest bands (3,4 and 5) by the Secondary School Places Allocation. How do we teach, using modern methods, 40 students some of whose parents are illiterate or semiliterate? It is all very well for schools serving the better-off members of our community to dismiss the students at 3:15 p.m. When students return home to parents and families who care about their children's education, that is all right. They will ensure that the child has private music or dance lessons and goes to the public library for extra reading. But when the 'latch-key' child goes home early, he can so easily get into trouble with other groups of youngsters. His parents are unwilling to spend money on music lessons, even when they can afford it. The ethos of this society is different. Schools need more staff, so that they are available up to 4:30 p.m. for extra classes and counselling to those in need. We must develop more small group tutorial classes for our children who deserve the extra help that their classmates from wealthier homes can afford by private tuition. Fortunately our newer schools are served by a band of enthusiastic young teachers who are willing to spend time and help the students from deprived homes. Do we really need to plan for all schools to have extra teachers at the same time? If the Government is concerned lest there are not enough teachers for these extra posts, has any thought been given to providing them in the schools that are ready to experiment and ready to insist that their staff each day do a full eight hours in school? I find the Government's reluctance to improve further our educational system most disheartening. What is the good

of having a full-scale review of the whole educational system when known-needs are not yet provided for?

The professionals in the Education Department recognize the validity of the arguments for more teachers. I urge the Government to have the courage to trust those schools that claim they know how to use them by allowing them to do so. These schools can run pilot schemes for the first year or so; then the Inspectorate must get out into the schools to monitor these experiments to ascertain the benefit of the closer relationship between the teacher and the students. Is the Government aware of the numbers of disillusioned teachers who gave up teaching, because the system in so many schools did not allow them to have satisfying contacts with their students? If the Government were willing to provide more teaching staff for our schools, perhaps we could entice back into the teaching profession those who were frustrated by over-large classes and the examination-orientated system of the earlier days.

This fear that the schools running the pilot schemes will have more benefits than others must be overcome. Schools are different and will continue to be different. I deeply regret the decision to postpone the extra language teachers in Forms I-III for a year. Schools able to implement that scheme should have been encouraged to do so this September. Many Principals would have been grateful for that extra provision and would have gladly spent time on arranging timetables and classrooms. There are plenty of people in our schools with the will to help make improvements. Indeed I was interested and pleased to know that one very well known school, from its own funds, has already engaged those two extra teachers. How other poorer schools would like to follow their example! How I long for our Education Department to see that same desire for professional excellence run throughout all our schools. I realize that already we have our Panel of Visitors in Hong Kong to assess our education system. I am glad they are here and hope that further real improvements will be implemented in our schools as a result of their report.

I have one final plea to make regarding our schools. It relates to the post-Form V classes, which are so closely linked with that recurrent theme in your address—the shortage of technical and professional manpower. Each summer I am acutely distressed at the wastage of places in our schools and our institutions of higher learning. When can we provide a unified system for entry into institutions at the tertiary level? This must be linked with our post-Form V system. Has any study been made by our Government of the U.K. UCCA system? We need something similar—a system that will link together for admission the two Universities, the Polytechnic, the Colleges of Education and the Technical Institutes. Perhaps we should also enquire whether the Baptist College would appreciate joining such a scheme. I believe such would benefit not only our students, but also our schools and tertiary institutions.

Your Excellency, your years as Governor have brought improvements in the quality of life of the people of Hong Kong, not least in housing and in education. My demands this afternoon stem from the knowledge that history

never stands still. Our young people will continue to demand more and more. The future is not for us to predict. All that we do must, however as you said, be directed towards the maintenance of a cohesive and respected society. Let us beware when too big a gap develops between the aspirations of the dweller in the wooden shack on the hillside and the tycoon in his palatial house on the hilltop. I hope my words can persuade those who live on the Peak or in some garden estate or in a flat of over 1500 square feet, to support the provision of more land and more housing for the less well-off, and more staff for our schools. Such improvements will go far to help and encourage the younger generation to observe that mutual respect and restraint so essential to maintain the well-being of our society.

Sir, I support the motion.

MR. S. L. CHEN:—Sir, listening to your address one is pleasantly surprised to hear that despite the present world recession, Hong Kong and its economy are faring remarkably well and that when the economic tide in the world turns around, Hong Kong will experience yet another year of prosperity. With the greatest respect, I regret, Sir, that I am unable to share your optimism. The problems facing Hong Kong's economy are myriad. For example, fast rising costs continue to plague our industry. The huge trade deficit adds increasing pressure on the value of our currency. There appears to be nothing in sight to suggest that our problems are over.

I know that there are some who believe that the importance of industry in Hong Kong's economic structure is diminishing and think that it could be replaced by other economic activities such as finance or entrepot trade. Admittedly there have been setbacks in our industry resulting from an unfavourable investment environment. Nevertheless industry remains the backbone of our economy and provides the bulk of our earning without which our social development programmes could not possibly be sustained. Moreover it also provides more than 40% of our total employment, a vital factor in maintaining the social stability of our community. The need therefore to bolster the morale and strength of our industry is obvious. The question is how.

Sir, I have spoken on a number of occasions over the years on the ways whereby Government could assist industry, ranging from manpower development to financial assistance. I am therefore delighted to see that several financial institutions have recently taken the lead in offering industrial borrowers preferential interest rates to assist in the purchase of raw materials and essential items. Although the preferential scheme appears to be something less than what the industrialists had hoped for, it is nevertheless a helpful response. Hopefully such a step would also inspire more substantial and meaningful assistance from Government. Such assistance could take the form of long-term low-interest credit facilities for the purchase of capital plant which I suggested in the last Budget Debate.

Governments of many developed and developing countries have accepted the responsibility for providing similar credit facilities to assist their industries. The Government of Hong Kong should do likewise for only it can provide such facilities to help finance capital intensive industries which Hong Kong must have if it were to move up-market. To move up-market is one of the key recommendations in the Report of the Advisory Committee on Diversification.

I would now like to turn my attention to some of the matters covered in the section of your address under the heading 'Development'.

The mis-matches in the development of new towns you mentioned, Sir, resulting from lack of proper co-ordination is a matter of particular concern. Such mis-matches not only result in hardship and inconvenience, but could also be expensive to correct, if corrections are at all possible. The important question is why such mis-matches were allowed to happen in the first place? My guess is that they have arisen not merely because of lack of co-ordination but rather the result of the lack of a single overriding authority for the various responsibility areas. In other words, they were classic examples of either too many cooks without a chef or the chef was too far away from the kitchen.

This leads me to focus on the recent establishment of the new Transport Branch and Lands and Works Branch.

The list of major transport problems mentioned in your address is indeed a colossal one. The establishment of a new branch to deal exclusively with transport is therefore both logical and timely, if not already somewhat overdue. The task of providing immediate, medium and long-term solutions to these problems, and above all providing the community with an effective and efficient transport infrastructure is a formidable one. However, from the structural organization of the two new Branches, that is Transport and Lands and Works—it is clear that the new Transport Branch will not be given exclusive responsibilities for transport matters. The Branch's role appears to be only one of planning and co-ordinating. The responsibility for transport works rests with the Lands and Works Branch over which the Secretary for Transport will have no jurisdiction.

While the transfer of some staff from the Highways Office of the PWD to the Transport Department may strengthen the Department, it would not vest the Transport Branch with the *total responsibility* for the provision of an effective and efficient transport infrastructure, that is, from initial planning and design to the ultimate implementation of the works programme. Government may wish to consider the possibility of or the need for the entire Highways Office to come under the Transport Branch. The Secretary for Transport will then become the overriding authority for all transport matters.

By the same reasoning, the Lands 'arm' of the newly established Lands and Works Branch should be given the total responsibility for all land matters. The complexity and importance of land matters could well justify a Lands Branch on its own. I am therefore of the opinion, albeit a little too late in the day, that

the land production related engineering sections of the Public Works Department should come under a 'Lands Branch' which would then have total *responsibility* for land matters.

In my opinion, an example where having an overriding authority has resulted in efficiency of operation and in the ability to meet programme targets is the Housing Branch.

Now a word on housing. The proposal to revise the Home Ownership Scheme by excluding land value from the sales price was perhaps the most striking feature of your address. Public reaction to date has clearly shown that this departure from established policy is welcomed by the community at large. The reasons are, firstly, that it brings the Scheme a little closer to reality to a great many people. Secondly, it should assist in checking the soaring prices of properties in the private sector which has been one of the main contributors to our high inflation.

I fully support this proposal. But because the Scheme is designed to cater for the need of those who are within the target groups and genuine home purchasers but who cannot afford paying the open market price for housing, there is a clear need for introducing the safeguards against abuse subsequently proposed by the Secretary for Housing. In the debate of the Landlord and Tenant (Consolidation) (Amendment) Bill 1981 in July this year, I voiced that those well off tenants in subsidized public housing who are owners of properties should be required to vacate their units to make room for the needy. Following the same line of argument I strongly suggest that such applicants who are property owners should be excluded from consideration for housing units offered in the revised Scheme.

Sir, I would like to close by saying a few words on manpower development.

Like my friend Mr. Francis TIEN I was anxious for some definite news on the establishment of the statutory Vocational Training Council. I hope no effort will now be spared to ensure its earliest establishment because without this body, the important training schemes proposed by the Hong Kong Training Council and accepted by Government cannot be implemented.

I welcome the proposal that the statutory Council will have its own department to service it as its executive arm. But setting up a new department may take time and in view of the urgency in establishing the statutory Vocational Training Council so that the momentum of work already initiated by the Hong Kong Training Council would be maintained, I propose that the statutory body be established without further delay and to be temporarily serviced by the existing secretariat of the Hong Kong Training Council. The work of setting up the new department can of course proceed concurrently. In the meantime, I cannot caution more strongly at this stage of development that the management of the new department and its relationship with the statutory

Council must be such that the Council will have the flexibility of operation stressed both by yourself, Sir, and the Advisory Committee on Diversification.

Sir, I support the motion before Council.

(4.00 p.m.)

HIS EXCELLENCY THE PRESIDENT:—Perhaps at this stage Council might like a short break. Council will resume in fifteen minutes.

(4.15 p.m.)

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

MISS DUNN:—As Your Excellency so rightly said: ‘(Inflation) is undoubtedly a serious matter for our people.’ Certainly, ‘inflation’ is a recurring theme in everyday conversation for we are presently experiencing double-digit inflation and have been for more than two years now. I think it is generally accepted that an annual rate of increase in prices in excess of, say, 5% is likely to create such an atmosphere of uncertainty that individuals, businesses and the Government alike find it progressively more difficult to cope. This is true even when, as in Hong Kong, inflation is associated with prosperity and virtually full employment.

The process whereby inflationary pressures build up and generate rapid increases in prices is complex. Inevitably, the relative significance of different causes engenders much controversy. This is because one of the non-economic effects of inflation is to unsettle people and make them uneasy about the future. Yet a better understanding of the causes of inflation is a fundamental prerequisite of sound management of our economy; and it is on the economy, as Your Excellency said, that ‘all our lives are built.’ Furthermore, such an understanding should help to ensure that the many policy decisions that have to be taken by the Government *either* have a minimum inflationary impact *or* better still, actually assist in reducing inflationary pressures.

I entirely accept that our commitment to free trade, to the free flow of funds across the exchanges and to the discipline of market determined prices means that the scope for controlling inflation, even indirectly through monetary policy measures, is very limited. But the Government’s posture need not be entirely passive.

So this afternoon I shall deal with one demand side factor, which I suspect the Government chooses to believe is less important than it really is, and I shall make three suggestions as to how the Government might relieve certain constraints on the supply side. The demand side factor is the growth rate of public expenditure; and the supply side constraints are over-manning of Government departments, complex bureaucratic procedures and sluggish departmental responses which can affect the productivity of the building

industry and the failure of the Government to associate private enterprise in a really imaginative way with the production of land.

As I pointed out in this year's budget debate, the growth rate of public expenditure budgetted for this year was more than 50% higher than the forecast growth rate of the economy, even though the latter was still put at a very healthy 8% (in real terms). Thus it seemed to me that the consequential increase in the relative size of the public sector from an historical high of just over 21% in 1980-81, to another historical high of 22½% in 1981-82, was barely acceptable in view of the domestically generated inflationary pressures which, even then, were becoming so apparent. During that debate, the Government gave explicit assurances that the approved estimates would be observed for it was admitted that the high levels of expenditure achieved last year, and proposed for this year, could only be tolerated in the context of substantial public sector surpluses. Certainly, the Government volunteered that the scope for further enlargement of the public sector was very limited and, indeed, non-existent in the short term, and the Government promised that every effort would be made to avoid over-extending ourselves. So it is fair to ask: is this promise being fulfilled?

Encouraged, no doubt by the possibility of the budgetted for surplus for 1981-82 of nearly \$8 billion being exceeded, it now transpires that total expenditure will exceed the approved estimates by 10%. So the Financial Secretary recently had to admit that the relative size of the public sector would soar this year to 24%, well above the budget forecast of 22½%, even though the forecast growth rate of the GDP has also been revised upwards. There is no escaping, therefore, this further question: has the Government lost control of the growth rate of public expenditure? And further, if so, why has this happened? Perhaps the Government is seeking to implement programme plans more quickly than intended. Perhaps there is some failure to resist special pleas, despite the lesson learned so painfully by governments elsewhere, namely, that once such pleas *are* acceded to in such a way as to lead to a surge of public expenditure, it is very difficult to re-establish control.

But whatever the causes, there is evidence to suggest that the Government has lost, or at least is in danger of losing, control. This evidence is to be found in the revised forecast growth rates of expenditure on the various components of the GDP in 1981 released last month. The growth rate of Government consumption expenditure (in *real* terms) is now forecast to be 22%, as opposed to an original forecast of 15%, and the growth rate of Government expenditure on building and construction is now forecast to be 13% as opposed to an original forecast of 8%. Despite the accelerating growth rates now apparent, the Government does not seem to be worried by them or even anxious to defend them. And here I would hazard this opinion: that faced with a choice between a stable economy and higher rates of public expenditure this community would opt for the former.

When one looks at certain aspects of Government expenditure on both recurrent and capital account, it is apparent that there are obvious grounds for

concern. As regards recurrent expenditure: I am particularly concerned about the inflationary impact of the recent civil service salaries award, costing \$1.4 billion if subvented organizations are included and which, therefore, cannot be expected to be covered by savings to anything like the same extent as in previous years. As I understand it, the principle underlying the Government's pay policy is that adjustments to civil service salaries should, over time, reflect observed trends in the private sector. I do not quarrel with this principle and I believe that our civil servants, of all ranks, should be well paid. But I feel obliged—and I am not alone in this—to question the application of this principle in practice.

On various occasions Unofficials have expressed unease about the results of the annual PIU exercise, which has led them to be sceptical of the methodology used. At about 140 000 the civil service now employs 6% of the labour force, or about as large a proportion as the financial sector and nearly one third more than are employed in the building and construction industry. If the employees of subvented organizations are added in—as they should be because they are paid for from public funds—the influence of the public sector as a whole becomes even more apparent. But this does not mean that the civil service or the public sector as a whole need be, let alone should be, the market leader in the determination of wages and salaries; and it is not the Government's declared policy that this should be so. Yet the size of this year's award must, in my view, call into question the Government's pay policy itself. Before the next PIU exercise is put in hand and decisions taken on an award in 1982, I do hope the Standing Commission on Civil Service Salaries will have taken a long, hard look at that policy.

There are two consequences of the public sector being the market leader when the economy is enjoying strong growth. The first is to fuel inflation, and, therefore, to damage our external competitiveness, the possible consequence being that we may *not* be 'well placed to take advantage of ... (a) revival in (overseas) demand' for 'our prices (may *not* be) competitive,' to quote Your Excellency out of context. The reason for this is quite simple: when the economy is growing slowly, and real wages in the private sector are either standing still or declining, the civil service normally receives a cost of living adjustment to maintain the real value of wages and salaries intact. Certainly, salaries are not reduced even in real terms and, indeed, the usual rules continue to apply to annual increments. It has always been accepted, in view of the assumed tendency of civil service salaries to lag behind those in the private sector during more prosperous times, that the civil service will tend to gain on the private sector in times of sluggish growth and recession. But now it seems to me we have drifted into a situation in which the civil service, or so it could be argued, is enjoying improvements in real incomes better than those experienced in the private sector not only in bad times, but in good times too.

As regards capital expenditure: the Government's declared position earlier this year was that the level of capital expenditure provided for in the 1981-82 estimates of \$9.5 billion, a record 38% of total expenditure, was the maximum

that could be contemplated. Yet, since then, social and political arguments for increases in our capital works programmes seem to have carried more weight than the economic consequences of such increases on the rate of inflation and hence on the exchange value of the Hong Kong dollar. As I implied earlier, I suspect that the Government is seized with the relative ease with which high levels of expenditure can be financed, given the buoyancy of our revenues and the comfortable state of our fiscal reserves. Furthermore, I am quite convinced that this preoccupation with increasing the volume of expenditure is not only inflationary, but also puts the value for money criterion at risk.

So I come to my suggestions as to how certain supply side constraints might be dealt with in order to ease inflationary pressures. For many years, the Government has emphasized the importance of the value for money criterion. It is surprising, therefore, that a revision of civil service salaries is not automatically associated with a critical look at departmental establishment. I realize that the Establishment Sub-Committee has an on-going programme of in-depth reviews of departmental establishments. But these reviews are concerned with developing logical establishment structures and appropriate staff numbers and gradings. Their objective is not explicitly to achieve savings in response, say, to a larger wage bill. But, whereas the *purpose* of requiring savings to be identified might well be to offset part of the cost of a salaries revision, the *consequence*, or even the secondary purpose, of requiring savings to be identified could be to improve cost efficiency.

My second supply side suggestion is also related to the value for money criterion. It is a plea for improved and simplified procedures in the administration of the Buildings Ordinance to improve productivity in the building industry. Government spokesmen have often expressed the view that the building industry, even today, is undercapitalized and indifferent to modern technology. I doubt the validity of this assertion but, in any case, it seems to me that some conclusion must be drawn from the many complaints voiced about the time it takes for building plans to be approved and occupation permits issued. It is at least arguable, Sir, that if the output of flats by private developers is sometimes disappointing, the fault lies not so much with building contractors as with the PWD and other departments concerned and the apparent absence of a co-ordinated effort between them. It follows that private developers would be in a position to offer more flats for sale or renting in a given time period there by influencing asking prices and rents, if the speed with which building contractors and architects are serviced was improved.

At this point I should like to digress for a moment to welcome the long awaited announcement that arrangements for land, works and transport administration have been recast to provide for a new Lands and Works Branch and a new Transport Branch in the Government Secretariat followed by the de-federalization of the PWD with effect from the month after next. But regrettably, the creation of a Lands Department which will take over responsibility for land administration from the NTA and the Lands, Survey and

Town Planning Department of the old PWD has been postponed until April 1982. I understand that the timing of the creation of the two new branches and the de-federalization of the PWD has some regard, *but only some*, to the prior definition of the various new relationships to be established between the new branches and their associated departments and between the associated departments themselves.

I do hope that the same relatively bold approach that has been adopted in respect of the two new branches and the de-federalization of the PWD—that is to say, decide the main issues first and do the detailed thinking afterwards—will be apparent when it comes to the creation of the Lands Department. In other words, I hope that a time limit will be placed on the pre-planning phase and that the department will be brought into existence at the very beginning of the next financial year.

So much for my two suggestions for relief on the supply side which are related to the value for money criterion. I have one other suggestion for the supply side: I believe that, concurrently with the establishment of the new Lands Department and the rationalization of the committee structure in the areas of land planning, production and disposal, urgent consideration should be given to how best to mobilize the Government's and the private sector's resources in a co-operative way to speed up, on a cost-efficient basis, the production of land. I, therefore, welcome the Government's declared 'intention ... to expand considerably the opportunities for the private sector to become involved in this vital field of activity' and I hope this intention will be soon fulfilled. To this end, the Special Committee on Land Supply has recently formed a working party to study various possibilities. My own personal view is that there is a role for a statutory corporation charged with the responsibility for the development of particular areas of raw land which would be assigned to the corporation at full market value, the premia being recovered from the corporation by way of the assignment back to the Government of prepared sites, again at full market value but less an interest factor, for GIC uses. Finance for the actual development works could be raised on the open market, perhaps with a limited call on the Development Loan Fund.

Sir, I support the motion.

DR. HENRY HU:—Sir, it is indeed heartening to learn that despite the recessionary economic climate in our major export markets, coupled with the problems of imbalances in our economy, rising inflation, weakening of the Hong Kong dollar, over-expansion of credit facilities and domestic demand, immigration and increasing unemployment, the Hong Kong economy and its people are faring remarkably well though this comparative good fortune has not been evenly spread. I hope that, in the Administration's relentless efforts to better the quality of life of our people, the Government's plans for the provision of more and better social services, including improved labour conditions and legislation, will help to cushion the ill-effects of such an uneven spread,

particularly on the lower income group and the socially weak and deprived who rely on subsidized services. This afternoon, Sir, I would like to speak briefly on the subjects of housing and juvenile crime.

Housing

Sir, the Government is to be congratulated on introducing the 'new deal' Home Ownership Scheme units in which the land value will be discounted from the future prices of such HOS flats. This is certainly a welcome departure from past practice. With positive safeguards against reselling for profit, this plan is of course a logical and viable extension of the existing principle of excluding the land value from the rents of public housing estates. Government's commitment to take on any shortfalls under the Private Sector Participation Scheme and develop them as part of the HOS is re-assuring and should help to minimize the slippage, if any, in the construction programme. The proposed reduction in the size of the 'new deal' HOS units is most pragmatic. This is not inconsistent with the growing trend for small families. This also helps in placing the prices, of the 12 500 HOS units produced each year, well within reach of the lower-middle and middle income families whilst more units can be built on the same site.

The ten-year assignment restriction on the 'new deal' HOS flats would not only foster and strengthen a sense of belonging among the lower income owners, thus functioning as a strong social stabilizer, but also act as an indirect and gradual economic stabilizing force. This would be so because as more and more such HOS flats come onto stream, the hyper-profits now reaped by the property developers and speculators would drop, accompanied by a steady easing of domestic rents for this income bracket. Hopefully this would result in the re-channelling—at least in part—of talents and capital back to the industrial sector, thus reducing the main imbalance in our economy.

I am glad to note that the public sector completed a record high of 37 600 flats, for both sale and rental, in the last financial year; and the number will steadily increase to some 42 500 by 1985-86; and debarring unforeseen circumstances our housing problem will be contained in the second half of this decade.

Juvenile Crime

The continued increase in juvenile crime, began in 1979, is indeed a worrying trend and must be arrested before this gets out of hand.

In your annual address, Sir, you described the positive actions which are being taken to improve remedial teaching, counselling and social work services in schools, to adapt the curricula to less academically minded pupils, as well as to enable the Police to make a greater direct contribution to pointing young people in the right direction through the Junior Police Call. These are very worthwhile efforts, but they will not be truly effective without the whole-hearted co-operation of the parents who must shoulder the final responsibility in setting

a good example to their children and in instilling in them the right values as responsible members of our community. The parents should teach their children, among other things, self-respect and discipline. Mention of the word 'discipline' perhaps conjures up in the mind something to be afraid of, but all it really means is compliance with laws and orders—which protect our persons, our homes and our surroundings, and if they are obeyed, we all benefit from them.

This leads me to the point that we should not 'mix' the juvenile delinquents with the non-delinquents in our correctional institutions run by the Social Welfare Department. There should be separate institutions for those young offenders placed on probation orders; for those young people on remand cases; and still for those non-delinquents who are in need of care and protection. I believe the young offenders should be punished or 'disciplined' so that they are taught how to respect laws and orders for their gainful re-integration into the community. I fully support the suggestions put forward by my honourable Friend, Miss BENNETT and her Ad Hoc Group on the operation of our correctional institutions for juveniles.

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

MR. PETER C. WONG:—Your Excellency, this afternoon I propose to speak on certain aspects of some of our proposed legislative measures.

Rent Control

I am pleased to note from paragraph 52 of Your Excellency's address that legislation will be introduced this session to further implement the recommendations made by the Committee of Review. This will cover three important recommendations — the establishment of a Tribunal system, additional protection for sub-tenancies and safeguards with regard to the redevelopment of controlled premises. These measures, I am sure, will be widely welcome.

One other recommendation of the Committee relating to corporate lettings deserves early attention. I quote the following passages from the Report—

'There is a strong body of opinion opposed to protecting corporate tenants on the ground that, both the landlord and the tenant being in business, one business (the landlord) should not be forced to subsidize another business. Furthermore, because corporate tenants do not retire or die they do, in effect, enjoy a greater degree of security of tenure than other domestic tenants. Indeed, it is difficult to conceive that a letting to a corporate tenant can be construed as "premises let as a dwelling".'

'We were informed that some companies that are tenants of residential accommodation have, since the recent amendments to Part II, been stripped of other assets and are being sold at substantial prices thereby effecting a change in the person in physical occupation even though as a matter of technical law, the actual tenant does not change. This, of course, makes nonsense of a covenant

against assignment without consent and also the ground for possession in section 53(2)(e).’

The Committee concluded that corporate tenants should be excluded from protection. I agree. May I refer honourable Members to the arguments I put forward in this Council on 30 January 1980 in the course of the second reading of the Landlord and Tenant (Consolidation) (Amendment) Bill 1980. Clearly, this undesirable anomaly and inequity should be removed as soon as is practicable.

Societies Ordinance

I note from paragraph 120 of Your Excellency’s address that amendments to the Societies Ordinance will be introduced. This is welcome news. This Ordinance enacted in 1949 and amended no less than ten times needs to be further revised in the light of changing circumstances.

The existing legislation provides for registration of societies and for matters related to it. In a sense, it is a negative measure, designed merely to combat the evils of unlawful societies. May I suggest that the opportunity be also taken to reinforce the Ordinance in a positive way by conferring benefits on societies required to register under its provisions.

I will elaborate on this point. The Multi-Storey Buildings (Owners Incorporation) Ordinance, for instance, confers corporate status on the owners upon incorporation under the Ordinance. Section 8(2)(a) reads as follows—

‘With effect from the date of issue of the certificate of registration under subsection (1), the owners for the time being shall be a body corporate with perpetual succession and shall in the name of the corporation specified in the certificate of registration be capable of suing and being sued and, subject to this Ordinance, of doing and suffering all such other acts and things as bodies corporate may lawfully do and suffer.’

Similar provisions conferring corporate status may be found in the Trade Unions Ordinance, Credit Unions Ordinance, Co-operative Societies Ordinance and the Registered Trustees Incorporation Ordinance. The advantages are obvious. For example, a body corporate may hold land in its corporate name whereas an unincorporated body may not. If a society wishes to acquire its own premises, it must do so in an indirect way, the most common of which is to buy property in the name of one or more of its office-bearers. I will not go into the legal technicalities involved. It suffices to say that they are far from being satisfactory from the society’s stand-point.

At present, societies wishing to acquire corporate status will have to be incorporated under the Companies Ordinance. And some have done so. The procedure is both cumbersome and costly and the requirements are numerous and complicated. There are at the moment over three thousand registered societies. Most of these are small organizations without the necessary financial resources or manpower to take advantage of the benefits conferred by the

Companies Ordinance. The introduction of corporate status under the Societies Ordinance will no doubt be a beneficial move in the right direction.

Law of Property

Last year I spoke of the need to expedite the introduction of the Law of Property Bill. I pointed out that our legislation relating to land was not only fragmentary but left several important areas vague and often confusing. Although proposals for such an Ordinance have been discussed for as long as I can remember, sadly we are still without one to-day.

In response, the Attorney General admitted that this matter had been under consideration for some considerable time. He drew honourable Members' attention to the fact that there was the need to consult interested parties, and eloquently explained the involvement of the Law Drafting Section of his Department and went on to say that in the course of the preparation of the current draft Bill, it was in the Law Drafting Section of his Department only for some seven months out of a total of 32 months. For the rest of the time—some 25 months—the matter had in fact been under consideration elsewhere.

I have made some discreet enquiries (*laughter*) and understand that at the moment the Bill is still in the course of a leisurely 'tour', at times gathering dust on the shelf. When it will return to the Law Drafting Section of the Legal Department is anybody's guess. This really highlights a defect in our consultative process. No one would dispute the value and indeed necessity of consultation on matters of public importance. But for such a system to work well, it must be flexible and capable of achieving maximum results in the shortest possible time. Failure to respond promptly to a request for comments is certainly most unfortunate and protracted consultation is definitely not in the public interest. Surely delay in producing important legislation is indeed a very serious matter. It is in everyone's interest to ensure that the consultative process, whether due to lack of direction or co-operation, does not become counter-productive and work against public interest. I look forward to the early introduction of the Law of Property Bill.

Sir, on this optimistic note (*laughter*), I have great pleasure in supporting the motion.

DR. HUANG:—Sir, may I compliment you on a thorough and sensitive appraisal of Hong Kong's situation in your annual policy address, and for your readiness to discuss the deficiencies as well as the achievements of our society.

There is apparent throughout your survey recognition of what has become the basic dilemma of government in a society such as ours, namely preserving a balance between the laissez-faire implicit in a free economy and the legislative controls which protect and provide for the people. This theme underlies your discussion of such apparently diverse matters as banking, education, housing, welfare and labour relations.

But the balance in such a dilemma is usually unevenly weighted. Governments in free economies have a natural tendency to prefer the risks of inaction to those of action. Prevention, they maintain, is not better than cure since the disease may never develop (*laughter*). They tend to give the benefit of any doubt that might exist in a particular instance to the interests of management rather than of ordinary men, to corporate business interests rather than to labour: ordinary people have often to form themselves into pressure groups if they hope to bring about an improvement in their condition. Governments tend to hope, not always with good cause, that society will be self-regulating, that problems shelved will in time remedy themselves. Thus caution and optimism become too often the cushions on which Governments grow fat and complacent!

I suspect that we have in Hong Kong too little justification for rosy optimism about the future or for inaction. Despite a higher take-home pay, in real terms the average worker in Hong Kong today is less well off, certainly as regard the quality of life, than he was a number of years ago. The increase in domestic rents is probably the biggest single factor in this deterioration, for the rise has not been paralleled by corresponding increases in wages generally and, as you, Sir, point out, the burden in many cases can be borne only by additions to the family's work force, and in other cases by overcrowding as more families move in to share the rent. I am convinced that Government was fully justified when it brought in some measure of control a little while ago, rather belatedly perhaps but better than never. But I am concerned that those controls are already being relaxed, long before the demand for housing is in sight of being matched by the supply and at a time when restraint on the part of landlords is still very sadly lacking. Not only on housing but on many matters, the average worker is being asked to mortgage the present for the future, but the future is always being postponed for reasons of caution, and he is asked to wait. The citizen of today may be used to waiting, but what of his children?

Just because our own generation seems to have come off fairly well in terms of responsible citizenship does not mean that the next generation is guaranteed to do the same. The social conditions of Hong Kong have changed, and changed pretty drastically, over the last 20 or 30 years, and nowhere more so than in the structure of the family and the pattern of family life. One earner cannot make ends meet, so both parents work and the children are less well cared for. Their well-being is left to the schools where classes are large, much too large, for teachers to be able to pay much attention to individual students or to fill the gaps left by insufficient care at home. The traditional values of old China are steadily being eroded. With the gap between affluent and ordinary continuing to widen parents are caught up in the rat race for material advancement and their children in the rat race for the rungs of the educational ladder. They are corked up in tiny cubicles called homes, with healthy recreational facilities few and far away, accessible only by crowded, uncomfortable public transport through congested roads. The effects of such surroundings sooner or later make the

mark, for it would take a will of iron to rise above the deleterious and demoralizing effect of such an environment and resist the temptation to take an easy escape from harsh reality by indulging in get-rich-quick fantasies afforded by the races, with the radio constantly urging and the strategically-located off- course betting centres beckoning away. Have we ever asked ourselves what sort of a new generation are we bringing up for the future?

Offering to our young the prospect of a decent future should not be beyond either our means or our ingenuity. You, Sir, pointed in your address to possible lines of hopeful approach, but indicate that no positive decisions have been made on their implementation because of financial considerations. I am hopeful that these considerations will not unduly deter us from taking the positive steps which so need to be taken, since I am encouraged by your earlier remark that our budgetted surplus of \$7,800 million will be surpassed and that, I quote, 'budgetary restraints are not a problem'. Our educational system at primary and secondary level needs improving in the ways you suggest by strengthening career counselling and remedial teaching, by widening the curriculum to provide for the non-academic and by encouraging more leisure- and community- oriented projects; and we *must* make these improvements. We must also provide, again as you suggest, more effectively and more constructively for disabled and handicapped children. This will obviously require more teachers, more facilities, and we *must* provide them. The surplus is there and, while I recognize that we cannot have our cake and eat it, I do earnestly submit, with apologies to Miss DUNN (*laughter*), that in this case we should take a good bite of it.

It is very important that we provide sufficient facilities for our youngsters to lead an active and healthy life so that they have a chance of becoming responsible and civic-minded citizens of the future, citizens on whom Hong Kong can depend for its own well-being and development. There has been much discussion of late on the question of so-called moral education in the schools, which I think would be more appropriately termed education for responsible citizenship. But Government's own attitude on leisure and personal responsibility seems to be ambivalent. It must itself take the lead, not point vaguely in the direction of a mountain mist. Gambling is a case in point. Gambling is a vice, whether legalized or not. It is one thing to tolerate one form of vice, quite another thing to propagate it. It is illogical to assert that because two evils are in competition, the lesser must be good and must be encouraged for its own sake. The argument has regularly been proffered that legal gambling outlets must be readily available if illegal gambling is to be combated. Following the supposed logic of this argument would we, as I asked in this Council some years ago, put up legal opium lounges to keep people away from taking the more dangerous heroin? Would we encourage our youngsters to smoke pot so that they would have a habit to lean on which is less dangerous than dependence on other drugs? Gambling, whether legal or illegal, all too often leads to distraction from work, dishonesty and loss of career, poverty, unhappiness, and family strife. Let it not be misunderstood that I object to games of chance or skill as recreational

activities, or to horse-racing as such. Let those who treat racing as a sport and find it amusing and relaxing go to the beautiful racecourses we have built, for we have the honour, if such it is, of having the most beautiful racecourses in the world. Many who work hard during the week need relaxation and know what they are doing when they seek it on the racecourse. To some the loss of a few thousand or tens of thousands of dollars at one meeting is a trifle: to others the loss of a few hundred dollars is of serious consequence for the family. What I am worried about is the propagation of gambling, as if by edict, through off-course betting centres which are spreading systematically throughout the community, and the effect of these centres on the young. We should not be bringing up our young people to regard gambling as a part of the normal life-style. Nor can it be argued that the tiny percentage of the profits which go to charity make up for even a part of the total damage done. We have had the ridiculous situation of Government condoning the proliferation of off-course betting centres against the wishes of the local community, and against their formal petitions. The extent of the proliferation is formidable and many of us, I am sure, would like to know just how many such centres there are in the whole of Hong Kong and perhaps to compare the figure with the nine community centres and twelve community halls which the Secretary of Social Services in his speech on 14 October referred to as having been built for the whole territory in the eight-year period since 1973. We must be much more positive and generous in the provision of genuine cultural and recreational facilities which, in the short term, will offset some of the worse aspects of the housing situation and the pressures of the noisy, crowded and mercilessly competitive environment in which most people live. Let us provide more sports centres which will encourage young people to improve their skill in physical recreational activities, rather than get their thrills from games of chance. Let us provide youth clubs and cultural centres in which they can meet other young people and appreciate the creative arts. In the long term of course the housing situation itself must be remedied, We have a long way to go yet, bearing in mind the many thousands who live in dingy, make-shift shacks or in dilapidated, unsanitary crafts floating or half sinking in water black with pollution.

I am heartened therefore to see that in several instances already, Government is starting to pave the way for the 'living, active, satisfied and cohesive communities' to which you, Sir, refer in your address. In particular, I am pleased that Government is now to offer public housing at a reduced cost which does not include the land element. I welcome the move to attract more private financial support for voluntary agencies by revising the subvention system so that increases in privately raised contributions will benefit the needy rather than augment the general budget surplus. I welcome the moves to provide greater recognition for the work of the Baptist College, moves which will open the way for better and more varied opportunities for our school-leavers. And I hope that the outcome of the educational review will be a positive, coherent and forward-looking

blueprint for the education of our youngsters which will tackle the problems realistically and provide a solid foundation for our future citizens.

With these observations, Sir, I support the motion.

MR. SWAINE:—Sir, the British Nationality Bill which has just recently run its course in the House of Lords and is completing its passage through the Commons has attracted considerable interest in this territory. I think it is true to say that Hong Kong's interest stems not from the practical implications of the Bill for today's Hong Kong citizens, but its implications for the future of this territory.

It is unfortunately that the Bill should have had this effect. It had its origins as long ago as April 1977 in a policy document published by the then Labour Government as a Green Paper, and subsequently adopted and modified by the present UK Government in a White Paper published in July 1980. The present Bill embodies the policy of that White Paper with a number of changes.

The underlying policy of the two Papers and of the Bill is that only those persons who have a substantial connection with the UK should be citizens of that country and be entitled to the status 'British citizens'. Citizenship under this policy is equated with the right to live and work in the UK. Broadly speaking, the thinking is, if you are a British citizen, you have the right to live and work in the UK, and if you have the right to live and work in the UK you are a British citizen.

As a matter of domestic housekeeping, this policy appears to me to be unexceptionable. The great pity is that this Bill has inevitably had repercussions beyond its immediate object. The UK cannot legislate for the citizenship of its people and those of its dependent territories overseas without raising fundamental questions about its continued relationship with those overseas territories. In Hong Kong, because of our unique political and geographical setting, those questions have a particular significance.

We in Hong Kong have received repeated assurances from Her Majesty's Government that the Bill is not intended to distance Hong Kong from the UK and that the rights of the people of Hong Kong will continue to be safeguarded. Accepting these assurances as we must, and it would be folly to do otherwise, we must however assert the homely truth that a person, as well as a government, is judged by his actions. We must therefore urge Her Majesty's Government to demonstrate to the people of Hong Kong in the years ahead its declared policy that the links will remain and that the interests of this territory will be preserved.

Sir, I think it is true to say that Hong Kong still smarts from the recent defeat in the House of Lords of the proposed amendment to the Bill which would have declared that Hong Kong citizens should have the status of British national. This amendment, proposed and supported by our friends in the House of Lords (and in the vote-taking it is heart-warming that they number 102), would have been effective to declare the British national status of Hong Kong citizens. Its

rejection does not mean however the deprivation of such national status. This may seem a lawyer's quibble but the distinction is vital. Hong Kong citizens who are born or naturalized here enjoy their national status through allegiance to the British Crown, and this involves as a matter of reciprocal obligation, the duty of Her Majesty's Government to afford protection and assistance to Her Majesty's subjects anywhere in the world. Assurances have been given by Her Majesty's Government at the highest level that these obligations will continue to be honoured. The people of Hong Kong deserve nothing less.

Sir, there is much in the Bill that is negative, if not in substance then certainly in form, but there is one positive element which it would be remiss of us in Hong Kong not to recognize and acknowledge. I refer to the provision in clause 4 of the Bill by which a Hong Kong citizen may acquire the status of a British citizen by the process of registration. Once that status is acquired, he has of course the right of abode in the UK in the same way as any other British citizen. The basic requirement for registration is that the Hong Kong citizen has lived in the UK for at least five years, with the further requirement that during the last twelve months of his stay he is not subject to any immigration restrictions. As I understand the policy in these matters, this means that the UK immigration authorities must be prepared to uplift during the last twelve months of the five years any restrictive chops on the applicant's Hong Kong passport. It is in this regard that the UK authorities will be able to exercise discretion over who is to acquire British citizenship by registration. Again as a matter of demonstrating its links with the people of this territory, I would urge Her Majesty's Government to favourably exercise that discretion whenever the occasion arises.

I do not think I can leave clause 4 without emphasizing that this provision applies to all Hong Kong citizens (born or naturalized here) and not to just a select or favoured minority. All such Hong Kong citizens who fulfil the statutory criteria are eligible to apply for British citizenship. The securing of this concession by the Hong Kong Government is a very notable success but it has not received the recognition it deserves. This concession was obtained after intense lobbying in London earlier this year, and the most energetic intervention by the Hong Kong Government at the highest level. I would wish to record my own appreciation for the efforts made on behalf of this territory.

Sir, the underlying theme of this speech concerning the British Nationality Bill is that, at the end of the day, people as well as governments are judged by their actions. We of this territory are to be judged no less. With the passing of time, and reminded as we are by these accidents of history of our own unique position in the world, it behoves all of us who live and work here and make this our home to demonstrate our own faith in this territory and confidence in its future. This Government has demonstrated its faith and confidence by the massive public projects undertaken in the New Territories. Private enterprise should do no less.

We must never assume Hong Kong's fragility because of 1997, but must assume Hong Kong will remain strong and viable beyond that date. To this end

there are specific areas in which positive thinking is required and each is a vote for the future. Land in the New Territories, whatever the strict legal position, must never be distinguished from land in Kowloon and the Island. The division at Boundary Street must be treated and be seen to be treated as no more than geographic. At three practical levels this approach must be manifested. First, Government must as usual take the lead, and ensure for the purposes of land resumption compensation, that land north of Boundary Street is treated in the same way as land to the south. Secondly, accountants and the companies they advise must get away from the notion that land and plant in the New Territories must be written down in the books of the company to 1997 as the terminal date, and they must be prepared to treat such land and plant in the same way as in the urban areas. Third, banks and finance houses which lend money to property- buyers in the New Territories must not tie down their repayment schedules to a period ending in 1997, but should treat such property-purchasers in the same way as their counterparts in the urban areas.

Other examples will no doubt come to mind of the practical ways in which the Government and people of Hong Kong think positively about the future and treat 1997 not as a terminal date but a milestone.

I have pleasure in supporting the Motion.

Suspension of sitting

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

Suspended accordingly at nineteen minutes past five o'clock.