

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 11 November 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.

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

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

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

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 GRAHAM BARNES, J.P.
DIRECTOR OF HOME AFFAIRS

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 ALAN THOMAS ARMSTRONG-WRIGHT, J.P.
SECRETARY FOR TRANSPORT (*Acting*)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE HONOURABLE DAVID KENNEDY NEWBIGGING, J.P.

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

THE HONOURABLE HU FA-KUANG, J.P.

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

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, J.P.

THE HONOURABLE CHAN KAM-CHUEN, J.P.

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

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

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

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS. JENNIE CHOK PANG YUEN-YEE

Papers

The following papers were laid pursuant to Standing Order 14(2):—

<i>Subject</i>	<i>L.N. No.</i>
Subsidiary Legislation:	
Public Health and Urban Services Ordinance. Funeral Parlour (New Territories) Regulations 1981	335
Reserved Commodities Ordinance. Reserved Commodities (Control of Imports, Exports and Reserve Stocks) (Amendment) Regulations 1981	336
Public Health and Urban Services Ordinance. Undertakers of Burials (New Territories) Regulations 1981	337
Public Health and Urban Services Ordinance. Public Health and Urban Services (Public Markets) (Designation and Amendment of Tenth Schedule) (No. 5) Order 1981	338
Urban Council Ordinance. Urban Council (Fees for Official Signatures and Miscellaneous Services) By-laws 1981	339
Urban Council Ordinance. Urban Council Financial (Amendment) (No. 2) By-laws 1981	340
Public Health and Urban Services Ordinance. Declaration of Markets in Urban Areas (No. 2).....	341
Urban Council (Amendment) Ordinance 1979. Urban Council (Amendment) Ordinance 1979 (Commencement) Notice 1981	342
Dangerous Goods Ordinance. Dangerous Goods (General) (Amendment) Regulations 1981.....	343
Evidence Ordinance. Evidence (Authorized Persons) (No. 15) Order 1981	344
Evidence Ordinance. Evidence (Authorized Persons) (No. 16) Order 1981	345
Public Health and Urban Services Ordinance. Public Health and Urban Services (Public Markets) (Designation and Amendment of Tenth Schedule) (No. 6) Order 1981.....	346
Crown Land Ordinance. Crown Land Ordinance (Amendment of Schedule) Notice 1981.....	347

<i>Subject</i>	<i>L.N. No.</i>
Road Traffic (Parking and Waiting) Regulations. Road Traffic (Temporary Car Parks) Regulations. Designation of Car Parks (Amendment) (No. 2) Notice 1981	348
Factories and Industrial Undertakings (Confined Spaces) Regulations. Factories and Industrial Undertakings (Confined Spaces) (Approval of Breathing Apparatus) Notice 1981	349
Public Health and Urban Services Ordinance. Declaration of Markets in the New Territories (No. 4)	350
Inland Revenue Ordinance. Inland Revenue (Interest Tax) (Exemption) (Amendment) (No. 3) Notice 1981	351

Oral answer to question

Illegal immigration

1. MR. LOBO asked:—*In the light of public concern about the effects of illegal immigration, would Government confirm that it has no intention of relaxing the policy and measures adopted in October 1980 to prevent illegal immigration?*

THE CHIEF SECRETARY:—No, Sir, Government has no such intention. I take this opportunity to emphasize that we must and shall continue with all the various measures against illegal immigration which were introduced last October including strengthening our border defences, the requirement to carry and produce proof of identity and to produce Identity Cards on seeking employment, the marking of boats and so on. We shall continue to send back illegal immigrants detected here as a result of these measures, including children, many of whom, I regret to say, have lately been brought across the border by illegal syndicates quick to exploit family affection.

These measures have to date proved to be remarkably successful. They have clearly had a deterrent effect on those who might be thinking of leaving their homes in China in an attempt to come to Hong Kong.

Some of these measures have undoubtedly caused inconvenience to our people but I believe that nearly everyone accepts them as an integral part of the policy. Having achieved considerable success in stemming the tide, we must not drop our guard.

Government Business

Motion

Motion of Thanks

Resumption of debate on motion (28/29 October 1981)

SECRETARY FOR EDUCATION:—Sir, I am grateful for the support of Miss BENNETT and Mrs. CHOW and for their views on education. I am equally grateful for the comments from Messrs. TIEN, HU and CHEN on industrial training. I would like to reply to the points which they have raised and to make clear the Government's objectives in these areas.

As regards improvement to the staffing in schools, we are committed to providing additional teachers in primary schools to increase the teacher: class ratio from 1.1:1 to 1.2:1 from September 1982. We are committed also to the provision of two remedial language teachers in each standard secondary school in the public sector from September 1982. It is estimated that these two commitments will require about 1 500 and 650 additional teachers respectively.

In addition, consideration has been given to proposals for the provision of more teachers to help in such areas as career counselling, remedial teaching and extra-curricular activities. These proposals would require a further 1 000 teachers.

Such a large number of additional teachers cannot be provided at a stroke. A large proportion must be specially trained; this, in turn, means that the Colleges of Education must expand their capacity to help meet this demand. The Colleges accepted an intake of 950 students in September this year and are now operating at or near their present capacity. In order to provide new, trained teachers in larger numbers, the Colleges require to embark on an expansion programme, which will mean more lectures, more accommodation and, of course, greater expenditure.

The Director of Education, who is directly responsible for the Colleges of Education, and I have had to consider seriously the rate at which the Colleges can be expected to grow. We have also been aware of the dangers of overprovision once the present demand is satisfied. In terms of full-time equivalent students, Sir, this means that the present enrolment of 1 900 will need to increase to over 2 500 in the 1982-83 academic year. This will place great demands on the staff in the Colleges and I look forward to their continued co-operation as we embark on this expansion programme.

The teachers provided, however, by the Colleges of Education through this programme will not be available immediately in the numbers required and so I have considered other ways of meeting our existing commitments and moving towards further improvements in our schools.

It was originally proposed that the two remedial language teachers should be non-graduates and funds were approved by the Finance Committee of this Council on that basis. However, in view of the demands being placed on the Colleges and the coincident demand for additional non-graduate teachers in primary schools, I now propose to seek additional funds for the provision of two *graduate* teachers for each standard secondary school for remedial language teaching in September 1982. This will ease the burden of provision of non-graduate teachers. I am also proposing to seek funds to enable each standard secondary school to obtain a further graduate teacher from September 1983 to improve services in other areas. I hope to provide an additional two teachers, who would be non-graduates, when they become available from the Colleges but the provision of additional teachers must take account of our capacity to train them properly.

I am also submitting the financial implications of the White Paper on Primary Education and Pre-Primary Services to the Finance Committee of this Council. These include the financial provision for the additional primary school teachers required to raise the teacher: class ratio to 1.2:1 from September 1982.

I realize, Sir, that these proposals are more modest than those advocated by Miss BENNETT and Mrs. CHOW, but they do go a good way towards meeting their suggestions.

I should now, Sir, like to deal with other matters which my colleagues have raised. First, I must disagree with Miss BENNETT's remarks about the senior staff in the Education Department. They *do* visit schools and they are *aware* of the problems in school.

Miss BENNETT has suggested that a unified system of entry into institutions at the tertiary level be created along the lines of the Universities Central Council on Admissions (UCCA) in the UK. This proposal has been considered, but its suitability for Hong Kong is questionable. UCCA deals with applications from over 166 000 home and overseas candidates for 82 000 places available in 81 tertiary institutions. These include all British universities, except the Open University, but not polytechnics. Such a Central Council makes sense in Britain, but in Hong Kong, which has only two universities, the case is less strong. Each university selects its students on the basis of the results of different examinations taken at different times and this would complicate the workings of any Hong Kong Central Council. I agree that it would help to bring in the Polytechnic and the Colleges of Education, however the larger number of Hong Kong students seeking further tertiary education overseas would further complicate the issue. I hope to present a development programme for tertiary education in the near future and I would prefer to leave further consideration of a Hong Kong Central Council for Admissions until that programme is under way.

Mrs. CHOW pointed to the very real problems of half-day schools and, whereas I would rebut her suggestion that teaching is rushed in bi-sessional schools, I agree that whole-day schooling is a good thing, but I must add that

some parents, for reasons good to them, prefer half-day schooling at the primary stage. The recent White Paper on Primary Education and Pre-Primary Services stated that every encouragement will be given to schools wishing to adopt single session operation in districts where the school population is declining. Bisessionalism was forced upon us by the need to use to the full our limited capital resources. With movements of population this need will become less acute in certain areas. About 700 of the total of 800 primary schools operate on a half-day, mainly bisessional, basis. The diversion of effort needed to mount a building programme designed to eliminate bisessionalism in primary schools would, it was considered, be hard to justify. I cannot promise, therefore, that the situation in primary schools will change quickly. Out of 400 secondary schools, 120 operate on a half-day or bisessional basis and of these 95 are private independent schools. The provision of more Government and aided secondary schools, which normally operate on a whole day basis, will improve the situation in secondary schools.

Mrs. CHOW also mentioned the difficulties which some students encounter when graduating from primary to secondary school, when the medium of teaching changes from Chinese to English for the majority of our school-children. The Language Package, to which she referred, provides more than measures to improve the teaching of English and Chinese through a programme of teacher re-training, curriculum reform and additional remedial language teachers. It provides for research related to the most appropriate medium of instruction in schools. Pending the results of this research, the Government is improving the existing system to make it more suitable for students at all levels, by pursuing the measures which I have mentioned.

I accept the constructive comments which Mrs. CHOW made about the role of adult education in training recent immigrants from China in order to help integrate them into the Hong Kong workforce. This, as she suggests, must be prefaced by the collection of information regarding supply and demand and this I have set in train.

Messrs. TIEN, HU and CHEN have stressed the importance of early action to establish the Vocational Training Council, the statutory body that will promote the development of technical education and industrial training. I must apologize for the delay in establishing this statutory body, Sir, and I would like to explain how the delay arose. It was originally intended to establish a statutory Council with responsibility for industrial training before the end of the last legislative session. But, this matter was referred to the Committee to Review Post-Secondary and Technical Education, which completed its work in June. It recommended that the statutory Council should have responsibility for industrial training *and* technical education. This resulted in a delay in drafting the necessary legislation. However, I am now in a position to assure my Unofficial Colleagues that I plan to introduce a Bill in this Council before the end of this year and, if my proposals are accepted, I envisage that the Council and the new department that will be its executive arm will both be operational

early next year. A senior officer is already on attachment to my Branch with the task of ensuring that the necessary steps are taken so that matters proceed smoothly and without delay.

Finally, I will turn to Mrs. CHOW's comments on the Panel of Visitors conducting the Overall Review of Education. The Government has been fortunate to have the services of the Chairman of the Board of Education, Mr. Q. W. LEE, as one of the two advisers to the Panel. As such, he is closely involved with all their deliberations and, I know, has contributed a valuable Hong Kong dimension to the Panel's work.

Although no specific attempt was made by the Panel to secure the views of parents as a group, a general invitation was granted to everyone who wished to do so to submit his or her views to the Panel or to seek a meeting with the Panel. Apart from the obvious difficulties in trying to arrive at a representative body of parents, I think that it would have been improper to single out any particular group for special attention. During its two-week visit, which has just ended, the Panel visited a variety of educational institutions of all types and was able to hold in-depth discussions with a large number of individuals and groups, representing a wide spectrum of educational interests. These, of course, included parents as well as officials, teachers, students, interest groups, professional associations, trades unions and employers' representatives.

The four members of the Panel have now returned to their home bases to evaluate their findings. They will return in March next year to conduct a series of final review meetings, after which they will report to the Government. I am confident, Sir, that their recommendations will provide a valuable contribution to the future development of the education system.

With these remarks, Sir, I beg to support the motion.

SECRETARY FOR HOUSING:—Sir, several Members have spoken on the subject of housing and I very much appreciate their interest and advice. I am also grateful to those who have spoken in complimentary terms regarding the revised Home Ownership pricing policy which you, Sir, announced.

Squatters

I share the concern expressed by Mr. LOBO and Miss BENNETT regarding the extent of new squatting and conditions in many squatter areas.

Hitherto, the Housing Department's Squatter Control force has been reasonably successful in achieving its primary aim of protecting those areas scheduled for permanent development. However, in view of the proliferation of huts which have appeared during the last three years outside these areas, particularly in East Kowloon, ground has been lost and more huts are now being built than can be demolished by the existing staff. It is estimated that 20 000 domestic structures have had to be tolerated in the urban area during this period, despite the fact that some 60 000 structures have been demolished.

Immigration has been the main reason for this, and the majority of new huts are occupied by recent arrivals.

The regaining of control is, therefore, the first priority. In this connection, the Housing Department recently conducted the stock-taking exercise referred to by Miss BENNETT, which was an essential step for effective control. At the same time, the Department has assumed responsibility for squatter control throughout the territory. Additional posts have been provided for improved control in the urban area and for expanded control in the New Territories Districts.

As Mr. LOBO pointed out, the majority of new huts are being built by racketeers who exploit others' misfortunes and I agree that our efforts must in future be directed more towards bringing these racketeers before the courts. This is being done in co-operation with the Police, and measures to increase the penalties for those who build huts for sale are also being considered.

Despite our very large public housing programme, many squatter concentrations will remain, at least for the foreseeable future and the need to provide improved basic services and facilities for the more permanent of them is accepted. Nevertheless, it must be recognized that much has been done in recent years, including local public works. In addition, the supply of water and electricity has been effected as a matter of routine, and in the areas adversely affected by the current water restrictions, additional mains and draw-off points are being provided. However, because of the rapidly increased squatter population it is now necessary to do more.

A new organization is to be established within the Housing Department to carry out this work. The first step must be to upgrade the safety measures in these areas against fire and landslide. This will be done by improving access and water supply for fire fighting, providing fire breaks and undertaking essential slope stability works. Other improvements will follow, but I should caution against expecting too much too soon because the squatter areas are scattered and, therefore, these efforts will be fragmented. There are valid engineering constraints on most sites and in many cases permanent development would be technically very difficult and expensive. A considerable amount of detailed planning will, therefore, be required. Nevertheless, a number of pilot schemes have already been worked out and will be implemented shortly.

Public Housing

Miss BENNETT highlighted the housing problems of young married couples who do not qualify for public housing and the dilemma of working wives whose earnings bring their household income above the eligibility limit. With the continuing shortage of public housing in relation to demand, it is necessary to determine priorities in its allocation. In this connection, families with children take precedence over married couples, who in the normal event are better able to secure accommodation in the private sector. Couples are, however, able to register on the waiting list in anticipation of becoming a family of three, if

necessary by adding a relative, at the time of allocation. Many have already obtained public housing in this manner.

Married couples both of whom work are also in a better position financially to consider purchasing accommodation. As they become eligible, it is likely that some will benefit from the revised Home Ownership Scheme pricing policy, which will bring smaller flats in future phases of the Scheme within their reach.

Home Ownership Schemes

Mr. F. K. HU suggested that the proportion of home ownership units in the public sector be increased. While this should prove feasible in future, with growing prosperity, the demand for rental flats is still considerable. Many families, including those affected by development clearances, redevelopment, those on the waiting list, and others with limited financial resources, will continue to rely on rental public housing. Until this demand is substantially reduced, this is where the main thrust of our public housing programme must remain.

As Mr. HU assumed, it is intended that the prices of flats developed under the Private Sector Participation Scheme and the Middle Income Housing Programme will also exclude the full market value of the land on which they are built, and details of how the schemes should be modified to achieve this are being given urgent consideration.

Turning to the land premium under future Private Sector Participation Schemes, as this will relate essentially to their commercial element, the amount payable by developers tendering for the schemes will be reduced considerably. Thus there is probably no need to consider easier payment terms to offset the high initial investment required under the previous policy.

Since you, Sir, announced in your address on 7 October the intention to expand the schemes for home ownership, sufficient sites have been identified to enable us to achieve our targets for these various schemes from 1985-86 onwards. An earlier start may, in fact, be made in respect of three sites, one in Tuen Mun, one in Tai Po and one in Kowloon and we hope to be able to invite tenders for these developments early in the New Year, with a view to producing an additional 4 000 flats under the Private Sector Participation Scheme in 1984-85.

A great deal of thought has been given to the proposed restrictions on resale, and a permanent restriction has been considered in some detail. It is, however, felt that this would severely detract from the concept of real ownership which the schemes are designed to promote, and that the safeguards now proposed strike a reasonable balance between the obvious need for tight restrictions while the owner is enjoying a large public subsidy, and the ownership concept which is the main object of the schemes.

Mr. CHEN suggested that tenants of public housing flats who own property should be debarred from the scheme. This question was considered by the

original Working Party on Home Ownership in 1977, when it was concluded that, on balance, the advantages of recovering a rental flat for a needy family outweigh the arguments for excluding property-owning tenants from eligibility for the schemes. However, in the light of the revised policy, we shall give further thought to this matter before the next sale of HOS flats.

Rent Control

Dr. HUANG expressed concern that rent controls are being relaxed long before the demand for housing is in sight of being matched by the supply.

Sir, the main effect of the Landlord and Tenant (Consolidation) (Amendment) Bill passed by this Council earlier this year was to *extend* the existing framework of controls for a further two years. But the only long term solution to the problem of rising rents is the production of more housing for the rental market. It is to encourage this production that luxury premises and buildings completed after 19 June this year have been excluded from rent controls. In this connection it is encouraging to note that in the first nine months of this year production of large flats had already exceeded the annual average for the previous ten years.

Mr. Peter WONG urged the early exclusion from protection of corporate tenants, in line with a majority recommendation of the Committee of Review.

Statistics now available on corporate tenancies show that, of the 12 000 or so such tenancies, roughly 50% are of premises with a rateable value of less than \$30,000. This would tend to support the concern expressed by some members of the Committee of Review for the small businessman and those individuals who may have been forced to assume the role of a corporate body to obtain a tenancy during the period 1976 to 1979 when corporate tenancies were excluded from control.

At the other end of the scale, it is now clear that the majority of tenancies of premises with a rateable value of \$60,000 and above are held by corporate bodies. These will, of course, be excluded from controls by December 1982 under the provisions relating to 'luxury premises'.

Flatted Factories

Mr. WONG Po-yan has urged that more flatted factories should be provided, especially for the re-provisioning of workshops and factories displaced by development clearances. The Housing Authority now has a substantial factory building programme in train, for operators of small industrial undertakings. Under this programme some 12 500 units, each of 25 square metres, will be built over the next four years, thus providing over 300 000 square metres of industrial floor space. On present planning, this should adequately cater for undertakings which are affected by clearances.

Conclusion

Finally, Sir, I would like to mention the substantial benefits which our housing policies have given to our lower income families, many of whom live in rental public housing. According to the findings of the 1981 Census, the average income of this group has increased in real terms by 40% over the past five years. These families are enjoying their present standard of living not only as a result of the low rents they pay, but also because of the well planned environment in which they live.

Despite this, it is appreciated that there are still many waiting for public housing and that is why we are now embarking on the expanded programme to which Your Excellency referred.

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

SECRETARY FOR LANDS AND WORKS:—Sir, in her address in support of the motion before Council Miss DUNN referred to complaints which she has heard voiced regarding the time taken for building plans to be approved and Occupation Permits issued, and made a plea for improved and simplified procedures in the administration of the Buildings Ordinance.

Members will be aware that since October 1976 the Buildings Ordinance Office has been operating a centralized processing system. This was introduced after consultation with and with strong support from the professional section of the building industry. The change significantly reduced the time taken to obtain approvals of submissions.

During the July to September quarter of this year of the 4 427 plan submissions dealt with only one exceeded the statutory period of 60 days and 3 062 proposals were approved. During the same quarter of the 173 applications for Occupation Permits all but two were dealt with within the statutory period of two weeks and 151 were issued.

Sir, in spite of severe staff shortages and the heavy workload being experienced in the Buildings Ordinance Office the service provided can and will be further improved.

The Ordinance itself is kept under constant review by a Committee which includes representatives of the professional institutes and other regular departmental liaison meetings are held with Authorized Persons, the Real Estate Developers Association and the Building Contractors Association. The Corruption Prevention Department of the ICAC has provided valuable advice which has resulted in the incorporation of new procedures designed to simplify and speed up handling times and it is currently studying the possibility of additional measures directed to the same end. Discussions are also in hand with the Hong Kong Institute of Architects regarding, among other things, a curtailed checking system of plans and a procedure whereby the comments made by Government agencies involved with building submissions would be sent direct to the Authorized Person at the same time as they reply to the

Buildings Ordinance Office thus enabling the Authorized Person to deal more promptly with any amendments necessary to achieve compliance.

Sir, Members might be interested to know that consideration is now being given to the setting-up of a Building Advisory Committee with official and unofficial membership which would provide a forum for the interchange of views on matters of mutual concern and would handle all proposals submitted regarding possible improvements of practice in the construction industry as a whole. It is likely that sub-committees of this body would absorb the liaison and consultative roles of the existing groups and committees which currently deal with such issues as the administration of the Buildings Ordinance.

Sir, I turn now to the subject of land production. This is a field in which the private sector already has considerable experience. Several development packages and individual projects involving substantial land production have been successfully completed by developers in recent years. It is appropriate therefore that we should seek to expand the opportunities for this type of participation in Hong Kong's development. The means of achieving this is to be the subject of a study to be carried out by a working group with official and unofficial membership. The aim is to complete the study within three months.

The group will review our experience so far and consider the feasibility of increasing both the scale of private sector involvement in land production and the degree of autonomy it should have in the process. The pros and cons of establishing a statutory corporation as suggested by Miss DUNN will be assessed and problems relating to other Government land and development commitments, the existence of privately leased land and the need for clearance as well as premium payment will also be considered.

The land sales programmes for the coming year in both the urban area and the new towns contain sizeable sites which should be attractive to those in the private sector looking for a land production role. Sites at Shouson Hill, Tai Tam Road and Chung Hom Kok in the urban area and So Kwun Wat are amongst these. Looking further ahead, the new towns at Shatin, Tuen Mun, Tai Po, Fanling and large land areas in the North West New Territories, some of the smaller undeveloped islands, and substantial sites at Tat Chee Avenue, Victoria Road and Telegraph Bay appear to offer the best opportunities for more activity of this kind. A review of existing and further land production potential is being undertaken and it would be appropriate for the working group to consider the results of this and make recommendations as to the suitability of sites so identified for private sector involvement.

Sir, I am pleased to announce that Miss DUNN has agreed to lead the working group to which I have referred.

In his address Mr. F. K. HU proposed that plot ratios should be increased to improve private sector flat production and reduce the selling prices of flats. Mr. HU will be pleased to hear that a decision has already been taken to increase plot

ratios in the new towns. A flexible approach to the adoption of higher plot ratios will be applied in the first generation new towns but will be used as the standard in those which have yet to be developed. However, with regard to the older urban areas congestion is a well-known problem in several districts and facilities of many kinds are quite commonly under-provided because of space and other limitations. We must therefore be wary of compounding such problems and overloading infrastructure and services. Nevertheless, the process of urban planning and redevelopment is a continuous one and our intention is to encourage good urban redevelopment and comprehensive redevelopment schemes, for which there is still plenty of scope. Incidentally, it will not have escaped Mr. HU's notice that market forces are currently in the process of bringing flat selling prices down quite significantly.

Finally, Sir, regarding Mr. CHAN Kam-chuen's remarks about factory accommodation, I should point out that change of use of factory sites upon redevelopment is not generally permitted. We are, however, seeing many older industrial buildings being redeveloped to permit more intensive, more economic and undeniably more profitable industrial use. The loss of industrial accommodation in this way should therefore be regarded as purely temporary. However, there are cases where industrial uses established long ago are situated in areas whose character has changed over the years and where such activities are now out of place. Where a change of land use is appropriate therefore, our planning processes are flexible enough to permit it.

Mr. CHAN suggested that Government should assist the manufacturing sector by subsidizing land for industrial use but in view of current signs of some over-supply of industrial floor space and falling industrial land prices in most areas, Government intervention in the market at this time would seem inappropriate. We intend to press on with our industrial land sales programme—and indeed our land sales programme overall and if in the process the opportunity arises to contradict the popular myth which falsely attributes to the Government a high land price policy this will be a useful by-product.

Sir, I support the motion.

SECRETARY FOR SOCIAL SERVICES:—Sir, I shall first reply to Dr. FANG, and then respond to a number of points raised by Miss BENNETT, Dr. HU, Dr. HO and Mr. CHAN Kam-chuen.

Medical and Health Services

I should like to thank Dr. FANG for his remarks in regard to the achievements in the medical and health field, in particular his acknowledgement that the standard of our preventive health services has earned the praise of the international health authorities as well as the envy of our neighbours. With your indulgence, Sir, I would like to associate myself with these congratulations to the Director of Medical and Health Services and his team.

It is an undeniable fact that the Government has done much in providing medical and health care for our community on an extremely broad front, ranging as it were from pre-natal to geriatric services, from preventive to curative and rehabilitative services, all with a high degree of sophistication and efficiency at practically no cost to the users of those services.

Nevertheless, I am puzzled by Dr. FANG's comparison of our percentage of Gross Domestic Product spent on medical and health services with those of the developed countries. His figure of one per cent of Hong Kong's GDP spent on medical and health services is clearly limited to his estimate of Government expenditure (and on General Revenue rather than the more comprehensive Consolidated Account, at that), but are these figures of from five to eight per cent for the developed countries compiled on the same basis? I am informed by the Government's statisticians that in 1980-81 Hong Kong's total private and public expenditure on medical and health services comprised some four per cent of our GDP for that year. The comparable figure for the United Kingdom, for example, for 1978 before the recent public expenditure cuts was 4.6 per cent.

Dr. FANG considers that the development of our medical and health services has reached a cross-road and that we should examine the direction in which we are going. Of course, it is fully accepted that the development of our medical and health services have to be kept under continuous review, and it is for this reason that Your Excellency has appointed the Medical Development Advisory Committee, on which we are fortunate to have Dr. FANG as its chairman. Dr. FANG's remarks must therefore be an assurance to the whole community that not only the medical development programme plans, but also the concepts behind those plans will be under constant review.

I wholly agree that there is a significant role for the private sector in the provision of medical and health care in our community. Having regard to the relative stages of our development, the figures I have quoted indicate the comparability of the percentage of our GDP spent on such services with that of the United Kingdom (with its comprehensive National Health Service) and demonstrates the significance of our private sector. I also agree that there is room for more employers to make adequate provision for their employees whether through insurance or other arrangements with private doctors. I am assured that such expenditures by employers are fully chargeable as deductions from assessable profits, and I would like to take this opportunity to urge employers to take advantage of this provision.

What I find difficult to accept is why the Government should assume a new commitment to develop a general health insurance scheme as well, particularly when Dr. FANG is implying that the Government's efforts in the medical and health field are in danger of being over-stretched. The Government's view was succinctly given by the Chief Secretary of the day in this Council on 13 April 1978, during the 1978 Budget Debate, when he said:

‘So far as I am aware, the universal experience of schemes of a similar nature elsewhere has been that publicly financed medical insurance has resulted in spiralling and uncontrollable costs. We assume that Hong Kong would prove to be no exception.

The Government considers that the most effective method, in the circumstances of Hong Kong, of providing basic medical services is to give effect to the proposals contained in (the) 1974 White Paper on The Further Development of Medical and Health Services in Hong Kong. This programme plan is updated annually, on the advice of the Medical Development Advisory Committee, which includes several Members of this Council.

There remains room for schemes which supplement the medical care provided from public funds, for those who want them and can afford them. But I do not think that it would be proper use of public funds for such schemes to be subsidized, or organized, by the Government. Even where there is a comprehensive National Health Service, as in the United Kingdom, there are independent schemes (like those of the British United Provident Association and the Private Patients Plan) which provide greater comforts and a wider choice.

Similar developments in Hong Kong would be welcome, but there can be no question of them being administered by the Government or subsidized from public funds.’

This does not mean that we do not agree that there is a need to encourage the development of private hospitals. The Government has already taken positive steps in this direction. The present policy for the grant of land for the development of private hospitals provides for:

- (a) public auction or tender of suitable sites restricted to hospital development; and
- (b) private treaty grants at nil premium for non-profit-making hospitals where the only additional special requirements are for the sponsors to provide 20% of the beds at low cost, and for any profits from the other beds in their hospital to be ploughed back into the funds of the institution for further hospital development or improvement.

Dr. FANG suggests that the requirement for the provision of 20 per cent of the beds at low-cost in such non-profit-making hospitals could be a disincentive. I can state categorically that the Government has no evidence to support this suggestion in any of the three schemes he mentioned. May I add that the requirement for 20 per cent of the beds to be available at low cost is to ensure that institutions enjoying privileges because of their charitable status do, in fact, engage in charitable work, and that the poorer members of the community are not excluded from such hospitals.

In regard to Dr. FANG’s remarks about the out-patient clinics, it is important to examine the basic purposes for which such clinics are set up. It must be

remembered that in the unique epidemiological situation of Hong Kong where we are like a health spa in a region where communicable diseases are present in epidemic and endemic forms, it is essential that we should have a highly efficient surveillance and control system to keep ourselves free from epidemic diseases. Thus, our chain of out-patients clinics spread out strategically over the whole territory, apart from meeting the needs of those who cannot afford to attend private clinics, has three basic public health aims:

Firstly, to act as a first line of defence to pick out and isolate the dangerous and notifiable communicable diseases, i.e. as an essential anti-epidemic measure.

Secondly, to distinguish the acute from non-acute cases so that the acute cases could be referred to hospitals and other institutions for further detailed examination and follow-up treatment.

Thirdly, with the recognition of minor or non-acute cases which may be treated or discharged on the spot.

With this understanding and insight into the objectives and functions of the out-patient clinics, it would be apparent that far from being the weakest area, this is in fact an essential part of and one of the most vital links in our medical and health services.

The Director of Medical and Health Services and I are also grateful to Dr. FANG for his suggestions for the recruitment and retention of doctors. As regards what he calls limited private practice for senior ranking medical officers, Dr. FANG may recall that in the early 1950s such a scheme was, in fact, tried but after a short period abandoned. Dr. FANG may also be aware of the past problems created when private practice was carried on officially, or unofficially, with service in certain subvented hospitals. In any case, the limitation of this privilege of private practice to Consultants could hardly result in encouraging the retention of the middle ranking doctors in the service. As regards the university precedent I consider that their outside practice rules have no relevance to Government service. At the risk of exposing myself to accusations of interfering in the internal affairs of our universities I would suggest, in the first place, that the universities have an obvious interest in encouraging the mixing of town and gown: for academics to engage in consultancy roles in their professional capacities. Secondly, the contribution of proportions of these earnings to the funds of the universities create means for research and meet other university needs. By the same token Dr. FANG's suggestion of a Distinction Award Scheme for meritorious service for only 'unpopular streams' would be difficult, if not impossible, to apply in practice; to make distinction awards in certain areas of one service without extending the same eligibility for award to others, can only result in the creation of more dissatisfaction and discontent among the members of that service as a whole.

Dr. FANG's concluding remarks are a variation from the familiar refrain of our fraternity of private medical practitioners that there is no shortage of

doctors in private practice and any shortage is limited to the public sector. But the Government is concerned about the need to man the institutions coming on stream in our ambitious development programme. In this context the job contents and responsibilities of posts are constantly monitored and reviewed in order that professional resources are used in the optimum way. And in our quest for improvements we must beware that we do not come up with solutions which produce more problems than they set out to solve. However, Dr. FANG and Members will wish to be aware of the concrete and practical measures which have been and are being taken to improve the supply and retention of doctors:

- (a) the appointment of a Senior Consultant to take charge of manpower development in the Medical and Health Department with a view to improving coordination for training schemes for doctors, as this is considered to be a most important factor in attracting doctors to stay in the Government service;
- (b) the seeking of advice from the University and Polytechnic Grants Committee on the possibility of expanding intakes into our medical schools at the University of Hong Kong and the Chinese University of Hong Kong;
- (c) casting the net for recruitment of appropriate staff as wide as possible, including the use of contract terms for suitable and qualified doctors, especially for those who are willing to go into the so-called unpopular specialties, irrespective of whether they may have retired or resigned from previous service, or come under local or overseas terms of service.

Correctional Institutions

I am grateful to Miss BENNETT and Dr. HU for their support of the recommendation by Mr. R. M. JARMAN that separate provision should be made for young people on remand, probation, and care and protection orders respectively. The Director of Social Welfare fully accepts these preliminary findings and I am glad to inform Members that with the allocation of the former Quarry Bay School premises to the Social Welfare Department a first step towards their implementation is being taken: this institution will be fitted out and used as a probation home for young offenders below the age of fourteen, thus permitting consequential changes to be made in other institutions.

As regards the probation service operated by the Social Welfare Department, may I explain that it is staffed with fully qualified social workers who are carefully selected and trained? It is true that they do not concentrate on probation work throughout their careers, but since the reorganization of the Social Welfare Department in the mid-1960s, it has been the aim to give these officers as much exposure to other types of social work as possible in order that they can better serve the needs of their clients. Young offenders frequently come from problem families and it makes good sense that in dealing with the probationer, the probation officer should treat the family as a single unit and should himself deal with their problems as far as possible. The integrated

approach makes this possible, and more recent experience confirms this is preferable to the more centralized arrangements previously adopted. Furthermore, with the vast expansion of social work now in hand, over-specialization of the basic cadre is also undesirable.

I now venture to take issue with Miss BENNETT over two of her remarks. Firstly, she observed that 'girls on remand for investigation ... will benefit from a different expertise than that available in the Social Welfare Department', implying that all such girls must be disciplined and punished. With the greatest respect, I must point out that these girls have not been convicted as 'offenders', and it will be intolerable in any just society for them to be treated automatically as such. Secondly, she stated 'my Unofficials would like to see the young offenders put under the Prisons Department for correction'. In this connection I have been asked to point out that punishment and discipline are not the sole functions of the institutions under the Commissioner of Prisons' control: they, too, aim to rehabilitate.

In the context of both these observations it is the Government's obligation to provide a range of institutions and services to enable the magistrate to decide—and I think it bears repeating that in our society no one can be convicted except by due process of law—so I repeat it is for the magistrate to decide in the circumstances of each individual case the type and degree of punishment or discipline, or training or service which is appropriate.

As regards the departmental organization appropriate to our various correctional institutions, the Government does not have a rigid stance. A study in depth into this precise question: that of responsibility for correctional institutions, the probation service and aftercare, was conducted by the Government Secretariat's Management Services Division during 1980 and concluded in March 1981. This report was made available to Miss BENNETT and her Ad Hoc Group last July when it was known that they were also considering this matter. What Miss BENNETT now advocates is somewhat at variance with the conclusions in that report. This point notwithstanding, or the fact that the reorganization she proposes raises fundamental questions, I can assure her Group that on receipt of their reasoned views, the Government will give this matter further consideration. This further review will, of course, also be able to take into account the United Nations Adviser, Dr. ANDRY's report on the Maintenance of a Psychological Service in the Prisons Department which has just been received, as well as the final report of Dr. JARMAN on the correctional institutions of the Social Welfare Department which is now awaited following the conclusion of his second visit last week.

With reference to Miss BENNETT's observation that her Ad Hoc Group would support a proposal that the Prisons Department should be re-named the Department of Correctional Services, it is noted that the Prisons Department operate a large number of institutions and about half of them are not prisons. Consideration will be given to Miss BENNETT's suggestion.

Personal Social Work Among Young People

I entirely agree with Miss BENNETT that our aim must be to ensure that all school children who require counselling and care are provided with the service. In the review of the programme plan which is now underway, a critical analysis will be made of the present coverage and deployment of resources to ensure that this objective is met. However, school social work, if it is to achieve maximum impact, must rely on the co-operation of the school and, as Dr. HU observes, the parents as well. We will continue to expand in this area.

As regards outreaching social work, I wish to assure Members that there is no intention of cutting back although even within the social work profession there is an awareness that some evaluation is needed. A research project is now being conducted of the overall effectiveness of this programme and the findings should give a clearer indication of future direction in this field. Because of the overall manpower shortage, the approved outreaching teams are in fact now operating below strength, and this raises the question of whether any further expansion of the service can be realistically contemplated in the short term, even if its effectiveness is not in question, and whether existing resources are being deployed to maximum advantage.

Child Care Services

I welcome Dr. HO's observations on the need to expand institutional places for certain specific groups of problem children, but the Government's preferred policy is to develop and expand non-institutional care and to provide a wider range of support services to enable children to be adequately cared for at home. A working group of representatives from the Social Welfare Department and the voluntary sector is currently looking into these services, and the related questions of staffing and standards in homes, and hopes to submit recommendations early next year. The need for a code of practice and its contents will also be examined in this context.

The Government fully subscribes to the need to expand foster homes and small group homes. The main obstacle has not been the lack of suitable accommodation. Accommodation in public housing estates is fully supported and, if necessary, privately leased accommodation could also be considered. The main constraint has been the lack of suitable and willing houseparents and foster parents. It is clear that a more vigorous and imaginative approach is required, and the working group to which I have just referred is looking into this. Meanwhile, the Director of Social Welfare will be consulting the Social Welfare Advisory Committee on proposals to improve the incentives now offered to foster parents, with a view to encouraging greater community participation in this very worthwhile programme. When the revised arrangements are announced and approved there will be an opportunity to further publicize this service, in addition to publicity through Family Life Education programmes and other means.

Industrial Safety

I agree with Mr. CHAN Kam-chuen's comment that the Committee on Industrial Safety and Accident Prevention of the Labour Advisory Board is performing on a tripartite basis part of the functions of an industrial safety council, and is developing in this direction.

A Council for Occupational Safety as suggested by Sir S. Y. CHUNG, and supported by Mr. CHAN, would be a significant development and deserves the most careful consideration as you, Sir, stated in your Address. Accordingly, the Administration plans to invite Mr. LINEHAN, who produced the 1976 Report on Industrial Safety and Health, to return in July next year to review the implementation of his recommendations. One of his main tasks will be to examine means of transforming the existing Safety Committee of the Labour Advisory Board, which is doing such excellent work, into an Occupational Safety Council and the ambit of its operations and advice.

Meanwhile, as a further step towards this ultimate aim, the Commissioner for Labour is looking into the possibility of expanding the membership of the existing Safety Committee to include representatives from professional bodies and academic institutions which have a particular interest and expertise in this field.

Sir, I support the motion.

SECRETARY FOR HOME AFFAIRS:—Miss Maria TAM and Mrs. Selina CHOW mentioned the difficulties faced by recent immigrants from China in their assimilation into the life of Hong Kong.

In recent years about half a million people have come from China to live in Hong Kong. This is an enormous number and they have adapted rapidly to our way of life. The remarkable feature about this migration is the speed of adaption of the new arrivals rather than the fact that some have found it difficult to settle down.

As far as the provision of Government services is concerned, there is no discrimination against a person simply because he is a green seal ID card holder. Any recently arrived immigrant who wishes to use services provided by the Government is, of course, welcome to do so.

I am sure immigrants do find difficulties in settling down but our impression is that within about six months they have come to terms with society. We do not however know with any precision what are their most worrying problems and hope to find out by survey if we can get their co-operation. I should think housing is bound to be of major concern but a great many long term residents have the same problem. Thus while we do hope to find out more about their difficulties by survey it may not be possible to help them without depriving others. It may on the other hand be that some of their problems could be handled more helpfully—they may, for instance, simply be ignorant of many services available generally to all.

Miss TAM has suggested deporting criminals among recent immigrants. On this the position has not changed since the Secretary for Security answered a question by Dr. Rayson HUANG on 13 May 1981—that is that the criterion of removal is solely the date of arrival. Illegal immigrants who arrive from China and are arrested after 23 October 1980, irrespective of whether they have been convicted of serious offences or not are, and will continue to be repatriated to China. Those who came before that date together with those who registered in the grace period 23-26 October and who after investigation were allowed to stay conditionally, will not be removed.

Dr. Rayson HUANG spoke about the moral and physical well being of young people. I agree entirely with his ideals and aims. There can be no doubt about the Government's commitment to the promotion of healthy leisure pursuits—the most recent manifestation being the establishment of a Department of Recreation and Culture.

What worried Dr. HUANG was the advent of licensed off-course betting centres. These have been licensed as part of a policy which is coherent and defensible as I shall show.

In my maiden speech in this Council I tried to analyse the difference between sins which offend a moral code and crimes punishable at law. I do not suppose honourable Members will remember it. In fact only one other Member here today was here then and I doubt whether the occasion will be recalled even by Sir Jack CATER's remarkable memory. I shall not repeat that analysis which can be found starting on page 105 of the Hansard of 9 October 1970 except to say that in any system of law a line must be drawn between those offences against morals which are punishable at law and those which must be left to individual conscience.

The borderline between crimes at law and sins against a moral code varies in different societies. It is a particularly difficult borderline to draw here in Hong Kong where traditional Chinese views on the art of government are so different from modern concept of the law and its enforcement. The traditional Chinese view, summarized in the saying 立法以嚴 執法以寬 is that laws should enshrine a high moral standard but enforcement should be sparing. The purpose of the law was to exhort people to be virtuous. Since only a few could attain such a high standard of behaviour enforcement should take account of human frailty. A government which fails to enforce the law will lose the respect of its people. And in traditional China the authority which made the law was the same authority which enforced it and punished criminals.

We on the other hand regard the law as setting the minimum standard of behaviour. Enforcement should be universal and should not be discriminatory. Any gap between the law and enforcement is seen as an invitation to corruption.

Whereas in the traditional Chinese view the law should embody the highest moral standards, but be sparingly enforced, the modern view is that the law should be rigorously enforced and thus can only reflect the minimum standards

which everybody must be expected to comply with. Beyond that people should be free in law to do as they please but still have to reckon with their own conscience.

These conflicting views make it difficult to get a consensus but the problem is further complicated by our views on civil liberties. Hong Kong is not a totalitarian state where the Government, in regulating individual behaviour, can use unbridled power. Law enforcement agencies cannot act arbitrarily but only in accordance with the law. The Police can arrest but cannot punish those they believe have broken the law. People accused of crimes are judged in courts which are independent of the executive and punished only to the extent thought fit by this independent judiciary.

In other words we live in a society where no law can be enforced if it is very far removed from what ordinary people think is acceptable. In the fields of hawking, parking and littering there are large areas where day to day practice is far removed from the requirements of the law. There is a perpetual drive to bring the law and practice into line by such means as the current Clean Hong Kong Campaign. In the meantime a *modus vivendi* is reached where things are not quite as the law requires. This is undesirable but not usually socially disastrous as people regulate their behaviour with some degree of sense and tolerance.

So with these considerations in mind I ask honourable Members to reflect on the state of gambling in the late sixties and early seventies. I was at the time setting up the CDO scheme. As these young men started reporting on life in the city districts I became alarmed at what they were telling me about gambling. I asked them to prepare a report. I think I can best describe my feelings at that time by quoting from the confidential memorandum I wrote when forwarding this report:

‘We do not have Tse Fa stalls in senior Government quarters. The name of the bookmaker’s agent, if any, in the Central Government Offices is not generally known. No such modesty is shown in town. We have counted 25 Tse Fa operators in Ngau Tau Kok Resettlement Estate—this is CDO if I may say—one operator for every 2 000 people. If there are anything like two thousand operators for the four million population there must be grounds for serious concern. Even if our estimate of thousands of millions of dollars wagered illegally every year is wildly out we must admit an all-pervasive contempt for authority among the people. This criminal activity involves control and system. It can only exist in the most extensive framework of protection, corruption and violence. What must an ordinary man think? He knows the Police are capable of suppressing rioting on a large scale. He sees huge housing estates built by the Government for one and a half million people. The more he is impressed by such demonstrations of Government power the greater must be the disgust of the ordinary man who, even if he does not gamble himself, sees unlawful gambling all round him. He must conclude that not only constables and detectives but superintendents, CDO’s

and the whole bureaucratic machine up to the highest levels is involved corruptly in this racket or failing to face up to the implications of the present state of affairs. How else would it be possible for him to believe that such widespread flouting of the law could be accepted by such a powerful Government?’

That is how it looked in 1970.

We did not turn Government Lotteries into Mark Six nor license off-course betting on horse racing because there were occasional breaches of the law. If we abolished a law every time a crime was committed there would soon be no criminal law at all but anarchy. We did not change policy to raise revenue. Taxation is a much simpler way of raising money for good causes.

We introduced these changes because illegal gambling was so widespread and supported by corruption, extortion and violence on such a scale as to be totally unacceptable. Subsequent investigations by the ICAC has shown that illegal gambling and narcotics had been the principal sources of money for corruption. Subsequent turnover on regulated gambling has given some idea of the enormous sums which must have been involved.

The changes in policy have been much more limited than some would have wished. Casinos, gambling on dog races, and football pools have all been resisted because though some may exist illegally they have not created a socially unacceptable situation. The limited measures of control which we have introduced have been remarkably successful. Tse Fa, which permeated the housing estates, has gone. Illegal bookmakers are reduced to a handful operating underground and not available to the ordinary punter.

There are now 124 licensed Off-Course Betting Centres which is ten less than the number there were five years ago. Of these 20 are considered inadequate and 45 borderline: that is to say they are excessively crowded. This means the centres are uncomfortable and people tend to spill out on surrounding pavements. When this occurs there is clearly a need for a bigger centre or another one nearby and this is the sort of criterion used when licensing additional centres. Similarly in areas of new development experience has shown that new centres should be licensed.

Unless this is done the illegal bookmakers will be back not only taking bets but lending money at extortionate rates, ensuring repayment by strong-arm methods and attempting to corrupt authority. The profits to be made, and the demand for facilities, are so great that our less than draconian powers of law enforcement cannot contain them.

What has been the change in the social scene?

- first, young people under 18 are prohibited from entering OCB centres when before they were welcomed by the tse fa sellers;
- second, the OCB centres are accessible but unobtrusive unlike the tse fa sellers on the stair-cases of the estates;

- third, adults who wish to place a bet can do so without breaking the law or patronizing a criminal;
- fourth, bets can only be made with cash not credit advanced by the bookmaker;
- fifth, the surpluses from gambling no longer go to corrupting authority but to the most laudable causes.

Some might think the world would be a better place were there no gambling. The licensing of off-course betting centres does not make moral guidance superfluous. Certainly the greater opportunities for education make it possible for teachers by precept and example to have a greater effect on pupils. I should think more mathematics would be a help too so that the purchaser of a single weekly Mark Six ticket would realize that the probability of his getting killed on the roads that week was three times as great as that of winning the lottery (*laughter*).

The licensing of certain forms of gambling was intended to, and succeeded in transforming a totally unacceptable social situation. It did not spring from a Government policy for youth leisure. My honourable Friend says the Government should not point vaguely in the direction of a mountain mist—not today, Sir—but I am afraid that is precisely where the splendid MacLehose Trail is often to be found (*laughter*). In the period which we are reviewing:—

- country parks have been opened covering 40% of the land area of Hong Kong;
- the Recreation and Sports Service, inaugurated in 1974, has provided services for hundreds of thousands people, young and old;
- the Music Office, opened in 1977, has brought pleasure to countless performers and audiences;
- the construction of indoor and outdoor sports grounds by the Urban Council and the Government has been ceaseless: to-day there are 36 and 73 more are planned;
- cultural presentations, so long confined to the City Hall, are now mounted regularly in the Baptist College's Academic Hall, the Tsuen Wan Town Hall, and the Chiu Lut Sau Hall;
- plans have been drawn up for the Tsim Sha Tsui Cultural Centre and town halls for Tuen Mun and Sha Tin;
- planning is proceeding at break neck speed on the proposed Academy for the Performing Arts; and
- 287 community, youth and children's centres were nearly all built in this period and a further 91 are planned.

This, Sir, is the true measures of the Government's concern for the development of leisure activities in a free society.

I support the motion.

DIRECTOR OF ADMINISTRATION AND ENVIRONMENTAL AFFAIRS:—Sir, Dr. HO Kam-fai's remarks about water quality in the New Territories are timely and give me an opportunity to state what is being done.

The Water Pollution Control Ordinance empowers the Governor in Council, after consultation with the Environmental Protection Advisory Committee (EPCOM), to declare any area of the territory to be a Water Control Zone and provides for Water Quality Objectives to be established for such an area and for regulations to be made to control discharges into it in order to achieve these objectives. New sources of water pollution will then be subject to licensing whilst existing emitters will be permitted to continue their operations without licensing, subject to a number of constraints. Very careful monitoring arrangements have been set up to keep an eye on water quality in a number of coastal areas.

Consultation with EPCOM has now reached a stage where that Committee has recommended the declaration of Tolo Harbour and Channel as the first Water Control Zone, it being recognized that this particular body of water, with its narrow opening to the sea, is at considerable risk because of the rapid build up of population and industry in the area. The Executive Council will very shortly be asked to consider this proposal and if it agrees the way will be open for this large part of the New Territories waters to benefit from the close monitoring and controls I have described. Should other areas of Hong Kong's coastal water require similar designation as Water Control Zones, further proposals will be made and evaluated and appropriate recommendations made.

As Dr. Ho says, the main sources of pollution in the New Territories waters are domestic sewage, industrial effluents and agricultural waste. The enormous increase in the population of the New Territories in recent years as a result not only of the development of the new towns and the expansion of the market towns but also arising from the development of many rural housing estates and the expansion of village communities has created a particularly large and complex problem of sewage treatment and disposal. Very substantial efforts have already been made with the construction of a major sewage treatment works at Sha Tin and another at Tai Po but greater efforts will be needed to extend the sewerage system further.

Industrial effluents are a separate consideration and controls must be devised and introduced in such a manner as not to impose unacceptable burdens on our industrial development upon which so much depends. The Tai Po Industrial Estate has accordingly been provided with a sewage treatment works and this is in the process of being extended to include the residential areas of the new town.

Agricultural waste is also a major source of pollution, particularly in the rivers of the New Territories, although I was a bit surprised at the statement that approximately 80% of the water pollution in the New Territories results from agricultural waste and would be interested in seeing the basis of this calculation. The Waste Disposal Ordinance provides the framework here. For water pollution control to be effective it is clearly necessary to set up a comprehensive agricultural waste collection and disposal service. It is the Government's intention that such a service shall be introduced in parallel with the arrangements to declare and manage the Tolo Harbour Water Control

Zone, thus ensuring that the provisions of the Waste Disposal Ordinance and the Water Pollution Control Ordinance complement each other, as was the intention behind the original legislation. A pilot scheme is now in force for the collection of agricultural waste in the Takuling and Hung Shui Kiu areas and an operation will be mounted in the near future for the clearance of the Kam Tin River and its tributaries. The progress of these schemes will be closely monitored with a view to determining appropriate long term arrangements. Certainly all possible methods of agricultural waste disposal, including biogas plants, should and will be evaluated.

Dr. Ho mentioned the condition of well water in the New Territories. Obviously it is wrong that villagers should have to depend on contaminated water. The answer is to provide piped water supplies and there is an on-going programme to do just this. Meantime village wells are constantly surveyed by staff of the New Territories Services Department.

Fortunately I am able to reassure Dr. Ho that an officer has been selected to fill the vacant post of head of the water quality section of the Environmental Protection Agency; in the interim we have been fortunate in that the section has been under the direction of a very experienced officer who has temporarily combined these duties with those on Waste Disposal. It is also reassuring that the majority of staff both in the Agency and the relevant control units in Departments are trained local personnel at various levels of responsibility.

Sir, I hope that, from what I have said, it will be clear that Government is strongly committed to an effective programme in the environmental protection field and that, far from losing impetus, we are working vigorously to translate the legal framework established by this Council into a well-planned, integrated and workable system of controls and services.

Sir, I support the motion.

(3.55 p.m.)

HIS EXCELLENCY THE PRESIDENT:—At this point Members might like a short break. Council will accordingly resume in fifteen minutes.

(4.10 p.m.)

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

SECRETARY FOR ECONOMIC SERVICES:—Sir, my contribution to this debate will concentrate on questions related to the economy. A number of honourable Members have commented on the present and likely future state of the economy, largely to express their fears that you had put forward too optimistic a view of future prospects. Because of these fears, some honourable Members advocated a greater degree of intervention by the Government than hitherto. It is on these fears and on the policy proposals arising from them that I would now like to focus.

At the risk of over simplifying, I think honourable Members' analysis of our economic situation can be summarized as follows. Unfavourable trading conditions in our markets overseas allied to more effective competition from our rivals in the region have adversely affected the growth rate of domestic exports. The honourable Members suggested the result has been damage to the manufacturing sector and rising unemployment. At the same time, past prosperity and freely available credit have led to an increased growth rate of retained imports, especially consumer goods. The widening trade gap has caused a depreciation of the Hong Kong dollar which, allied with high interest rates and high rents, has caused an unacceptably high rate of inflation.

My response to honourable Members' analysis is not that the picture they have painted is incorrect but that it is incomplete. No sensible person could deny that the Hong Kong economy has had its problems in the last year or more. So has every other free economy. Nor would anyone deny that these problems have been along the lines described by honourable Members. But the remarkable feature of the economy's performance has been that, in the face of unfavourable conditions in our main markets and of persistent world inflation, these problems have not been more severe.

On the contrary, the growth rate of the economy has remained high. This has enabled a large number of immigrants to be absorbed into the labour force with only a relatively modest rise in unemployment. So in contrast to the doubts honourable Members expressed about the manufacturing industry being able to continue to employ a high proportion of our labour force, manufacturing employment was at its highest level ever in June (the last month for which we have figures), and there are even reports of shortages for some industries. Nevertheless our unemployment rate, still low by world standards of today and probably now actually improving, may well conceal a degree of underemployment in some industries.

As regards domestic exports, although their growth rate has been slowing down, the deceleration has not been as severe as might have been expected given the state of our main markets. Furthermore, there are clear signs that things are improving.

Thus, although I accept that the picture honourable Members painted of the recent state of our economy was broadly correct, it was incomplete in that it concentrated unduly on the negative aspects. I would also take issue with their view that the recent problems will persist or get worse unless the Government changes its policies and that, therefore, Sir, your review of our economic prospects was too optimistic.

Admittedly, no one can be sure what *is* going to happen. But I would argue that in present circumstances it is correct to be optimistic in the sense that a realistic assessment of the facts does suggest that our economic performance not only will improve, but is already improving. In other words I agree with my honourable Friend Mr. BROWN that 'there is growing evidence that market forces are producing their own solutions.'

Part of the evidence of market forces at work is the depreciation in the effective exchange rate of the Hong Kong dollar between June and the beginning of October this year. Such a depreciation is one of the means by which the economy adjusts to correct a widening trade deficit. Other means by which the economy has been adjusting include a squeezing of manufacturers' profit margins and relatively slow growth rates of manufacturing wages. All these factors have contributed to the recent improvement in the growth rate of domestic exports. The value of domestic exports in the third quarter of this year was 20% higher than in the corresponding quarter last year, while for the first half year comparison it was only 14% higher. Discounting for increases in prices, it is likely that there has been an acceleration in the year-on-year growth rate in real terms from less than 6% in the first half of this year to about 8% in the third quarter.

Furthermore, there is now some evidence of change in the situation noted by honourable Members namely that retained imports of consumer goods were growing rapidly and that retained imports of raw materials and semi-manufacturers were growing only sluggishly. In the third quarter, there was a fairly sharp acceleration in the growth rate of retained imports of raw materials and semi-manufacturers, traditionally an indication of a future acceleration in the growth rate of domestic exports. There was also an equally sharp slowing down in the growth rate of retained imports of consumer goods, and here again the depreciation of the Hong Kong dollar must have contributed, as part of the adjustment process. These developments suggest that the trade gap may now begin to narrow.

But by the beginning of October this year, the Government came to the conclusion that the depreciation of the Hong Kong dollar was going too far too quickly and that this was due to the widening differential between local interest rates and those for the US dollar. Accordingly, the Government asked the Hong Kong Association of Banks to consider raising the rates paid for deposits as a means of influencing the rates charged on loans and advances. The way in which the exchange rate has recovered subsequently, as a result of the increase in local interest rates and the gradual fall in interest rates in the United States, suggests that, in the right circumstances, interest rates are an effective policy instrument in Hong Kong as they have been in some other economies.

Further, high interest rates, combined with slackening demand in the property market— itself partly a function of high interest rates— seem at last to be having a favourable effect in restraining the growth rate of domestic credit. In the third quarter, Hong Kong \$3 million fell at an annual rate of just under 2% compared with increasing at 35% for the first half of the year; and loans and advances for use in Hong Kong grew at an annual rate of 28% in the third quarter compared with 54% for the first six months. To the extent that the rapid growth rate of domestic credit has helped to sustain domestic inflation and to finance the high growth rate of imports, the slowing down in its growth

rate should be beneficial in terms of both inflation and of the exchange value of the dollar.

So high interest rates can be beneficial in certain circumstances. But, as honourable Members were rightly at pains to point out, they do put considerable pressure on individuals and businesses that have to depend on borrowed money. As my honourable Friend, Mr. CHEONG, said high interest rates deter manufacturers from investing in new plant and machinery. Thus it is important that, once the desired adjustments are underway and do not appear likely to be easily reversed, interest rates be reduced, as indeed has begun to happen.

Honourable Members also commented on the contribution of high land and property prices to inflation. High rents and high land and property prices are the market's way of allocating land which is for Hong Kong a scarce and therefore valuable resource. In recent years the strong performance of the economy has caused the growth rate of the demand for property to outrun the growth rate of its supply. The market's response to this situation has been, initially, high prices leading subsequently to a much greater supply. Without the higher prices, the greater supply, which everybody wanted, would not have occurred. And, although until about the beginning of this year rents and prices continued to rise rapidly, since then they have generally been static or have fallen, in some cases quite dramatically. This new situation has been brought about by a combination of the good level of supply of new property and the dampening of demand, the latter caused by prices outrunning potential purchasers' ability to pay them and by high interest rates.

Thus, Sir, my assessment is that there are realistic grounds for optimism about the economy's prospects which have been reinforced by the information that has become available since your address in early October. Subsequent events also confirm, I am afraid, that the main potential problem areas remain the future performance of the economies of our main markets and the outcome of the negotiations on the renewal of the Multi-Fibre Arrangement.

Turning now to the proposals made by honourable Members for changes in our economic policies, it will be no surprise that, because I am not as gloomy about the economy as the proposers of these changes, I am less persuaded than they are of the need for change. Indeed, I agree with my honourable Friend, Mr. BROWN that the Government must continue to refuse 'to push the "panic button" whenever our economic indicators gyrate in sympathy with events largely outside our control' and we must heed his warnings that just as we 'must avoid any cure being worse than the disease, (we) must also be careful not to administer medicine just as the patient is recovering'.

Summarizing the main policy changes advocated, they fall into two broad categories. The first is direct help to manufacturers through cheaper land, land made available on instalment terms, preferential interest rates for manufacturers and those involved in overseas trade, and the implementation of the

recommendations of the Advisory Committee on Diversification. The second group related largely to devices to influence directly the flow of foreign exchange earnings through encouraging import substitution and discouraging overseas spending. My honourable Friend the Director of Trade Industry and Customs will be dealing in detail with some of these points. I will limit myself to commenting on those that impinge on economic policy as a whole.

The arguments against the provision of cheap land, except in very carefully defined circumstances such as applied to the allocation of land on the industrial estates and for special purposes, have been repeated many times and still remain valid. If a scarce resource, such as land in Hong Kong, is not rationed by price, it still has to be rationed by some other way. This would involve substituting for the judgment of the market the judgment of individuals whose money was not at stake in making the decisions. I am convinced that this substitution would not be in the interests of the economy and, if the criticisms by unsuccessful applicants for sites on the industrial estates are anything to go by, that it would not be welcomed in practice by most manufacturers, and, particularly those established manufacturers who suddenly found their competitors being provided with cheap land.

The provision of instalment terms for industrial land purchased by manufacturers would involve identifying who was a manufacturer and who was a developer. This would be virtually impossible to establish; and any restrictions on resale would be difficult to enforce. In many cases in Hong Kong, entrepreneurs are involved in both manufacturing and development, a situation that has become more common in recent years. Further, most manufacturers are not large enough to require the whole of a multi-storey factory building for themselves, so they would need to sell or rent out their surplus accommodation. They would then in effect become developers. Instalment terms would in effect involve the Government in the business of extending credit to manufacturers. I do not consider it is appropriate for the Government to assume the role of a bank in this way.

In any case, I do not see how the adoption of instalment terms for manufacturers would reduce the price of industrial land. By stimulating demand, it could in fact *increase* industrial land prices, which is surely not the intention of those proposing the scheme.

On the proposal for lower interest rates for manufacturers and those involved in overseas trade, given that bank lending rates have to relate to the rates banks are paying on deposits and to the cost of providing services to their customers, it is difficult to see how banks can be expected to go much further in providing a two-tier lending rate structure than they are already doing. The Government could in theory (but not in practice) take steps to compel banks to lend at a loss—if the Government were prepared to see serious damage to the financial sector. Apart from the considerable administrative problems involved, for the Government itself to provide cheap loans directly would negate one of the main

purposes of raising the interest rate in the first place, namely to restrain the growth rate of domestic credit.

As regards the implementation of the recommendations of the Advisory Committee on Diversification, much has already been done. As honourable Members should know from the copies they have received as Members of this Council, the Administration has been reporting progress on implementation at six monthly intervals to Executive Council. Of the forty-seven recommendations made, Executive Council has agreed that twenty-two of them have been implemented to the point that no further progress reports on them would be appropriate. These include virtually all the recommendations on education and training, on trade promotion and industrial investment promotion and on the conduct of Hong Kong's external commercial relations. Of those still being reported on, I would expect the implementation of a number will soon be completed, particularly those on land, on financial and related facilities and on industrial development. Of the remainder, some by their nature will take a long time to implement. I have particularly in mind the improvement of transportation links between Hong Kong and Guangdong Province and the implementation of new training schemes. But substantial progress is being made. In relation to this Report it is not at all true to say that, as my honourable Friend Mr. Wu suggested, the Government has fallen into the trap of taking 'the Report for the deed'.

Sir, with these remarks I support the motion.

DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS:—Sir, several honourable Members made specific comments and proposals concerning industry and Government's role in relation to it. Some of these have already been touched on by my colleague, the Secretary for Economic Services. I shall try to supplement his remarks and deal with the rest.

As a preface, may I say that I too do not discount the difficulties, both domestic and foreign, facing Hong Kong industry today. The real growth rate in exports does not, for example, show the extent to which profit margins have been squeezed; although it should be said in some markets this has been partly compensated by the devaluation of the Hong Kong dollar. Currency fluctuations, perhaps more than the actual extent of the depreciation of the Hong Kong dollar, have made trading conditions hazardous. And it would be unrealistic for anyone to expect Hong Kong to have been immune to the economic recession in our major markets.

That being said, it also bears emphasizing that the latest year-on-year trade figures show actual growth in all major markets other than the Federal Republic of Germany; electricity consumption for the year ending September shows increases over the previous year in all industrial sectors except spinning and weaving; and the latest 1981 figures for imports of machinery and transport equipment show roughly a 30 per cent increase in value over the same period in 1980.

I offer these factors, supplementary to those just given by the Secretary for Economic Services, to further complete the picture.

Sir, I turn now to the suggestion made by Mr. F. K. HU and Mr. CHAN Kam-chuen that there should be a 'Buy Hong Kong' campaign to encourage local consumption of the products of our industries; and that Government should itself set an example by giving a 5 per cent margin of preference to Hong Kong goods in its own purchasing.

As far as the public is concerned, it seems to me that the first essential for any such campaign is that more local manufacturers should be prepared to sell in Hong Kong. It is no use exhorting consumers to buy products which are not in the market.

Many such products are, of course, already on sale here and seem to be well received, disproving perhaps the old Chinese adage that 'the local ginger is not so hot'. One inhibition on development of local sales is, of course, the extent to which Hong Kong industry still sells productive capacity rather than products; that is to say, the extent it makes exclusively for, and to the specifications of, overseas buyers. Before any new campaign could be launched, it would be necessary in my view for the major trade and industrial organizations to get a commitment from their members that they would support it. Without such an assurance, I fear, a 'Buy Hong Kong' campaign would, make little headway.

As regards Government procurement, and leaving aside the very real considerations of value for the taxpayers' money and the conflict with our basic philosophy, there is a legal obstacle. In order to obtain reciprocal access to similar purchasing in a number of other countries, Hong Kong has acceded to a GATT Agreement on Government Procurement which prohibits discrimination between overseas and domestic suppliers.

Picking up on Mr. Alex WU's comments on the Advisory Committee on Diversification report, I would just like to add to what has already been said this afternoon a mention of the work of the Industrial Development Board. In its first year it has initiated a number of activities designed to improve technical services and back up facilities to industry. If the product of these activities does not yet show to a great extent, that is in the nature of things, but important beginnings have been made in regard to:

- (a) the provision of primary standards;
- (b) improvement of quality certification services;
- (c) the development of services for technical information to industry and the transfer of technology; and
- (d) the conduct, through the Productivity Centre, of a techno-economic study on the electronics industry and the establishment of a micro-processor development laboratory.

A full report on the first year's activities of the IDB will be available to the public later this week.

A full work programme has been adopted by the Industrial Development Board for the coming year. This includes the formulation of a co-ordinated programme of research and development work relevant to industry and in collaboration with industrial organizations, the Hong Kong Productivity Centre, commercial interests, institutions of higher education and the Government.

Miss TAM was concerned that more should be done for small and medium industries in the form of aid, advice, finance and premises.

Sir, The Hong Kong Productivity Centre has, since its inception, offered a wide range of services to small and medium industries which, of course, represent the overwhelming majority of units in the manufacturing sector. The Productivity Centre is currently in process of establishing a Small and Medium Industry Extension Service to offer further assistance to manufacturers on environmental control, energy conservation and waste control and re-cycling. The Centre will adopt a positive approach and will go out to make widely known the assistance it can offer to industrialists, rather than waiting for requests to come in.

The Secretary for Economic Services has already spoken on the matter of special low interest loans for industry generally. As regards special loans for small industries, I would just recall that from 1972 to 1976 Government and the banking system operated a special joint venture scheme for the purpose not of providing cheap money but of assisting small industries which might be having difficulty obtaining finance because of lack of collateral security. In the event, the scheme attracted negligible interest and was wound up. I have no reason to believe that circumstances today would be substantially different in regard to the *availability* of loans through the banking system.

Miss TAM also suggested the establishment of industrial estates for small factories to enable manufacturers to acquire their own premises. I doubt, Sir, there is a case for such a measure. It would surely be an unproductive use of a valuable resource as the Secretary for Economic Services has just described, to allocate land for low intensity development other than, say, for the generally large and technologically advanced occupants of the Tai Po and Yuen Long Industrial Estates. And in any case, since 1979 a substantial number of industrial sites, totalling nearly 50 000 square metres to date, have been sold with lease conditions requiring that at least 20 per cent of the floor space in the buildings erected on them should be in units of not more than 75 square metres. Even without these conditions, the effects of which are only just beginning to show, developers have been adjusting to meet demand and about a third of the units produced over the years 1978 to 1980 were, in fact, under 100 square metres.

Total supply of new factory space in 1981 is estimated to reach slightly over one million square metres, over 10 per cent of total stock at the end of 1980. And there will be a further supply of over 1.7 million square metres coming on

stream in 1982. No doubt due, at least in part, to this substantial increase, rents of flatted factories have recently declined by as much as 10-15 per cent, having levelled off during the first and second quarters of the year. Prices of flatted factories have also declined, by over 7 per cent between the second and the third quarters.

Sir, with these remarks I support the motion.

LAW DRAFTSMAN:—Sir, I would like to speak on two matters raised by Mr. Peter WONG.

Societies Ordinance

First, he suggested that when the Societies Ordinance is amended as indicated by Your Excellency, the opportunity be taken to confer corporate status on societies registered under that Ordinance. This, he pointed out, would enable them to hold land, to sue and be sued and to do other things in their corporate names, and so avoid various difficulties.

Sir, I am told that most of the 3 000 registered societies mentioned are very small associations for recreation and social purposes, often without premises or property. It must be questionable whether these associations would benefit from corporate status or even wish to be bothered with the formalities and obligations associated with incorporation. At the other end of the scale large and prosperous societies can and do incorporate under the Companies Ordinance.

The law here is, so far as I have been able to ascertain, not dissimilar to that in other Commonwealth jurisdictions, where societies survive and even thrive without corporate status. There is no evidence that they do not do so here. Apart from Mr. WONG's suggestion I have not been able to trace any representations for corporate status.

In these circumstances, unless evidence is received that there is in fact a problem that warrants consideration of the amendment suggested, it is not proposed to divert to that purpose the limited resources available. These resources would clearly be better deployed in meeting other far more pressing problems that do call for legislative action.

Law of Property

The other matter Mr. Peter WONG raised was the Law of Property Bill. He acknowledged the necessity for consultation on proposed legislation, but was concerned that this should not be allowed to result in delay that was counterproductive and worked against the public interest.

Sir, the actual position is that the drafting of the Bill was completed early this year and after internal consultation within the Public Service, it was circulated to interested parties, including the Law Society, in April and May.

How much time is appropriate for consultation must depend on the particular circumstances. In this case, notwithstanding its long history, the Bill is not really a particularly urgent measure. True the law needs to be reformed but there do not appear to be any major pressing problems that cry for urgent legislative solutions.

Those most concerned with the subject are solicitors and their views and experience must surely be essential to getting the Bill right. Detailed study of legislation by private organizations, carried out by their members on a voluntary basis, usually after working hours, can take time. All of us owe much to those who make these valuable contributions to getting our legislation right.

I am, in any case, happy to say that the Law Society has almost completed its detailed study of the Bill. This the President of the Law Society wrote to confirm very shortly before the last sitting of this Council. Hopefully, therefore, Mr. WONG will not be disappointed in looking forward to early introduction of the Bill.

And, Sir, if it is of any reassurance to him I can report progress in one respect. What he so lightly referred to as the Law of Property Bill has now advanced and acquired the rather more impressive title of Conveyancing and Law of Property (Miscellaneous Provisions) Bill.

Sir, I support the motion.

SECRETARY FOR THE CIVIL SERVICE:—Sir, the pay and conditions of service for our 140 000-strong civil service are very properly a matter of concern both to the legislature and the public at large, and I must thank Miss DUNN, Mr. BROWN and Mr. K. C. CHAN for expressing their views with eloquence and candour, particularly on the difficult subject of the last civil service pay award.

The Government's stated policy on civil service remuneration is that pay and conditions of service for civil servants should be regarded as fair both by themselves and by the public whom they serve. At present the Government attempts to achieve this state of equity by applying the principle of fair comparison with the private sector. Or, as Miss DUNN so felicitously put it: 'adjustments to civil service salaries should, over time, reflect observed trends in the private sector'. In its First Report on Civil Service Pay, the Standing Commission on Civil Service Salaries and Conditions of Service advised that fair comparison with the private sector *should* continue to be an important factor in setting civil service pay, though by no means the only one.

I note that those Members who have spoken on this subject in this debate do not quarrel with this principle, though they are concerned with its implementation in practice under the existing arrangements. The Administration appreciates very well this concern, and it is because we all need to be sure that the system does in practice operate fairly that the Standing Commission has been asked to advise on whether any changes should be made. The Standing Commission is devoting a great deal of time and thought to what

is a very complex issue. There have been consultations with both the private sector and with civil service staff associations, while more recently the Standing Commission has engaged consultants to advise it on the validity of the present methodology, and also on the weight to be given to fringe benefits. I understand that the Commission expects to give its interim advice on the suitability or otherwise of the pay trend survey system shortly, and we look forward to receiving it.

In her speech, Miss DUNN remarked that 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. With respect to her, I do not think she is right in claiming this. The fact is that since the pay trend survey system was adopted in 1974 the only salary adjustments for civil servants have been those based on the observed trends in private sector salaries. The only year in which there has been a departure from that was in 1975 when, on overriding economic grounds, it was decided not to give any salary increase to the civil service despite the fact that the pay trend survey had indicated an upwards movement in private sector salaries in the immediately preceding review period. Civil service pensioners do normally have their pensions adjusted on a cost of living basis, but it is significant that in 1975 they too were denied any adjustment to their pensions for the same overriding economic reasons.

Miss DUNN expressed surprise that a pay revision is not automatically associated with a critical look at departmental establishments, though she went on to acknowledge that the Establishment Sub-Committee does have an ongoing programme of periodic reviews of establishments. I am not sure whether Miss DUNN had in mind that the level of pay adjustments should be conditional upon savings in staff, or merely conditional upon increased productivity, which are two different propositions. It might be practicable to aim at saving staff if the workload of the civil service was more or less static. But it would seem to me to be impracticable to make pay adjustments conditional upon savings in staff when at the same time we require departments to expand into new fields of activity such as local administration, or to extend their geographical coverage to the New Towns, to embark on new projects (e.g. studies for the new Airport). Speaking from my own experience, I believe that in the civil service generally there is pressure on staff to find ways of getting existing work done with less effort, if only simply to devote time and resources to new work. However, we probably do need to exert more pressure on staff to do this, and I for one believe that this is an area which we need to monitor more closely. But improvements in productivity are surely something we should aim to achieve all the time, and not merely when a pay award is in the offing.

Both the Deputy Financial Secretary and I work closely together on all this and we are very conscious of the need to play our full part to exercise firm control over the growth in establishments, as well as to make more effective use of existing resources. Miss DUNN will be glad to know that the Deputy Financial

Secretary hopes soon to acquire much needed specialist resources to assist him, and me, in this task.

I am grateful to Mr. K. C. CHAN for reminding us that any system for adjusting civil service pay needs to enjoy the confidence of the staff. Perhaps I could take this opportunity of reiterating that in everything that affects the pay, the conditions of service and the working environment of civil servants it is my firm policy to consult widely with staff associations and individual groups of staff, and to take their views as fully into account as possible. I believe that we have made great strides in improving the quality of staff management and staff relations during the past year or two. We must not, of course, be complacent, for there is much more that needs to be done, and we shall do it. The civil service as a whole does recognize that it is being fairly and well looked after. Its members, Sir, are in a mood to get on and do the job they are employed to do, helping to build and administer a better Hong Kong.

Sir, I support the motion.

THE CHIEF SECRETARY:—Sir, this is always one of the most interesting debates in this Chamber and this year's has proved to be no exception. In winding up I hope to deal with those points not already covered by my Official Colleagues but before I do that I would like to pay my own tribute to the Unofficial Members of this Council.

The debate has once again given Unofficial Members an opportunity to demonstrate their care and concern for the well-being of all sections of our community; and, once again, they have grasped that opportunity firmly. The twenty-three speeches we have heard from them offer ample and eloquent evidence of this. I shall come to these in a moment. But first I would like to acknowledge the much wider commitment, both inside and outside this Chamber, which Unofficial Members accept when they participate in public life at this level; a commitment in terms of intellect, experience, energy and time which is extraordinarily demanding. Mr. LOBO made a passing reference to this when he noted, as a simple fact, that the 27 Unofficial Members of this Council between them filled over 300 seats in a wide range of public boards and committees: this, I would remind, in addition to their not inconsiderable UMELCO in-house activities. The scale of the contribution made overall by Unofficial Members is thus very impressive and well-worth emphasizing. I would only add what Mr. LOBO in his modesty could not; that he and his colleagues bring to their many public tasks an abiding sense of justice and fairness, an infectious enthusiasm and an appetite for hard work which serve our community well indeed.

Relationships with Britain and with China

Mr. LOBO, Mr. YEUNG and Mr. SWAINE each referred to relations with China, which, as you, Sir, said in your address, are excellent. We have had two further demonstrations of this with the recent visits to Hong Kong by Mr. REN

Zhongyi, the Party First Secretary for Guangdong Province and by the Mayor of Shanghai, Mr. WANG Daohan. Such visits, together with the many regular lower level contacts, and continuing and expanding developments in economic co-operation, are making a valuable contribution to Hong Kong's future prosperity and stability.

Mr. LOBO and Mr. YEUNG dwelt briefly on the state of Hong Kong's relationship with Britain. There has been considerable debate in recent months on problems that have arisen, notably with what is now the British Nationality Act 1981, and with increases in tertiary education fees for overseas students, where it was perhaps tempting to look at Britain's actions primarily from a Hong Kong viewpoint and so to interpret them as being aimed directly and deliberately at Hong Kong. I hope there is now a wider understanding of Britain's difficulties in these and other areas and of the solutions which have been decided upon. I hope there is a general acceptance too that the relationship with Britain continues to be fundamentally strong and warm, with absolutely no question of Britain seeking to disengage or distance herself from Hong Kong in any way.

I should like to elaborate somewhat on the British Nationality Act, upon which Mr. SWAINE has commented (with, if I may say so, his usual good sense and perception), since this would seem to be a suitable opportunity for me to provide a final commentary; and particularly in order to place on public record the speech made in the House of Commons' debate on 27 October 1981 by Sir Paul BRYAN, and the Home Secretary's reply to it (*Appendices I and II*).

As has been said on many occasions, and the point still bears repeating, Hong Kong would have much preferred that there had been no change at all. However, both major political parties in the United Kingdom said publicly that they supported new measures—though not necessarily the same measures—to provide a scheme of citizenship so as to make clear who has, or should have, the right of abode in the United Kingdom.

The new Act had a long and difficult passage through Parliament. Its consideration was the subject of a large volume of exchanges at various levels between Hong Kong and London: between you, Sir, and the Senior Unofficial Members of the Executive and Legislative Councils and UK Ministers; between Hong Kong Government Officials and British Government Officials; between private organizations and individuals here and Hong Kong's supporters in the Houses of Parliament. In all these exchanges, some of which were necessarily confidential, Hong Kong's views and interests were vigorously represented and listened to, and for this we are most grateful to all concerned.

The result is that, from Hong Kong's point of view, the new Act is a considerable improvement on the Bill as it was first presented in January. And in purely practical immigration terms it is now probably as neutral as it can be in its effects on the rights and interests of Hong Kong's Citizens of the United Kingdom and Colonies. But there can be no doubt that in psychological terms, the changes have come as an unpleasant and unwelcome shock.

It seems to me a great pity that we have not got in the Act a specific statement that Hong Kong people are and will remain British, or United Kingdom, Nationals. After all, such a statement would simply be restating in the law what Ministers have stated unequivocally in Parliament. But it is a fact that this terminology has never been used in the United Kingdom's nationality law— although it certainly exists in the specific contexts of some other UK legislation. It is also a fact that some international lawyers consider that a national of a country has an automatic right of entry into it. Very few countries in the world are fortunate enough to be able to accept large-scale immigration and no-one knows that better than Hong Kong.

Nevertheless—and while accepting that, under the Treaty of Rome, Gibraltarians already had freedom of entry and abode in the United Kingdom and to all intents and purposes enjoyed the rights of British Citizens— nevertheless we must all be disappointed that an element of discrimination has been permitted to be embodied in the Act, in terms of the treatment given to the British dependent territories. This was the subject of the debate in the House of Commons on 27 October to which I have referred: the speech made then by Sir Paul BRYAN and the Home Secretary's reply are attached—for the record—to the printed version of this speech.

Sir, the passage of the Act is now history, even though it will be quite some months before its provisions are brought into effect. As Mr. SWAINE has said, we must accept the assurances which have been given repeatedly by UK Ministers that the Act will in no way alter the United Kingdom Government's relationship with, and its commitment to, Hong Kong and its people.

Public Expenditure

Miss DUNN expressed concern at the growth rate of public expenditure, and suggested that there is evidence that the Government has lost, or at least is in danger of losing, control. She is thus repeating what she said in the budget debate earlier this year, to which the then Financial Secretary replied: (and I quote) 'Even so, the growth rate of public sector expenditure in real terms (on Consolidated Account) is to be eased back from 21.4% in 1980-81 to 12.8% in 1981-82, but not so much, it is true, that the relative size of the public sector will not increase further from 21.2% to 22.4%. Administration, like politics, I would remind Miss DUNN when she points to "an alarming inability" on my part—that is to say, on the Government's part!—"to put theory into practice", is 'the art of the possible'. End of quote.

It would seem that Miss DUNN has again missed the point that growth in public sector expenditure is being cut. This of course represents Government's policy, although we have to be moved as much by pragmatism as by dogmatism. It would for example be helpful if Miss DUNN made specific mention of further cuts she would like to see. Are we to provide less schools, fewer hospitals, worse roads, less public housing, or fewer police? It is so easy to be broadly critical if there is no need to be precise.

The approved Estimates of Expenditure for this year provide for \$25,062 million, which has been appropriated by this Council. Of this amount, \$15,188 million is on recurrent account and \$9,874 million on capital account. The outturn for the year is likely to show excesses of roughly \$1,500 million on recurrent account and \$1,000 million on capital account all of which are in respect of commitments approved by Finance Committee of this Council; they are well within the net supplementary provisions approved by Finance Committee, as every effort has been made to absorb additional expenditure within the approved appropriation.

The excess of \$1,500 million on recurrent account is entirely accounted for by the 1981 Pay Trend Survey salary adjustment and the cost of activating the desalter. The excess of \$1,000 million on capital account is accounted for by a transfer of nearly \$410 million to the Mass Transit Fund, by additional expenditure of \$380 million on land acquisition, and by increased expenditure of \$210 million on the Public Works Programme, which cannot be met from the Additional commitments vote.

District Administration

I am grateful to Miss TAM for her firm endorsement of the District Administration scheme and for her call to the public to support it by active participation. The outcome of the registration exercise in the New Territories was very encouraging, with over 200 000 electors registering and I hope that the elections themselves, next March, will also be well supported and so provide the scheme with a solid base on which to consolidate and develop.

The success of the scheme will also depend, of course, on the administrative and organizational arrangements made by the Government to meet the demands and requirements of the Boards. We shall need to increase our efforts to be fully responsive to public opinion at the district level and this will require extensive co-ordinating and monitoring by district officers in both the urban area and the NT. In order to give the scheme the necessary thrust and the necessary co-ordination, it is therefore proposed to introduce a single organization to deal with district administration throughout Hong Kong. The full reorganization will not be completed until 1 April by which time, coincidentally, the new Lands Department will also be in full operation. But the main change will take place on 1 December, when the Home Affairs Department will be brought under the Secretary for the New Territories, Mr. AKERS-JONES, who will be retitled 'Secretary for City and New Territories Administration'. He will be supported by two Regional Secretaries, one for Hong Kong and Kowloon and one for the New Territories. Sir, in announcing these administrative changes I wish to stress that the human emphasis of the work of the District Offices, whether in the urban areas or in the New Territories, will not be lost. Indeed, these offices must remain approachable, and constantly concerned for the welfare of the people in the Districts. Their responsibilities in these respects are in no way lessened by the changes proposed.

There will be other, important and related changes in the Government Secretariat: the Secretary for Home Affairs, Mr. Denis BRAY, while continuing to be Government's senior adviser on Chinese Affairs will become responsible for the Information Branch and, in addition, take over responsibility for Environmental Affairs from the Administration Branch: details of these changes will be published later today.

I appreciate the concern Mr. CHEUNG Yan-lung has expressed for the indigenous New Territories residents. He mentioned the dramatic changes which have taken place since 1950 and which have affected the lives of the people of the New Territories. Throughout this period the Government has by its policies and plans tried to mitigate the harsh effect that these changes have wrought on the rural areas and the people living there. Communications, schools, medical services, telephones, electricity, water supplies and other services have all been extended to places where none formerly existed. But from time to time we are clearly unable to keep up with the pace of change thus, for example, the pollution arising from livestock rearing and temporary factories on rural land is now a serious cause for concern and calls for remedial action. And there are other matters.

The Government will continue to be sensitive to the way in which development impinges on the lives of the people living in the New Territories and I would like to pay a tribute to the advice and assistance it receives in its efforts to this end from the Heung Yee Kuk, the Rural Committees and now from the District Boards. I hope that the introduction of District Boards and of a new single organization to deal with district administration territory-wide will be seen by Mr. CHEUNG as evidence of the Government's continuing concern for the residents of the New Territories and of the urban areas alike.

Transport

To turn now, Sir, to transport matters, I am glad to see that Mr. LO can discern a light at the end of the tunnel, albeit a rather long tunnel. For my part I think that he sees correctly. Given the size of Hong Kong and its difficult terrain, when set against a large and growing population, increasing affluence and a rapidly expanding demand for travel, it is inevitable that keeping the traffic and the people moving is a never-ending challenge. You yourself, Sir, referred to the phenomenal growth in the number of vehicles on our roads in recent years; and this has been matched by an equally rapid increase in journeys on public transport from some 5 million per day in 1975 to about 7.3 million per day now.

The Government is determined to meet this challenge and I can confirm now that expenditure on transport infra-structure will be accorded a very high priority in our future plans. Already a great deal is being done. In the financial year 1981-82 the expenditure of the Government and the Mass Transit Railway Corporation on roads, tunnels and railways will amount to a very respectable \$4 billion, of which \$1¼ billion will be spent on roads.

Of course, this expenditure takes time to come to fruition. Roads, tunnels or railways cannot be used until they are finished and their construction time is measured in years. In this respect 1981 is a lean year with few new projects coming on stream. 1982 will be much better, and we can expect to benefit from the opening of a number of major projects such as the Tsuen Wan Extension of the MTR, the first stage of electrification of the KCR to Sha Tin, and the Aberdeen and Airport tunnels, to name only the most important.

Mr. LO, Mr. CHEN and Miss DUNN all referred to the new Transport Branch in the Government Secretariat and I am grateful for the welcome they gave this development. Of course, we cannot expect miracles overnight. But the Branch will have the task of co-ordinating and drawing together all aspects of transport policy, planning, administration and execution and will thus, I hope, bring more coherence to the Government's efforts in this field. I can assure Mr. CHEN that this will not exclude the work of the Highways Office of what is now the Public Works Department. The Transport Branch will be responsible for planning where roads should be built, in deciding priorities and in monitoring progress. It is only with regard to detailed design and the maintenance of engineering and professional standards that the responsibility will lie to the Works Division of the new Lands and Works Branch, as it will, and should, with all major civil engineering, building and other works.

Land Administration

I would like to assure Miss DUNN and Mr. YEUNG that it is our aim to bring the new Lands Department into being no later—but also no sooner—than the beginning of the next financial year. It has always been recognized that this particular re-organization exercise would be most complex, involving the bringing together of somewhat different existing agencies into one new one, rather than, as in the case of the defederalization of the Public Works Department, the separation of an existing body into different agencies. It is essential that in the process of setting up the new department the efficiency of Government's land administration should not get worse before it gets better. The six-month pre-planning phase should ensure this. Once the new department is functioning fully, it will be a district based organization, very closely involved in the new thrust of district administration, to which I have referred earlier, but working within a framework of centrally-co-ordinated policies and programmes.

The Mass Media—Television

The Government shares Mrs. Selina CHOW's view that in the light of the great influence of television on the minds of our people, and in particular of the young, some form of control over programme-standards must be retained. Clearly this control should be exercised so as to give creative freedom full play; and this is the prime objective of the TV Authority, operating within the context of the TV Ordinance, the licences issued to the stations, and the codes of practice covering programme advertising and other standards.

In respect of Mrs. CHOW's comment about the proportions of different kinds of programme and the high proportion of light entertainment in prime time on weekdays, the Government would again agree that something should be done. For this reason, at the beginning of 1980 when the licences of the two television companies were renewed, certain conditions were laid down from 1 January this year, for new controls in the sphere of programme categorization: in particular, to enforce new minimum requirements for children's programmes, public affairs programmes and educational programmes. A new condition was also made extending the family viewing period to provide further safeguards for young viewers. These commitments by the two commercial stations are supplemented by programmes produced by Radio Television Hong Kong (RTHK) in each of these three important categories, and we receive willing co-operation from them in the transmission of RTHK material.

Through these combined efforts, I believe that our television industry is providing a representative range of programmes, as well as light entertainment; and we must not forget that the latter category is important not only because it generates revenue through advertising, but also because television entertainment is Hong Kong's most popular way of relaxation. I have the firm assurance of the Television Authority that he will continue in his efforts to ensure that a balanced diet of programmes in all categories is provided.

Law and Order

In her speech, Miss Maria TAM also spoke with authority about juvenile crime. She rightly emphasized the desirability of a closely co-ordinated approach by the many agencies involved in tackling this, both at the policy—and at the street level. Obviously she is right, but she will, I think, understand if I say that this is more easily said than done. However it is precisely to improve this sort of liaison that the District Management Committee system has been established. I am sure this will prove a useful and important vehicle to help co-ordination. Meanwhile there are the important areas of child abuse and the tracing of missing girls in which there is very close and welcome liaison already.

I was glad to hear a reference to the Police discretionary scheme. This is another of the options open to those responsible for dealing with offenders. It is a highly selective scheme and the results are good.

But the best schemes of all are those which attract youth and hold their attention before there is any question of offences being committed. Junior Police Call is one of these. I am glad to say that we have been able to rephase the programme of clubhouses to which you referred, Sir, so that there will be a clubhouse in each Division by the end of 1982, supported both by regular officers and volunteers, undertaking the administration and the development of this important movement. As the scheme evolves, Miss TAM's suggestions for expanding the activities of Junior Police Call will need to be tackled.

The Civil Service

Sir, in a wide-ranging debate of this nature, it is important that I should say a few words about the civil service. Hong Kong is indeed fortunate to have a public service which is sophisticated, loyal and hardworking—in a word truly professional—for at the end of the day the whole community depends upon it to carry out the policies of the Government, often under great pressure and in difficult circumstances. I should also like to take this opportunity of expressing my own personal appreciation, as head of the civil service, for the unfailing support I have received from my colleagues in the service, senior and junior alike, during these recent exciting and challenging years of rapid change and development. I am most grateful to them all.

Social Audit

So far, in this speech I have been responding mainly to specific points made earlier in the debate by Unofficial Members. In concluding, perhaps I might be permitted to stand back a little, as it were, to look at our society as a whole, at the underlying philosophy which determines the pattern of our society and, from that broader view, to try to identify any features which may be of real or potential concern.

Mr. So's remarks in support of the concept of a social audit provide me with an appropriate starting point, since the application of the social audit concept to a society assumes that most members of that society share a common philosophy and outlook, and have similar aims. For the concept to have any effective meaning we must, as a society, be ready to accept that we are, each of us—from the humblest individual to the largest commercial organization—responsible to all other members of society for the social impact of all our actions and activities. And to evaluate that impact, to ascertain the costs and consequences of our actions, we need to be agreed on fundamentals: what we see to be important, to be valuable; what should not be put at risk.

When I look at Hong Kong today, Sir, I am largely reassured by what I see. We have a great deal to be proud of, and to be thankful for, in our community. But we must never become complacent; we must not let the many good features blind us to those which are not so good, those indeed which are downright bad.

I was much impressed, as I am sure all right thinking members of our community must have been, by the timely, statesman-like speech delivered by Dr. Rayson HUANG. As you will readily recall, Sir, he deplored the erosion of the traditional values of old China: he expressed concern that parents are being caught up in the rat-race for material advancement, and their children in the rat-race for the rungs of the educational ladder.

There are those who would argue 'let it be so': that this is in keeping with the philosophy of Hong Kong: that Hong Kong is all about the survival of the fittest (some would say the powerful and the rich): that life Hong Kong style is all about allowing free play to 'market forces'.

It is not as easy as that: nor should it be. The Government, while setting itself the task of providing the right kind of social and economic climate for growth, must at all times concern itself with safeguarding and providing for the needs of the young, the weak, the sick and the disadvantaged. We have to strike a balance, in simplistic terms, between the philosophy of a free economy as the basis for economic health and growth, and the need for regulation and control as the basis for social health and growth. This is a dynamic situation and, in watching it change from day to day, we must remain alert to shifts in events and in expectations to ensure that an acceptable balance is maintained: that is, a balance which is acceptable to the generality of the community, and not just to a few groups.

While Government clearly has a central and vital part to play in this—and here I return to Mr. So and his social audit—each of us, as individuals, has a part to play also; to monitor our own social behaviour, and each others'; to ask ourselves constantly whether what is being done is fair and just. In other words we need to have consideration for others: we need to show clearly that we, as individuals and as a society, really care.

Like Dr. HUANG, I remain concerned, Sir, at the gap between rich and poor in our society: I do not question the appropriate reward of skill, ability or entrepreneurial ingenuity, for this has been basic to Hong Kong's successful development. I am concerned that the man and woman in the street, the ordinary workers on whom, ultimately, Hong Kong's future depends, are not getting a fair share of the economic cake. The heroes of our economic success are not to be found solely in the board-rooms of Central: they are to be found largely on the factory floor, and in the housing estates, in Tsuen Wan, in Wong Tai Sin, Tze Wan Shan and Kwun Tong.

Again, Sir, I am concerned that the success of large businesses should not be measured by profitability without regard to social cost; and for that matter, that the performance of the Government should not be measured by the state of our reserves without due regard to unfulfilled social needs. The 'unacceptable face of capitalism' must never be accepted or tolerated just because we are a capitalist-oriented society, and proud to be so.

In my opening remarks, I characterized the speeches made by the Unofficial Members as demonstrating care and concern for the well-being of all sections of our community. I hope, Sir, that all of us, those inside this Chamber and those outside, at all levels of society, will actively seek to demonstrate a similar care and concern, so that together we might continue to move Hong Kong forward along the right path.

Sir, I beg to move.

Question put and agreed to.

Appendix I

Speech by Sir Paul Bryan, M.P. in the House of Commons on 27 October 1981

I sincerely congratulate Gibraltar on securing the amendment, but I must point out the effects of the amendment on other dependent territories. The House will not be surprised to hear that I have in mind Hong Kong, although the words I use will be a good deal more temperate than those we have heard from the Liberal Benches.

During the passage of the Bill through both Houses there have been frequent assurances of non-discrimination between the different dependent territories. For instance, the Home Secretary stated:

‘I recognize the deeply held feelings in some of the territories concerned that the Bill should have given them more. It would, however, have been difficult to devise a scheme for separate citizenships for all the dependencies’

and here I emphasize the Home Secretary’s words—

‘and invidious to single some out from all the others. For that same reason, it would have been discriminatory to make some but not others British citizens.’—
[Official Report, 4 June 1981; Vol. 5, c. 1152.]

Similar sentiments have been expressed by other members of the Government when speaking on the Bill. Nevertheless, the Bill before us now includes a specific discrimination in favour of Gibraltar.

My right honourable Friend the Home Secretary also gave a special undertaking on 28 January in respect of the Falkland Islands, but I shall not go further in that direction for fear of being out of order. But here again we have an instance of specific assurances being given to one territory under one sort of pressure but not to others who may well feel that the pressure on them is just as great.

I assure the House that there is no ill-will for Gibraltar in Hong Kong, or any wish to remove from Gibraltarians what they have been given in the amendment. But after repeated assurances that Her Majesty’s Government would oppose the amendment, the fact that it is now accepted, together with the principle of discrimination that it embodies, has obviously caused profound disillusionment in Hong Kong.

I fully realize that this disillusionment is probably based on a misunderstanding of the very real sense of commitment to Hong Kong that the Government feel and have frequently expressed. Nevertheless, the acceptance of the Gibraltar amendment has created a new situation in which some further reassurances to other dependent territories is necessary. Their concern is with the extent of the Government’s responsibility to them.

The extent of that responsibility was defined by my right honourable Friend the Minister of State, Home Office, in this way:

‘I confirm that citizens of the British dependent territories will remain United Kingdom nationals in the sense that the United Kingdom can afford consular protection and represent their interests internationally—both of which, of course, we intend to continue to do.’—[Official Report, 4 June 1981; Vol. 5, c. 1188-9]

In the new situation it would be a great help if the Home Secretary would be explicit on a point which has hitherto been assumed but not stated. I ask him to confirm again that British dependent territory citizens hold and enjoy this status, together with the defined international responsibility of Her Majesty’s Government for them, for life, regardless of whether their territory remains on the schedule or not, and that the rights of this citizenship, as defined by the Minister of State, will be transmittable to their children, as provided for in clauses 16 and 17 of the Bill.

The situation for which I am attempting to provide is extremely hypothetical. Relations between the United Kingdom and China remain excellent in themselves, and over Hong Kong. But the Bill, which was drafted so much with a view to the United Kingdom’s own immigration problems—problems which are fully understood in Hong Kong—has, unfortunately, raised doubts, questions and uncertainties about the future of the colony and what Her Majesty’s Government’s attitude might be in certain circumstances.

I believe those circumstances to be a far-off matter. Nevertheless, the confirmation for which I have asked would be timely. It does not apply only to Hong Kong, it is very limited in extent, and it is without implications for United Kingdom immigration control. It would have a most reassuring effect after all the doubts that the Bill has raised.

Appendix II

Text of Written Reply by the Home Secretary, the Rt. Hon. William Whitelaw, to Sir Paul Bryan’s Speech of 27 October 1981

In the debate on the British Nationality Bill on 27 October I said that I would write to you on the points which you raised about Hong Kong.

May I say that I fully understand the strength of feeling in Hong Kong for the British connection, which you expounded so clearly? I was glad that you said that you realized that any concern in Hong Kong about the Bill was probably based on a misunderstanding of the very real sense of commitment to Hong Kong which this Government feels. As you know, I have myself underlined in Parliament the importance of that commitment to Her Majesty’s Government: and other Ministers have frequently done the same. The British Nationality Bill does not affect Her Majesty’s Government’s relationship with

Hong Kong or the strength of the Government's support for that or any other dependent territory.

In your speech you mentioned the undertakings given by Timothy RAISON during the report stage of the Bill in the Commons. It may be helpful to spell these out again and to confirm that British Dependent Territories Citizens will remain United Kingdom Nationals in the sense that the United Kingdom will afford consular protection and represent their interests internationally. The Government will continue to do that, and as in the past they will do everything possible to avoid British Dependent Territories Citizens encountering difficulties in third countries, particularly over immigration procedures.

You also asked for assurance that the national status of British Dependent Territories Citizens and Her Majesty's Government's undertakings towards them would continue whether a particular dependent territory remained in Schedule 6 of the Bill or not. I cannot, of course, make any definite forecast about a hypothetical situation, particularly one which, as you yourself pointed out in the debate, is very remote. It is important, however, to point out that a dependent territory may only be removed from Schedule 6 by a decision of Parliament.

If there were to be a change in the status of a dependency, the question of the national status in our law of people from that dependency would therefore be for Parliament to decide, taking account of the circumstances. It would, I believe, be wrong to try to be more precise on how British Dependent Territories Citizens from Hong Kong might be affected, particularly as no clear analogy can be drawn between that territory and others which in the past have ceased to be dependencies. What I believe matters most from Hong Kong's point of view is that the stability of the territory rests on the twin bases of our excellent relations with China and of Britain's commitment to support the interests of Hong Kong's people. That is not altered by the Nationality Bill.

Second reading of bills

INLAND REVENUE (AMENDMENT) (NO. 5) BILL 1981

Resumption of debate on second reading (14 October 1981)

Question proposed.

Question put and agreed to.

Bill read the second time.

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

PUBLIC HEALTH AND URBAN SERVICES (AMENDMENT) (NO. 2) BILL 1981**Resumption of debate on second reading (14 October 1981)***Question proposed*

Mr. YEUNG:—Sir, I rise to support this Bill.

The new Clean Hong Kong Campaign has just commenced. For the first time, the New Territories will be participating fully. One of the main problems we wish to curb and prevent concerns illegal dumping on our highways and verges. This has arisen because of the tremendous expansion and development in the New Territories, which has brought with it increased waste and pollution.

I am also happy to see that increased penalties are proposed for all forms of littering including illegal dumping. My colleagues on the Clean Hong Kong New Territories Advisory Committee have for some time been advocating this line of approach.

I would however like to express disappointment that the Bill mainly covers the problem of dumping litter and waste from goods vehicles only, but not other types of moving vehicles as far as vicarious liability is concerned. Littering from moving vehicles is becoming a more frequent habit, and with the commencement of the new Clean Hong Kong Campaign, we should be tackling this problem now. I therefore urge the Administration to examine the question of vicarious liability of littering from moving vehicles with alacrity.

However, I do not wish to hold up the passage of this Bill, which I support, Sir.

DIRECTOR OF ADMINISTRATION AND ENVIRONMENTAL AFFAIRS:—Sir, I thank Mr. YEUNG for his support for the Bill before Council. As to the other and more controversial issue he has raised I can assure him that this is receiving separate and active consideration.

Question put and agreed to.

Bill read the second time.

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

Committee stage of bills

Council went into Committee.

INLAND REVENUE (AMENDMENT) (NO. 5) BILL 1981

Clause 1

THE FINANCIAL SECRETARY:—Sir, I move that Clause 1 of the Bill be amended, as shown in the paper circulated to members.

This amendment is required to take account of the withdrawal from this Council, on 14 October, of the Inland Revenue (Amendment) (No. 4) Bill. That Bill was designed to accommodate the increased rate of interest on savings deposits announced by the Hong Kong Association of Banks on 17 July this year. It was overtaken by the further increase in savings deposits rates announced on 2 October: a new bill—the No. 5 Bill—was therefore required to supersede the No. 4 Bill.

*Proposed amendment***Clause 1**

That clause 1 be amended by deleting ‘(No. 5)’ and substituting the following—
‘(No. 4)’.

The amendment was agreed to.

Clause 1, as amended, was agreed to.

Clause 2 was agreed to.

PUBLIC HEALTH AND URBAN SERVICES (AMENDMENT) (NO. 2) BILL 1981

Clauses 1 to 5 were agreed to.

Council then resumed.

Third reading of bills

THE ATTORNEY GENERAL reported that the

PUBLIC HEALTH AND URBAN SERVICES (AMENDMENT) (NO. 2) BILL

had passed through Committee without amendment and that the

INLAND REVENUE (AMENDMENT) (NO. 5) BILL

had passed through Committee with amendment and moved the third reading of each of the Bills.

Question put on each Bill and agreed to.

Bills read the third time and passed.

Unofficial Member's bill**Second reading of bill****CARITAS—HONG KONG INCORPORATION BILL 1981****Resumption of debate on second reading (14 October 1981)**

Question proposed.

Question put and agreed to.

Bill read the second time.

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

Committee stage of bill

Council went into Committee.

CARITAS—HONG KONG INCORPORATION BILL 1981

Clauses 1 to 11 were agreed to.

First and Second Schedules were agreed to.

Preamble was agreed to.

Council then resumed.

Third reading of bill

Mr. SO reported that the

CARITAS—HONG KONG INCORPORATION BILL 1981

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

Question put on the Bill and agreed to.

Bill read the third time and passed.

Valedictory**Valedictory to Sir Jack Cater**

HIS EXCELLENCY THE PRESIDENT:—Honourable Members, this is the last time Sir Jack would attend this Council as Chief Secretary before leaving to take up his new post as Hong Kong's Commissioner in London and thus begin yet another very important chapter of his service to Hong Kong. Though he is not leaving the service of Hong Kong, it is nevertheless a time at which all of us in this Council, I am sure, would like to look back at his contribution and pay tribute to it.

His earlier work here gave him a deep knowledge of the lives of all people in Hong Kong, their needs at all levels, in industry, agriculture and fisheries; and this knowledge stood him in very good stead successively as Secretary for Information, as Secretary for Home Affairs and finally, for five courageous years, as the first Commissioner of the Independent Commission Against Corruption. The breaking during those years of this traditional scourge of Hong Kong will always be remembered as a remarkable achievement and an immense contribution to the well being of our whole community. After showing his mettle under this exceptional test it was no surprise that he should have proved such a first class Chief Secretary combining a capacity for innovation with excellent political judgment and far-sighted concern for the welfare of the public service he led. I am sure we are all delighted that as Hong Kong's Commissioner in London, he and his wife, will be frequent visitors to Hong Kong and that what we say on this occasion can be 'thank you' and 'we will be seeing you again' and not 'good-bye'.

MR. LOBO:—Sir, my Unofficial Colleagues and I would certainly wish to be associated with the tribute which Your Excellency has paid to Sir Jack.

Many of us here have known Sir Jack for a long time, not only as a tough and eloquent spokesman for the Government in this Chamber, but also as a highly

respected and dedicated civil servant and a trusted friend. He has been with us continuously since the end of World War II; through more than thirty years of development, and through many difficult and testing situations. His leadership has been exemplary to this community as well as to the service he has represented.

Sir Jack's integrity, bravery and commitment to public service are a byword in our society. As the chief executive of the Government and the head of the civil service during the past three years, he has once again demonstrated his determination and ability to bring about improvements in the well-being of our people, in upgrading the quality of life in this community and in ensuring the fair and just running of our society.

My Unofficial Colleagues and I have no doubt that these same outstanding qualities will be valuably employed in Sir Jack's next appointment as Hong Kong's Commissioner in London. We wish him every success and share Your Excellency's delight that Sir Jack and Lady CATER will be frequent visitors to Hong Kong in the future.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday, 25 November 1981.

Adjourned accordingly at half-past five o'clock.