

OFFICIAL REPORT OF PROCEEDINGS**Thursday, 28 October 1982****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR EDWARD YOUDE, K.C.M.G., M.B.E.

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

THE HONOURABLE THE FINANCIAL SECRETARY
MR. JOHN HENRY BREMRIDGE, O.B.E.

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

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR. DENIS CAMPBELL BRAY, C.M.G., C.V.O., J.P.

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

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

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

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

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

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

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

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

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

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

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

THE HONOURABLE ALAN JAMES SCOTT, C.B.E., J.P.
SECRETARY FOR TRANSPORT

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

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

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

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

DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, O.B.E., J.P.

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

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

THE HONOURABLE HU FA-KUANG, J.P.

THE HONOURABLE WILLIAM DORWARD, O.B.E., J.P.
SECRETARY FOR TRADE AND INDUSTRY

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.
REGIONAL SECRETARY (HONG KONG AND KOWLOON), CITY AND NEW TERRITORIES
ADMINISTRATION

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, O.B.E., J.P.

THE HONOURABLE CHAN KAM-CHUEN, J.P.

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

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

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 IAN FRANCIS CLUNY MACPHERSON, J.P.

SECRETARY FOR CITY AND NEW TERRITORIES ADMINISTRATION (*Acting*)
REGIONAL SECRETARY (NEW TERRITORIES), CITY AND NEW TERRITORIES
ADMINISTRATION

THE HONOURABLE MARIA TAM WAI-CHU, J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING

THE HONOURABLE PIERS JACOBS, O.B.E., J.P.
SECRETARY FOR ECONOMIC SERVICES

ABSENT

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

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

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

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

IN ATTENDANCE

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

Government business

Motion

MOTION OF THANKS

Resumption of debate on motion (27 October 1982)

MR. WONG Lam delivered his speech in Cantonese:—

督憲閣下：本人首先就目前港人最關心的前途問題略加討論，然後對若干特別值得提及的施政表示意見。

目前市民對香港的前途問題，極表關注。本人非常高興中英雙方就這問題展開會談，而事實上，一般市民除了關心英國處理的方法外，當然也非常重視中國方面的態度；而中國政府的考慮重點，顯然是香港能否繼續繁榮，能否繼續對中國作出貢獻。這是非常重要的因素。如果香港能夠繼續繁榮，則無論中、英雙方有沒有新的協議，香港仍然大有前途；反過來看，如果香港繁榮不再，則即使雙方達成協議，在今後十五年內也難保不起變化。

要使香港繼續繁榮，市民必須具有信心，有了信心大家才肯投資及安心工作。不過，在目前的環境下，市民的信心或多或少會受影響，所以增強市民的信心是政府當前的急務。本人非常同意閣下施政佈告中提及「政府爲了香港和港人的前途，決意大量投資，努力經營」的政策，因爲透過政府的領導作用，市民能獲得更大的信心投資和工作香港便會有繼續繁榮的果實。

無疑政府目前正在「大量投資」，例如繼續大量興建公屋，改善交通系統，增加專上教育學額等，但有些極受市民關注的投資，卻因種種原因停滯下來，例如新機場的興建，連接港九的第二條通路等，都是祇聞其聲不見其影，談了多年而不見有實質進展的大計劃。本人認爲目前正是政府公佈推行或提前推行這類長遠計劃的時候，因其影響深遠，投資時間性較長，在增強市民信心和投資意欲方面，肯定有直接的影響。

當然，在目前的經濟環境下，政府無可能同時推展多項新的大工程，但至少應該考慮選擇其中最重要的、影響最深遠的來開始進行，例如興建新的飛機場。無疑政府在進行這類龐大工程時，會面臨種種困難，但深入分析其得失及衡量此類工程在增強市民信心的成效方面來看，實在仍然值得政府全速推行。

閣下，一九八二年無疑是轉變急速的一年，而在這種急劇的轉變下，閣下仍然明確表示「政府的宗旨和目標將會維持不變」，這點實在是令人鼓舞，而事實上本年政府的目標不僅維持不變，而且在這經濟不景下仍有新的進展，實在是市民所樂聞的。

例如在老人服務方面，政府提議向私人發展商購買樓宇單位，爲老人提供宿位。雖然目前未知其細則如何，但原則上這應該是很好的安排，相信直接地會爲不少老人提供很好的福利，而間接地也減少昂貴的醫院床位，爲一些經已康復的老人長期佔用的現象，實在是一舉而兩得，值得支持的政策。

另一項令人注目的進展是閣下較具體地提出壓抑公務員人數過速增長的措施。公務員人數增長的過速，近數年來，本人及其他議員經已多次於本局論及，如今看到有具體的安排，使各部門更着重提高公務員的效率，而非公務員的數目，本人當然衷心支持。

閣下，本人支持此項動議。

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

Your Excellency, first of all, I would like to talk briefly on the future of Hong Kong, with which the people of Hong Kong are most concerned, and then express my views about certain policy matters specially worth mentioning.

The people are at present greatly concerned about the future of Hong Kong. I am very pleased to learn that China and Britain have begun talks on this issue. As a matter of fact, the general public are not only concerned about how Britain would deal with this issue but also attach great importance to China's attitude.

It is apparent that the Chinese Government sets great store by the continuing prosperity of Hong Kong and its continuing contributions to China. This is a very important factor. If Hong Kong continues to enjoy prosperity, its future will be bright be there a new agreement between China and Britain or not. But, if Hong Kong no longer enjoyed prosperity, even an agreement between the two sides would be no guarantee against changes within these fifteen years.

To maintain prosperity, people in Hong Kong must have confidence. It is only with confidence that we can invest and settle down to work. But under the present circumstance, our confidence is bound to be undermined to a certain extent. The Government should therefore regard boosting people's confidence as its first and foremost task. I quite agree with what you said in your recent address about the policy of the Government 'to invest vigorously in the future of Hong Kong and its people'. When the Government takes the leading role, the people will have greater confidence to invest and to work; then Hong Kong will be able to continue to enjoy the fruits of prosperity.

Undoubtedly, the Government is at present 'investing vigorously'. For example, it continues to maintain a high level of public housing production, improves the transport system and provides more places for students to receive tertiary education. However, some investment commitments, with which the public are greatly concerned, have come to a standstill because of various reasons. The construction of a new airport and the second crossing of the harbour are examples of major development plans which the Government has talked about for many years without making any substantial progress. I believe that now is the time for the Government to announce that it is ready to implement or advance the implementation of such long-term projects. These projects, being investment commitments stretching well into the future, have far-reaching influence and will certainly have a direct bearing on the strengthening of people's confidence and their desire to invest.

Under the present economic climate, it is quite impossible, of course, for the Government to embark on different major projects at the same time but it should at least consider proceeding with the most significant ones, for example,

the construction of a new airport. Undoubtedly, the Government will encounter many difficulties in undertaking such projects. However, after analysing in depth the advantages and disadvantages, and assessing the effectiveness of these projects in boosting public confidence, I think it is still worthwhile for the Government to implement them at full speed.

Sir, 1982 is indeed a year of rapid changes, but it is encouraging to hear Your Excellency explicitly say that '(Government's) philosophy and objectives remain unchanged' in the face of these rapid changes. As a matter of fact, not only does Government's objectives remain unchanged this year, but new developments are under way in spite of the economic depression. This is good news for the public.

In the area of services for the elderly, the Government proposes to purchase flats in private housing developments for their accommodation. Although details of the scheme have not yet been disclosed, it should, in principle, be a very good arrangement for the welfare of a great number of old people and indirectly, such arrangement will reduce the continued occupation of costly hospital beds by elderly patients who have already recovered. This measure which is sure to reap double benefits, deserves our support.

Another noteworthy development is Your Excellency's proposal for specific measures to curb the rapid expansion of the civil service. That our civil service is expanding too rapidly has already been raised a number of times by myself and other honourable Members during the past few years. I, therefore, give my whole-hearted support to the proposed arrangements which place emphasis on increasing the efficiency rather than the size of the civil service.

Sir, with these remarks, I support the motion.

MR. CHARLES YEUNG:—Sir, your outline of the main Government programme objectives has enshrined the very foundation of consistency and predictability of British administration upon which Hong Kong has survived and flourished through many periods of tumults and traumas.

Our track-record built over many decades has secured by sheer force of time the confidence of our local population and oversea trading partners.

I dare say no external element which is mindful of the mutual benefits generated by the well-being and prosperity of Hong Kong will like to see it crumble but I am less certain on the destructive sallies and the effect produces on our economic structures.

Your Excellency has high-lighted the role of the Unofficial Members of this Council and the many facets of their work. However, with great respect, I have some reservations on their representative role.

It is true that they are in a position to reflect public views to the Government but the claim to represent the public in the true sense of the word is some-what tenuous, when their mandate is not drawn from the people but emanates from

the Government. I do not dispute with Mr. LOBO that the absence of elected elements in our Councils may not have been inappropriate but I can assure this Council that clamour for election from leaders of the populace is heard with increasing frequency. Government is therefore well-advised to have serious thinking on what Dr. HUANG has said in this Council yesterday on the subject.

Criticism has been levelled from time to time against our undemocratic system, not being a Government of the people, by the people and for the people but constitutionally autocratic and functionally oligarchical. By its nature it has given rise to allegations of the Unofficial Members being obsequious for fame, honour and status.

Unfortunately, or rather fortunately, Sir, criticism is part and parcel of our system of free society and effective Government and therefore it is duty-bound for those in authority to receive all criticism with open mind and also broad shoulder.

I chanced upon a jocular remark that criticism is always welcomed by a Government as long as it is constructive and by being constructive it means to be agreeing with what Government is doing and critical of what it has not done enough.

This mentality is destructive and the truth is that good criticism, like good medicine, is usually difficult to swallow.

I now come back on our Government system after my digression into the sensitive subject of criticism. We can see the merits and demerits between elective and the selective system of Government. However, I do not propose to engage in a full debate here to-day.

It will suffice to say that if the Unofficial Members of this Council, and indeed of any other Government Councils, boards and committees, are truly to represent the public view and to assume their position of public leadership as to lay any claim to represent them, there will be an increasing area of disagreement and disputation between Officials and Unofficial Members of this Council and other Councils and committees especially as our society progresses swiftly into the new era of social justice and right consciousness with full public accountability of our administration in the offing, when each and every one of our administrators and civil servants may be called upon (as in the case of select committees of the House of Commons in the United Kingdom and the senate hearing in the U.S.A.) to answer in public their actions or inactions, and their work will be critically appraised and their efficiency audited. They will not be a pedestrian walking behind the protective shield of the administration machinery.

During this transitional period, the Unofficial Members have a very important role to play. Thus we saw the evolution of the Unofficials' function of this Council from a purely legislative role to a monitoring role with valuable powers to call for inspection of Government files and minutes as well as direct

access to the heads of departments. If these powers are effectively and judiciously wielded without fear or favour, the criticism engendered will provide a solid base for a good, responsible and responsive Government.

By its very constitution, we have a very centralized Government with all its trappings of bureaucracy and officialism in train.

This has undoubtedly contributed to the burgeoning effect of the 70% growth within ten years of our civil service. The proposed ceiling of 4% may achieve the plausible curb on run-away expansion but in many areas, particularly for new services and new areas, this arbitrary level of freezing may do great injustice and possibly may be a case of disservice to some sectors of our community. Therefore a fair re-distribution of manpower and fiscal resource at this time of austerity is urgently needed to maximize productivity and to achieve social equilibrium.

Mr. T. S. LO has warned the Government not to over-centralize in the name of economy. As a matter of fact careful decentralization will achieve economy by minimizing wastage when different level of officers will be delegated with different level of authority and responsibility in decision making and policy initiation, thus obviating the undesirable process of the Government files trailing up and down the ladder of Government hierarchy and trudging to and fro the gamut of the central Government policy branches and departments.

I now turn to the lowest level or euphemistically called the grass-roots level of our administration.

I am pleased to note the gradual realization of the concept of districtization of management and public participation and electoral representation in the local administration, which I hope will soon develop into a full programme of decentralization on matters of local concern so as to fulfil the aspirations and expectations of the residents.

May I ask how can a person living on the peak really understand the longing for fragrant air of the person living near a polluted nullah and how can a person with chauffeur-driven cars really understand the call of the New Territories residents for taxi access to the M.T.R. stations. As they are matters of no consequence except to those affected, their voices, even given expression to in District Boards, are often lost in the wilderness of the administrative machinery and their fate may be sealed by a lethal stroke from a single unsympathetic department.

In this Government, Your Excellency's most important advisor in matters concerning the daily lives of the public is the Secretary for the City and the New Territories Administration, in whom the whole system of district administration rests, but, paradoxically, he has the least power and authority to implement and deal with matters directly concerning them. Very often he has to carry the district aspirations through the gauntlet of bureaucracy, from the district

representatives of the central Government departments to the heads of the departments then to the policy branch secretaries and finally to the Chief Secretary's Committee. What a waste of time and what a frustrating exercise. My thoughts find better expression in the submission of Dr. HUANG which may merit Your Excellency's careful consideration.

With this remarks, Sir, I support the motion.

DR. HO:—Sir, your pronouncement in the annual address that 'it is the policy and the firm intention of this Government to invest vigorously in the future of Hong Kong and its people: and that we shall continue to do' is a most opportune declaration of the Government's confidence in the territory.

The Future of Hong Kong

Your account of the Sino-British negotiations on Hong Kong's future in Beijing, highlighting the sincerity of Britain's and China's pledge to uphold the territory's prosperity and stability, was most heartily appreciated by all sectors of the community. The fact that diplomatic talks, albeit at a preliminary stage, have started in Beijing so soon after the British Prime Minister's visit, has many significant implications. The most crucial one, as I see it, is that the two governments are desirous of settling the Hong Kong issue as soon as possible, with the intention of reducing the people's anxiety of uncertainty to the minimum.

Given that a mutual aim has been agreed, that Her Majesty's Government has reaffirmed its responsibility and commitment to Hong Kong, and that the views of the public will be taken fully in the course of the negotiations, I have good reasons to suggest that the people in Hong Kong should keep up their faith about the future and avoid overreactions in the meantime. Nervousness and panic are contagious; idle speculations could only breed distortions. We should not allow any of them to undermine our own confidence, as well as other people's confidence in us.

Community bodies and groups, professional associations and concerned individuals may be collecting the views and opinions of the public about this very important issue now. I would suggest that they first confine their actions to a detailed analysis of the views they receive, and handle the findings carefully. Any premature expression of views, undeniably with goodwill, is likely to put Hong Kong into the problems I have just mentioned.

Our goal is a prosperous and stable Hong Kong. Let us be cautious, tactful and patient in our approach, and refrain from complicating our efforts unnecessarily.

Housing for the Elderly

May I move to another topic of concern. Under the Social Welfare section of your policy address, you, Sir, proposed an experimental scheme to provide

accommodation in public housing for some 700 elderly people. I hail his proposal as innovative and positive in the alleviation of the urgent problem of accommodation for our needy senior citizens.

Apparently, this scheme is still at an early planning stage, with operational details yet to be finalized. It would, therefore, not be inappropriate for me to offer some thoughts to the Government with a view to highlighting a number of aspects which are necessary for the success of the scheme.

(i) *Management*

A flat is not a home. The conditions that make a flat a home are those qualities which allow the residents to feel 'at home' and derive a sense of security and dignity from living in it. The feeling of belonging is created primarily by the quality of life enjoyed in living in the flat and by the relationships established among the tenants. An old person, though housed with the aid of public funds, is still a person who has needs, desires and yearnings that demand attention and respect. A greater sense of freedom, pride and personal worth will only be attained if living in the flat allowed maximum gratification of these needs and wishes. It is here that lies the importance of management. While I am fully aware that a proper balance between the demands for personal freedom of the individuals on the one hand and the need for an orderly, peaceful environment for the residents as a whole is difficult to strike, I must emphasize that rules, regulations and other red tapes in managing the flats should be kept to the minimum. They should be made predominantly with regard to the safety of the residents, and should never give the impression of compelling the residents to make an one-sided adjustment just for the convenience of administration.

(ii) *Provision for Privacy*

To put four to six elderly strangers together in a flat and to provide an environment to enable them to live in harmony and happiness are not simple tasks. An individual who feels secure is more likely to mix well with others. While common room facilities in the flat should be made available to allow the occupants to share ideas, concerns and experiences with each other, thus promoting healthy social interaction among them, a certain degree of privacy in a group of unrelated adults living together could facilitate a person to maintain his individuality and permit him to retreat in times of emotional distress. It is important, therefore, that in fitting out the flats, the need for privacy for the occupants, must be given careful attention.

(iii) *Community Support Services*

Although the residents selected to live in these private flats are mentally and physical healthy persons, they nonetheless need a wide range of support services in order to keep themselves in the community and outside institutional care for a time as long as possible. These community support services include community nursing, health visiting, home-help services, meals or canteen services, social centres/clubs and counselling. The extent to which these support services are required depends on the state of health of the elderly residents. In the light of

an overall shortage of these support services, the Government must first of all concentrate its efforts in maximizing the use of existing resources, facilities and manpower in the community by way of better co-ordination and improvements in service delivery. Multi-service centres, conceived as an economic and efficient approach in mobilizing resources, should be established in locations with a heavy concentration of elderly population.

(iv) *Building Maintenance and Inspection*

Elderly residents, because of their physical fragility, cannot be expected to keep their flats at high sanitary, fire and structural safety standards at all times. The Government must assume the responsibilities for building maintenance and regular inspections, otherwise these private flats will in no time deteriorate into ghettos. Faulty water taps, choked toilets and blown fuse, minor as they may be, must be given immediate attention. Floor tiles and cooking appliances must be maintained in good conditions for the safety of the occupants. Periodic redecoration of the exterior and communal parts of the building would not only preserve the value of the property, but also endow a sense of pride to those residents living in it. Perhaps a hot-line telephone service would be necessary to keep the management promptly informed of the need for urgent repairs and emergencies.

(v) *Overall Supervision and Co-ordination*

Finally, the administration of a scheme involving 700 old people in 125 flats in different districts warrants thorough consideration. No matter whether the scheme is to be managed by the Social Welfare Department or by a subvented voluntary organization, Government must assume the overall responsibility and must satisfy itself that the scheme is operated efficiently and in a cost-effective manner. Regardless of the auspices under which this housing scheme is experimented, the following functions must be performed. In the initial phase, social workers have to pay regular visits to the elderly residents with a view to helping them to settle down, to overcome early adjustment difficulties, and to establish good relations among fellow-residents. Social workers also have to provide social contact and counselling to those residents who are prone to suffer from social isolation and other personal problems, assess the adequacy of support services available and arrange for specialist services from relevant agencies where necessary. In short, these professional personnel may act as a guardian in respect of the well-being of the elderly residents and will play a significant part in making this trial housing scheme a success.

If our planning with regard to housing for the elderly is underlined by the humane considerations as elaborated in the foregoing paragraphs, then, the day is perhaps not too far distant when these flats in the private housing developments will become 'homes away from homes' for our senior citizens.

Social Work Manpower

Sir, you acknowledged the shortage of trained social workers and asked the U.P.G.C. to invite the two universities to expand their social work student

intake in the 1984-85 triennium in a bid to alleviate the manpower problem. As professional social workers in Hong Kong are trained in universities as well as in post-secondary colleges and in the Polytechnic, expansion of student intake at the university level alone, as I see it, will not be able to bring about the desired effects.

Our social welfare service is losing its much needed staff through increasing transfers outside the welfare field, which is met with a decreasing input from social work graduates who take up the profession. According to the Report on the Social Welfare Manpower Survey jointly prepared by the Hong Kong Council of Social Service and the Social Welfare Department released in March 1982, a total of 110 trained social workers at graduate and non-graduate levels left the profession during the year 1980-81. They are now working in other Government departments and commercial/industrial concerns which are unrelated to social work.

At the same time, the social work profession fared badly in attracting new recruits. In recent years, it was noted that quite a few social work graduates did not take up social work after their formal training. Statistics indicated that at the end of 1980-81 fiscal year, the social work posts both in Government and voluntary sectors were not filled to strength. There was a total of about 320 vacancies requiring social work qualification at both the graduate and non-graduate levels.

The factors accounting for this acute problem have been identified as poor promotion and career prospects, unfavourable salary structure, limited staff development opportunities and unpleasant job nature.

At this juncture, I would like to point out that while the Government is taking every measure to solve the problem of social work manpower shortage, it had made a seemingly unconcerted move, that is, the adoption of the recommendations of Report No. 8 of the Standing Commission on Civil Service Salaries and Conditions of Service to lower the entry point of the Social Work Assistant rank from point 17 to 14 of the Master Pay Scale with effect from 1 July 1982.

This move was seen by social workers, especially those at the non-graduate level, as a discredit to their professional training and a hard blow to their professional status. This can be proved by the fact that recent recruitment efforts of the Social Welfare Department were met with utter dismay. Of the twenty-four offers of appointments to suitable candidates as Social Work Assistants, only five have been accepted. The recruitment situation in the voluntary sector was less definitive, but there is reason to believe that it should not be more favourable.

The implications of a lowered professional status will discourage young men and women from acquiring social work training. This will render the Government's attempts to expand social work student enrolments in the educational institutions unsuccessful. The wider implication would be that as a

result of no increase in the output of trained social workers, all the programmes in the Five-year Plans for Social Welfare Development will have to be stalled, let alone implementation of new and expansion plans.

To effectively alleviate the social welfare personnel shortage, countermeasures in improving the conditions of work and employment must be taken alongside the expansion of social work student intake. As a first and immediate step, I suggest that the Government should consider reinstatement of the entry salary point for Social Work Assistants to the original point 17 of the Master Pay Scale.

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

MR. ALLEN LEE:—Your Excellency, your opening address to this Council on 6 October, in my opinion, was most encouraging. Your assurance of Government's determination in your closing remark and if I may quote after Dr. HO's quote 'let no-one be in doubt; it is the policy and the firm intention of this Government to invest vigorously in the future of Hong Kong and its people; and that we shall continue to do.' Unquote. Sir, at a time that Hong Kong's political future is a much talked subject, you have openly and specifically stated the role of our Government. I am in full support of your statement and I believe it serves to reassure those who have invested here and those who will invest in the future.

Hong Kong has been making significant progress in the past in practically all areas, but we must not be complacent. We still face many problems ahead of us both internally and internationally. I do not intend to elaborate these problems as they are known to all of us. However I do like to raise three points which concern me greatly, namely: The Economy, Industrial Training and Immigration from China.

Economy

Sir, I am somewhat surprised that Hong Kong's gross domestic product will be able to grow by 4% in 1982 despite the prolonged recession experienced by the most advanced countries in the world. We are definitely affected by this recession and our export performance revealed that it is likely to be down by 2% in real terms compared with 1981. I do not believe that this is disappointing, in fact, it could be worse. We must realize that times are different and we must be flexible enough to cope with this tough period. This is the time, I believe, for management and labour to understand each other's problems and to work hand-in-hand. Even though there are indications in the United States of economic recovery, the recovery will be a slow and gradual process and it is my opinion that we will not experience it for sometime to come. Normally I am optimistic, as we are fortunate that we possess one of the most efficient labour forces in the world and we can respond to the demands quickly. However, I must stress again that unless we see an upturn in the economy of our trading

partners particularly the United States, we must tighten our belts. I believe no one could dispute that our economic survival depends on cohesiveness of our society. Exporting products still represent a large part of our G.D.P. The manufacturing sector is by far the largest sector of employment, and this year, it is this sector which is under pressure due to external factors. Let us not aggravate the situation further. Therefore, I urge the Government and those interested parties in contemplating the introduction of and in suggesting new labour legislations should consider carefully the vulnerable situation that we are in, otherwise, it would be 'adding oil to the fire'.

Sir, you have mentioned that the Advisory Committee on Diversification recommended, *inter alia*, that Government should put more emphasis on the promotion of industrial investment. I am glad to see Government has established four overseas industrial promotion offices. Overseas investment is a vital part of our economy. Not only does it bring capital into Hong Kong, more important it brings into Hong Kong modern management and technology. We can certainly complement the overseas investment with our working efficiency and production of quality products at a lower cost. Therefore it is mutually beneficial, and we should pursue and expand our activities in investment promotion. May I suggest in selecting staff for the overseas offices, we should place importance on quality rather than quantity as they are representing Hong Kong. They are our salesmen on a much larger scale. I am interested to hear the results from these offices in the future.

Industrial Training

This brings to my next subject which is industrial training. I spoke on this subject on 1 November 1979 and again on 27 March 1980. I attach great importance to training of our only and the most valuable resource that we have: people. I am delighted to see the establishment of the Vocational Training Council. Now that we have a centralized training scheme, and I understand that plans for training centres have been drawn up. These programmes must be implemented in the near future as we can ill-afford any further delays. I realize that Government may not have a surplus this year and I anticipate that there might be reduction of public expenditure in some areas. Nevertheless, allow me to stress that to provide training for our people is an important investment into our future. All other promotional efforts are meaningless if we do not have a corresponding expansion in the provision of training for our labour force. Without an effective and skilled labour, we cannot move up the market and no one will be convinced that Hong Kong is the right place for investors. Thus I suggest that there should be no reduction in expenditure in V.T.C.

Immigration from China

My last subject is immigration from China. First of all, we have terms of 'legal' and 'illegal' immigrants. I guess the difference is 'legal' immigrant means a person possesses an exit permit from China and 'illegal' immigrant means not. Due to enormous amount of 'illegal' immigration, the Government put a stop

to the 'reach-base' policy in 1980 through legislation and the number of 'illegal' immigrants have since been reduced greatly. However, last year there were still some 55 000 new arrivals whom we call 'legal' immigrants.

What I do not understand, Sir, is what is so 'legal' about these people who only possess an exit permit? What right do they have to stay in Hong Kong? Many times our citizens visit relatives and friends who reside in other countries, but when their visas expire, they must return to their country of origin and I believe this is a universal practice. Is it the policy of our Government to permit a Chinese national to stay in Hong Kong upon arrival? If it is, then I believe we need to examine this policy. Sir, we cannot afford to allow uncontrolled expansion of our population. There are too many problems associated with this unplanned population growth: housing, squatters, social welfare, medical services, transport, law and order, education, and employment; just to name a few.

Sir, I believe a cordial relationship with China is of utmost importance. However it is also my belief that it is not in the best interest of the Chinese Government if Hong Kong's programmes are disrupted by immigration. I do hope that an early solution could be arrived at with the Chinese authorities in the control of the number of 'legal' immigrants from the mainland.

With these remarks, Sir, I support the motion.

MR. SO delivered his speech in Cantonese:—

督憲閣下：本人很高興獲悉閣下決定委任一個專責工作小組，深入研究改善發給欠薪和遣散費的問題，此舉將會對本港工人因失業而需要面對的困難，作出很大的幫助。因為現有的公司法例或破產管理條例，在公司或工廠倒閉時，均不能保證工人獲得欠薪的發還和其他合理要求，而且手續繁複，實應改善。

閣下施政報告中又指出，政府會繼續審慎研究進一步改善本港的社會保障制度。鑒於政府不乏「太極和善用拖字訣的高手」，本人希望此番審慎研究能夠加速步伐進行。

事實上我們現有的社會保障福利，雖然不斷改善，但仍未能提供合理、完善和適合本港狀況的疾病、失業和退休計劃。

此外，本人察覺到政府在考慮上述社會人士極為關注的問題時，過份強調我們的經濟能力能否負擔得起和它們對整體經濟是否有更廣泛的影響。無可否認，這些問題所涉及的範圍甚廣，審慎研究是任何一個有責任感的政府所應有的態度。不過事實上我們對這些問題已審慎研究了很多年，可惜尚未得到結果。去年，政府更主要因為經濟因素和根據一項意見調查，決定取消一個鑽研了多年，由中央管理的僱員傷病保險計劃，在推行完善社會福利制度上後退了一大步。

本人深信，社會福利有經濟的功能，廣泛推行，有助於經濟發展。社會和經濟是唇齒相依的一沒有經濟發展，社會福利固然不能擴展；但若勞動人口得不到社會保障，工作情緒受到影響，經濟發展方面亦會受到限制。長遠來說，社會福利有助於工作生產和提高工人的工作能力。這一點可以從政府推廣教育和職業訓練以配合工業多元化看得出來。另一方面，社會保障亦可以增強人們的購買力，刺激消費品的需求，因而產生較大的投資活動，惠及僱主。

有些人認為香港近年來頒佈了太多的勞工法例，加上近期我們的經濟，受到外界的影響而呈現疲弱，實不應加強社會保障和工人福利。本人認為，社會福利的開支應不單就目下經濟情況而釐訂，亦要考慮長久的經濟潛力。香港的經濟適應力強和不斷增長，實在有能力考慮提供較佳的社會保障計劃。記得在一九七七年政府擬立法讓工人享有七日有薪年假，當時有很多僱主以影響香港經濟，引致商賈們離開香港而往別處發展，使工人失業等等為理由，極力反對。更有一些行業，聯合起來，舉出為工人爭取「自由選擇權」為理由，在報章登出巨幅廣告，力陳其弊。事實證明，該僱傭條例在過往五年，對於香港經濟的增長有百利而無一害。

我們深信，政府在堅決為香港和港人的前途，大量投資和努力經營中，一項合理、完善和適合本港環境的社會保障計劃，是最佳的投資，它能使長期以來，用辛勤工作和血汗在本港投資的「投資者」，真正「把心放下」。

閣下，本人謹此陳辭，支持動議。

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

Sir, I am glad to learn that you have decided to appoint an *Ad Hoc* working group to examine in depth the question of improving the system for the award of severance pay and the payment of wages due to workers. This would considerably help local workers who have to face hardships caused by the problem of unemployment in Hong Kong. At present, when a company or factory fails, the existing Companies Ordinance or the Bankruptcy Ordinance cannot ensure that workers affected could obtain their wages due and have their reasonable demands met; in addition, the procedures involved are complicated. This state of affairs should really be improved.

Sir, in your address you also mentioned that the Government would continue to study with great care the issues related to further improving our social security system. In view of the fact that the Government has so many experts at 'shadow boxing and procrastination', I hope that this careful study will proceed at a faster pace this time.

Although our social welfare and security provisions have been constantly improved, yet they do not provide reasonable coverage suitable to the social conditions of Hong Kong in the case of illness, unemployment, and retirement.

Furthermore, I have noticed that when the Government considers these issues, which are of great concern to the public, it frequently over-emphasizes on whether our financial resources can afford them, and whether they have wider implications for the economy as a whole. Undeniably, these issues have wide implications, and to study them and their implications carefully should be the approach of any responsible Government. However, we have in fact carefully studied these issues for many years; regrettably, no result has been achieved. Last year the Government, mainly out of financial consideration and the results of a limited opinion survey, decided to scrap a proposed centrally administered sickness and injuries insurance scheme for employees, which had been under

study for quite some years. I view this as a big retrograde step in promoting a well-devised social security system.

I do believe that social welfare has an economic function, and its extensive promotion is conducive to economic development. The society and its economy are closely related and mutually dependent like lips and teeth—it is true that without economic development social welfare cannot be expanded, but if the workforce is denied of social security their working spirit will be affected and the economic development will thus be restrained. Taking a long term view, social welfare helps production and in raising the productivity of workers. This is borne out by the Government's promotion of education and vocational training to facilitate the diversification of industry. Social security can also increase people's purchasing power and stimulate the needs for consumer goods, which will entail greater investment activities to the benefit of the employers.

Some people consider that Hong Kong has in recent years promulgated too many labour legislations, and with the recent weakening of our economy due to external factors, it would be inadvisable to increase social security and other welfare benefits for our workers. I feel that the expenditure on social welfare should not be formulated merely on the basis of our current economic conditions, but should take into consideration our long term economic potential. Hong Kong's economy is highly resilient and is constantly growing. It can afford to provide a better social security system. It can be recalled that when the Government proposed to legislate the seven-day paid annual leave for workers in 1977, many employers at that time strongly opposed it on such grounds as that it would affect Hong Kong's economy, resulting in departure of business investors elsewhere and give rise to unemployment, etc. Some trades even went so far as to join forces in the name of 'freedom of choice' for workers and put up huge advertisements in the press to emphasize the disadvantages of the proposal. However, facts have proved that this provision in the Employment Ordinance has in the past five years contributed to Hong Kong's economic growth without causing any adverse effect.

I firmly believe that the Government is investing vigorously in the future of Hong Kong and its people and that it will persist in this policy. A reasonable and well-devised social security scheme suitable to the local conditions is the best investment, as it will make the 'investors' who have for many years toiled and moiled and nurtured this place with their sweat and blood to really 'put their hearts at ease'.

Sir, with these remarks, I support the motion.

MR. F. K. HU:—Sir, I am greatly encouraged by your assurance that our policies and programmes will remain imaginative, ambitious and forward looking. Such policies, coupled with the traditional hard working attitude of our Hong Kong people, can ensure the stability and the prosperity of Hong Kong. Negotiations on the future of Hong Kong will be more difficult if the confidence of Hong Kong people in the future of Hong Kong is affected

through listening to a lot of speculative and unfounded rumour. I have no doubt that the future of Hong Kong will be bright and a satisfactory solution will be reached in the not too distant future if we will all keep calm and patient.

Housing remains the most serious social problem which must be tackled on different fronts. I fully agree that effective action has to be taken to improve the living conditions in the squatter areas. At the same time, we must endeavour to contain the problem by preventing the proliferation of new squatting. A large percentage of new squatters are immigrants who arrived in Hong Kong from China in recent years at a rate of some 55 000 a year. While there could be good reasons for these people to come to Hong Kong, there is no way to ascertain that their relatives or friends would welcome or look after them after their arrival. We may be able to relieve some of our social problems, housing and law and order being our two main concerns, if there will be some reduction in the numbers who enter and remain here which is in line with the suggestions given by my colleague the honourable Allen LEE. It will be helpful to the Administration if these immigrants, before their arrival, are required to produce evidence to the effect that their relatives or friends here will guarantee their good conduct and solve their accommodation problem once they enter Hong Kong.

I am always in favour of enlarging the Home Ownership Scheme which will encourage the better-off public housing tenant to purchase his own flat and to vacate his heavily subsidized rental unit, the rent of which is only 5% to 10% of his income. The rent for each public housing unit should be set at a level around 20% of the tenant's income so that the rents are not subsidized by Government and yet within the means of the tenant. Rental income should generate a reasonable surplus that may be used to meet part of the cost in improving environmental conditions of public housing estates and to speed up the redevelopment programmes of old, dilapidated resettlement estates. A separate rental subsidy scheme should be introduced to assist needy tenants to meet part or whole of the rental payment if they pass a means test.

I am pleased to note that the Government proposes to purchase flats in private housing developments to accommodate elderly persons. This plan will certainly stimulate private housing development and reactivate the building construction industry which provides employment for thousands of people but has been slowing down steadily due to the lull in property market. I suggest consideration be given to enlarging such a worthwhile scheme.

Sir, with these remarks, I have the pleasure to support the motion.

MR. BROWN:—Sir, your address serves as a very timely reminder of the many problems, both economic and political, which currently face our community. But awareness of problems is always the first step towards their solution, and from this we can all, indeed should, draw comfort.

I would like to comment on two issues to support, and perhaps give some added emphasis, to comments already expressed in this debate by my Unofficial Colleagues regarding our economic and our political future.

Firstly, although there are now encouraging signs that the economies of our main trading partners are beginning to recover, it is too early to assume that 1983 will in fact bring any significant improvement in our export performance and economic fortunes. Recoveries in the overseas markets have been predicted, and then failed to materialize, on too many occasions in the recent past to give confidence that these rainy days will soon be over.

Reserves, however, are put aside for rainy days and in case of need I would support their use as a short term measure rather than see any curtailment of the social and capital works programmes on which we are currently embarked. For the medium and the longer term it is reasonable to suppose that the usual flexibility of our economy will project us into more favourable circumstances. But, Sir, we are living in uncertain times, and if matters do not improve as quickly as we hope, it will be necessary to reconcile the obvious desire to keep expenditure on these programmes within our capacity to pay for them—inside our existing tax structure, and it is important that the existing structure should be maintained. It will be necessary to reconcile this with the possibility of growing unemployment and its accompanying social problems should we be too severe in curtailing expenditure in the public sector whilst the private sector remains in recession.

However, this is the time to practise economy and, as Mr. Allen LEE has just put it to tighten belts. There is one area in particular where Government can and must give a positive lead, and I refer of course to the area of salary and wage levels. Leaving aside arguments as to whether Government leads or follows the private sector, and specifically acknowledging that the public sector is not overpaid, the fact is that it is well paid—particularly when the value of various allowances and fringe benefits is taken into account.

Notwithstanding the continuing increase in the cost of living—which may well worsen by the rapidly depreciating value of the Hong Kong dollar—the current state of our economy will inhibit most of the private sector from giving any significant salary or wage increases in the coming year. The state of the public finances makes it clear that Government is in a similar situation. Whilst it is perhaps wishful thinking to expect civil service pay to be frozen at its existing level, in present circumstances any increase next year beyond a very low single digit percentage would be difficult to justify, and to avoid expectations being built up it would be wise to say so now. Indeed it is of particular importance that the private sector should be clear as to Government's intentions in this regard prior to reviewing those salaries and wages which are traditionally subject to annual adjustment from the beginning of each calendar year.

Sir, in your Address you referred to a limit on the growth in the size of the civil service establishment; in addition to a limit on numbers there should also be, in my view, a cash limit.

My second point touches on our political future, although in reality the political and economic future cannot be separated as they are interdependent.

Much has been said concerning the need to take the views of the people of Hong Kong fully into account—and it is encouraging that the authorities in Beijing, in London and also in Hong Kong have all made a public commitment to do so. How this should be done is a good question, and it is valid to ask whether such views are adequately known. Sir, whilst not endorsing his specific proposals I do have some sympathy for the views expressed earlier in this debate by Dr. Rayson HUANG; and like him I believe that the innovation of the District Boards should be seen as only a first step towards a greater involvement of a larger number of our community in decisions which are of such importance to our daily lives. Involvement means commitment and it is of particular importance to foster this amongst the young professional and managerial classes. On the issue of the lease, however, I for one believe that the existing consultative processes have proved adequate for the public's views to be aired and to gain proper recognition.

Moreover, I believe the majority of our citizens concur with this, and their concern is *not* that their views will remain unknown. Their concern is rather that their views will in fact be given due weight and taken into account, and that they will be kept informed whilst talks are in progress. No intelligent person seriously questions that the actual content of the talks must remain confidential, and the Prime Minister must surely be right when she says that negotiations of this nature cannot be conducted via the media.

However, dangerous speculation will only be avoided if we provide the public with frequent, meaningful reports as to how matters are progressing. It is for this reason that I particularly welcomed the statement in your Address that meetings in Beijing had begun. The prompt release of this information is as important as the fact itself, and I trust that this will be only the first of a series of statements we can expect to hear in this chamber on this important subject.

I might add, Sir, in support of your view that proceedings in this chamber should reflect more truly our essentially representative role, and also fully endorsing the views expressed yesterday by Mr. LO Tak-shing regarding the important role that this Chamber must inevitably assume as the future unfolds, that *here*—here in this chamber—is surely the correct and proper place for developments regarding that future to be revealed and publicly recorded as progress is made and disclosure becomes possible.

Our right to be heard on behalf of the people of Hong Kong makes it desirable, and indeed in my view essential, that responsible debate takes place in this Chamber to counter irresponsible comment, rumour and gossip outside.

The current problems in our stock and exchange markets are by no means due only to political factors, but much of the uneasiness in our markets—and probably also in our hearts—comes from casual comment emanating from both overseas and local sources. Those who listen to those verbal comments I feel should remember the Chinese saying, 'Oral statements vanish like breezes, but written words remain like hills and streams'.

Sir, the written words on this subject give us every reason to believe that our future is not so precarious as it sometimes seem, and I feel confident that provided everyone follows what I would like to call the cult of common sense your future reports to us will indeed bear this out.

Sir, with these remarks I support the motion.

MR. CHAN KAM-CHUEN:—Your Excellency, in the history of Hong Kong, 1982, will be remembered as a lean year as we are doubly hit by world recession and the confidence problem about the future. Your policy speech points to a pragmatic 1983-84 budget, as the current year is unlikely to show any surplus. This has been generally well accepted by the commercial sector, but we face criticisms from self-appointed groups who wish to run Hong Kong in their own way. However, despite our difficulty to balance our budget, Your Excellency has not ignored the poor and the aged.

Employment

Our economy is sensitive to that of the United States which remains our major export market. Thus falling interest rates, the rise of the Dow Jones average, and movements in the New York stock exchange, often serve as an early warning system for our own economy. So we look to the U.S. for the light at the end of a long tunnel and hope it will sustain and become brighter in the coming year. For if our clients all over the world are worried by massive unemployment, it means less orders for our factories and more cracked rice bowls for our workers. My best advice to workers is to hold on to your jobs as far as possible and to ask anyone who suggests industrial action where the next job may be found in these hard times. To employers, I earnestly ask them to maintain employment for their workers as long as possible, even when it means slim or no profit. Surely, this is a better choice than losing skilled workers should there be a sudden upsurge in orders. More importantly, it contributes to the stability of our community.

Capital Works

It is noted from paragraph 111 of your speech that no further increases in capital works projects may be contemplated for the time being. However, for future development, it is proposed that *studies* should be made to improve the infrastructure of Hong Kong.

Reservoirs

It is ironic that whereas Hong Kong is surrounded by sea and enjoys plenty of sunshine, we are often short of water for our increasing population and industries. There are few bays as large as our Plover Cove or High Island reservoirs which are not too wide to be dyked. Tai Tam Bay may be an answer for an additional reservoir on Hong Kong Island for storing water from China or from rainfall. It may not be an ideal location at present, but with large scale afforestation on the surrounding hills, development of more water catchments

and connections to neighbouring reservoirs to catch their overflow during typhoons, it may do the job. Moreover, it will enhance the beauty of the environment in that area. Stock it with fresh water fish and there will be one more healthy place for the public to spend their holidays.

We should also tap the best scientific brains, locally and worldwide, to look into the possibility of using solar energy to transform sea water into fresh water for our reservoirs. I understand that scientists can, with the aid of reflectors, use the sun's rays to raise temperatures to several thousand degrees celsius. If a breakthrough could be achieved to apply it to desalting sea water, savings over the existing desalter may justify the heavy initial capital outlay.

Container Terminal

As we are now the third largest container port in the world by volume, we shall need more container terminal facilities when the world recession is over. An ideal location would be Stonecutters Island which at present seems underutilized. If a road link to Kowloon is provided, a second container terminal there would be nearer to urban and industrial areas, on land and by sea, than the Kwai Chung Container Terminal. Once this is decided, I believe the private sector would be able to supply the support facilities quickly.

Both these projects would take several years for fruition. Now that there are less new public works projects, it may be worth spending some money, time and manpower to study them now, so that when the opportunity is ripe, we could implement them.

Future of Hong Kong

Now I turn to the future of Hong Kong. As a member of the delegation which accompanied you, Sir, to London last September, to reflect the public views of Hong Kong to the Prime Minister, I have remained silent on return for obvious reasons. It is therefore important to emphasize at the outset that what I say now reflects only my personal opinion.

The people of Hong Kong should congratulate themselves for having at this crucial hour such an able and firm Prime Minister to discuss the vital subject of our future in London and Beijing. For the first time in the history of Hong Kong, a British Prime Minister has come to Hong Kong to reassure the public. This clears the clouds of defeatism in some minds which have described Hong Kong as a borrowed place with borrowed time.

On the face of it, the 1997 lease relates simply to the New Territories, but in fact it affects not only the five million or so people in Hong Kong but also British interests in the Far East and the modernization of China, which has a lot to do with the well being of over a quarter of mankind. It is therefore of paramount importance for the three parties concerned to find a satisfactory solution to their mutual benefit which would have long lasting effects on the shaping of world affairs in the years to come.

I have watched with concern the count down of confidence reflected by the decline of the share indices, the property market and also the steep drop of the Hong Kong dollar. As a public figure, it is my responsibility to point out that, too often, sensational points are highlighted to the detriment of confidence whilst favourable points are not given the same treatment or are even ignored completely. Travellers' tales, without identifiable sources, were quoted as in the days when the bamboo curtain was drawn. The average man in the street in Hong Kong may be a good money-maker but is not so good in political analysis, and it is up to the media and the intelligensia to provide an impartial analysis thereby restoring confidence to the community; otherwise our people may well talk themselves into a crisis.

In the 1960s, I witnessed an exodus of capital and expertise, when people sold their properties and shares for the price of a song. Every time I travelled abroad, acquaintances lamented that they had 'uprooted their foundations in Hong Kong' too soon and then missed the growth here in subsequent years. So did many wealthy businessmen. The vacuum they left behind was promptly filled by others who were handsomely rewarded by being able to buy up these businesses and properties at a fraction of their true value. This transfer of wealth took places during the latter half of the 1960s and the first half of the 1970s.

However, rumours cannot spread when they reach the wise (謠言止於智者), and Hong Kong people today have no cause for alarm. Try to look at the brighter side of things.

- (1) All three parties, China, Britain and Hong Kong, have a mutual interest in keeping Hong Kong stable and prosperous.
- (2) Britain and China have issued a joint communique to this effect, and one just has to cast one's mind back over past events to recall how often top level heads of states and officials met without being able to issue an agreed joint communique.
- (3) Both countries have agreed to hold talks which you said have already commenced.
- (4) The statements on sovereignty are just statements of the opening positions and it is quite common for sides to be poles apart before negotiations commence. What is important is the result of the negotiations, and I am speaking from several years of negotiation experience.
- (5) Sovereignty claims have been made by China for years, but being a peaceful nation, she seldom forces the issue.
- (6) There is no use being emotional over too old issues. A logical step would be to start negotiations from the de facto point.
- (7) With international affairs, there are no permanent allies or foes, mature diplomacy takes into consideration the present circumstances and interests of the foreseeable future. Why should Britain, China and Hong Kong not

be friends and come to a sensible solution when Britain was among the first to recognize China amongst western nations, and when Hong Kong supplies up to 40% of China's foreign exchange, and transfers technology, investment capital and other facilities to China? After all, the Hong Kong Government has been our legitimate Government for over 140 years, and one cannot just wish it off the surface of the map, with a mere gesture.

Now, I have heard talks of a referendum. I suggest those who suggest this should forget it. It does not need a referendum to confirm the obvious.

I have also heard discussion on whether Hong Kong could maintain the status quo without British Administration. Now, Hong Kong and Singapore are the two most successful cities in the region, outside Japan. They are predominantly Chinese, and I mean hard-working Chinese, but unlike the Chinese in China, they use or are trained to use the British system but not exactly like the British. In short, they have taken the best of two worlds, plus free enterprise. Singapore is of course an independent sovereign state, something which Hong Kong cannot become. So their circumstances are different. But the solid rock on which both these societies rests is British law which is so good that even after Singapore became independent, she retained her British connection by joining the British Commonwealth. The final court of appeal is not in Singapore but in the Judicial Committee of the Privy Council in the United Kingdom. Those who do not know that have no knowledge of how to maintain Hong Kong's stability and prosperity. Under the British legal system, no one is above the law. Without this system, even when a person in authority has agreed to something, one cannot be certain whether the agreement can be enforced, for one will not be able to know one's fate in any political upheaval. We, in Hong Kong, believe in spending our precious time and resources in doing productive work. We had a sample of political instability when it spilled over our borders in 1967. It was destructive to our prosperity and stability.

As regards track records, the Special Economic Zones may be new, but Shanghai was a much grander business and industrial centre of all vintage than Hong Kong after World War II. Today, Hong Kong supplies China with an average of 40% of her foreign exchange.

Confidence in Hong Kong is like life to a body. One can have a city that looks like Hong Kong but without that intangible confidence there will be no life, just five million more mouths to feed. There is a lot of wisdom in leaving alone the goose which lays the golden eggs, but the stones thrown recently by opportunists in their psychological and money market warfare tactics have already broken a whole clutch of eggs. There will, as a result, be less foreign exchange earnings for all parties concerned.

In conclusion, therefore, I would urge the public to ignore one-sided claims and rumours. The only true information will be the *official* announcements

made from time to time arising from the *official* Sino-British talks on our future.

With these remarks, Sir, I support the motion.

3.45 p.m.

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

4.00 p.m.

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

MR. STEPHEN CHEONG:—Your Excellency, I would like to deal with two subjects. They are, first, the system that has recently been introduced for determining the allocation of Primary One places in Government and aided schools and, secondly, what the Government could do (and avoid doing) to stimulate the growth of domestic exports.

As I understand it, the new Primary One admission system introduced by the Education Department for the school year beginning in September 1983 seeks to centralize the allocation of Primary One places. The object is to minimize the pressures imposed on young children by the intense competition to enter popular primary schools and the adverse effect this may have on education at kindergarten level. So, in place of tests and examinations, the system provides for 35% of all Government and aided places to be allocated by the Education Department, another 35% is to be allocated by the school regardless of whether the children live within or outside the school district, and for the remaining 30% to be allocated by the school in respect of children living within the district who apply for places. Emphasis, we are told, is to be given to parental choice, and to the right of the schools to select. Nevertheless, the basis upon which a school may allocate places is to be governed by a points system.

I would like to put several questions across to the Director of Education. To begin with, what is so fundamentally wrong with putting pressure on young children *via* entry examinations or tests? The history of the Chinese nation over the past two thousand years has laid great emphasis on the need to be literate, to be educated and to undergo examinations at village, district, municipal and, finally, at national level. The fruits of success were very great, and the aspiration for learning and competition have become a part of Chinese culture. If this was true of the distant past I submit that this truth applies with even greater force in the conditions of our society today, for our very existence is built upon our ability to compete.

Next, we are told that both parents and schools are free to choose. The freedom of choice is somewhat unreal because the so-called discretionary places are subject to specific quantitative guidelines, that is to say, the points system. The fact is that intense pressure will continue to be brought to bear upon on a relatively small number of primary schools—in particular, the so-called ‘popular primary schools’ where fees and tong fai are charged. These schools are highly popular to parents not only because of the quality of education and educational extras they provide, but more particularly because they ‘feed’ the bulk of their Primary 6 leavers into parent secondary schools. Thus, where the number of applicants for places *far* exceed the number of discretionary places available, parental choice is hardly likely to be satisfied.

I question whether the scheme is likely to meet the object of minimizing pressures upon young children. Conscientious parents will have no choice but to accept the system, albeit grudgingly, and the determined ones among them will do their level best to satisfy it. So they will move into areas where there is a relatively large number of popular primary schools, so as to obtain the advantage of reduced competition, *and* put their children into crammer kindergartens, if not extra tuition, to ensure that their children give an impressive performance when interviewed. I am even told that at least one married couple went through matrimony again in church. They did so in order to get their children baptized so that they could each earn an extra five points!

While I do not doubt that the allocation system has been worked out after a great deal of care, I do not believe that would effectively resolve the problem. In my view, the problem cannot be resolved unless parents are given a *real* choice as to the type of education they prefer for their children. Let us face the problem squarely. As far as I am able to judge, the problem is represented by an excess of demand over supply for a type of education which in reality is widely considered to be superior to the basic education offered by the majority of schools in the public sector. In Hong Kong the type is that represented by the so-called ‘popular primary schools’.

If such type of education offered by the popular schools is considered to be so superior to the basic, comprehensive type of education offered by the less popular schools, then it is highly questionable whether these popular schools and the parents who have children studying in them should be subsidized to the same extent as the majority of aided schools. To give a simple example to illustrate this point: if one needed in-patient treatment, one would have the choice now of *either* going into a Government or aided hospital for basic medical treatment and pay virtually nothing, *or* going into a private hospital for extra basic medical treatment, paying several hundred dollars a day. *Why* is this choice denied to parents in the field of education?

If this choice is given to parents, then it would be quite possible for some of the popular schools to ‘go private’ if they elect to do so, or be only minimally subsidized. The schools would be able to charge fees designed to meet either the

full costs or a substantial proportion of the total costs. This must have the effect of reducing the excess of demand over the supply of places in these schools. Above all, this would offer to the parents a choice as to what type of education they would prefer for their own children. After all, is it right for Government to take away that basic right of parental choice?

I can envisage the Director of Education objecting on the ground that the process by which these schools are allowed to 'go private' would immediately and substantially reduce the number of places in the public sector. *If* that is the sort of quandary he is in—and I suspect that to be the case because it appears to me that the real underlying motivation behind the new allocation system is that Government should exercise a measure of control since all school places in the public sector are heavily subsidized—I would offer the suggestion that the public sector of education is no more than a matter of definition. I would argue that the 'popular primary schools' could be allowed to go substantially private *and* still be deemed to be within the public sector by virtue of the fact that they receive nominal subsidies. I would further argue that Government control need only be introduced if the schools themselves are not offering the right standard of education. If they are, then surely the right to admit students should be vested with the proven management of those schools. Is it really necessary that the judgment of experienced education experts be replaced by guidelines and computers?

Perhaps a more serious ground for objection is that we would be creating within the educational system a class of schools that offer basic, comprehensive and free education and a class of schools that offer extra-basic education. I can well understand the objection but that is not to say that I would necessarily go along with it. Let us be more pragmatic. Whether we like it or not the educational system represented by schools in the public sector like our society, can never be homogeneous. For example, the expatriate community enjoys better educational opportunities than the local population. One does not have to go far to see that, even *within* the expatriate sector of education, there are subsidized schools *and* well-run private schools. In this sector expatriate parents *are* free to choose. Why should we locally domiciled parents be denied the opportunity?

Sir, I would be interested to hear the Director of Education's response to my suggestion. It is neither original nor novel. I have made it in order to reflect the concern of those locally-domiciled parents who, if they were unable to secure entry for their children into the schools they prefer, would feel they have *no* choice but to send them abroad, at much greater expense both financially and emotionally. A great number of these parents come from that sector within our society so aptly described by my honourable Friend Mr. LOBO as 'the sandwiched society'. They are, and will continue to be, an important element in our community. They have not, and generally do not, ask much from the Government. Given the choice, they will all opt for a decent education for their children if it could be obtained here. I am confident that they are prepared to

consider meeting the full cost of this education provided the schools they prefer remain *truly free* in selecting their pupils. A great number of these parents are at a loss to understand why the Government insists on non-interventionism in the economy, but chooses to be so highly interventionistic in education. I think they are entitled to some clear answers.

Turning now to the economy, Your Excellency has taken a cautiously optimistic view that 1983 would be better than 1982. I share this view. Manufacturers seem to be poised on the verge of a fairly strong export recovery in 1983, lest I should be immediately contradicted by data to the contrary from the Government's various surveys of order books—I should say immediately that this view is based on extensive private conversations I have had with manufacturers, which is often *not* the same as what they would say in response to questionnaires. In a nutshell, the consensus is that the fourth quarter of 1982 is beginning to look like the fourth quarter of 1975, and that the worse might be behind us.

There is some justification for cautious optimism. Externally, economists in the United States appear to be expecting a positive growth rate for their economy in the fourth quarter of 1982, and the latest literature suggests that the U.S. Government believes that some easing of monetary restraint is possible without re-fueling inflation. Thus, interest rates have come down substantially, from 16.0% in July to 11.5% now, and are expected to come down even further to 11.0% or lower by the end of the year. Whilst sales of big-ticket items such as motor cars, houses and other consumer durables are still sluggish, total retail sales in September in United States have increased by 1% i.e. nearly US\$1 billion in money terms over August. This is all the more significant because retail sales of light consumer goods—which we manufacture and are skilful in marketing—must have picked up by more than 1%. Given, also, that the process of de-stocking of the type of goods we supply to the U.S. is virtually completed, demand for our exports in our most important market is beginning to strengthen. Equally encouraging signs are developing in Europe—the second most important group of markets for our manufactures.

As regards our ability to supply our markets, there is no doubt that our manufacturers are well poised to meet export orders. Production capacity in terms of plant and equipment has not been substantially run down. What is even more important is that, unlike other economies, there have been no substantial lay-offs.

In other words, the signs look good for a speedy recovery in the manufacturing and export sectors of the economy, and there is every indication that the majority of manufacturers and workers are behaving responsibly and sensibly in the expectation of better things to come.

Against this background, Sir, there are measures which the Government could introduce or avoid, if it wishes to speed up the process of recovery. I do not need to repeat in detail the fact that the Government's fiscal policies are

designed to encourage growth. Nor do I need to recount what the Government is seeking to achieve in providing the basic infrastructure and in the training of manpower. But in nervous moments such as the present, I would first urge the Government not to over-react to isolated but over-dramatized incidents of business failure. The fact that there have been a few factory closures, coupled with some social distress does not justify the immediate introduction, without careful consideration, of a Government-funded wage compensation fund. The problem of social and financial distress for workers affected by the failure of business certainly needs careful examination, but does not lend itself to instant remedies. Therefore, with due respect to Father MCGOVERN's eloquent display yesterday of his inherent mistrust of working parties, I support fully that the problem is to be submitted to a working party.

Secondly, as a further example of the sort of measure that the Government should not be doing if it does not wish to retard the process of recovery, I could give an example of the way in which our existing environmental protection legislation is being applied. Not long ago, a manufacturer in the knitwear business wanted to replace a boiler that had become inefficient and obsolete. This was all to the good, but he needed certain authorizations under existing clean air legislation. To his surprise he was told that he would have to build a new chimney, despite the fact that the new boiler to be installed was of the same capacity as the existing one, and that the old chimney was also in good working condition. The cost of buying a new boiler *and* building a new chimney proved to be too much, and he was stuck for the moment with the existing, obsolete boiler. I can imagine why a new chimney is required: current standards call for it. But this makes nonsense even in environmental protection terms because, given the same specifications, the level of emission of pollutants from a new boiler must be less than that of an old one. If the enforcement agency is content to allow the existing chimney to remain serving an old boiler, it is not clear why a more efficient boiler emitting less pollutant cannot be tolerated. What is not generally realized by the enforcement agencies is that the manufacturer is placed in a position where he is effectively discouraged from investing in new plant and equipment.

Thirdly, I would urge that no effort should be spared by the Government in monitoring closely the health of our manufacturing industry and in guarding against any further substantial erosion of our manufacturer's competitive cost structure. The administration must exercise extreme caution in reaching its final decisions on whatever issues which would have an upward cost push effect on the export sector.

Fourthly, apart from the manufacturing sector, whether we like it or not, another part of the economy that needs careful watching is the property sector. While I would agree that the levelling off of sale prices and the lowering of mortgage rates, coupled with a high stock of new property, is highly satisfactory, there is no room for complacency. The experience of the past five

years or so might have left us with the impression that property developers are a rapacious breed of capitalists, and even now there are some who think that property prices have come down from the outrageous to the merely expensive, and that they should come down even further. I would urge caution before we subscribe too fully to this sentiment. Property also happens to be a major element in the assets of both banks and manufacturing companies. If property prices drift down much further, it will have the undesirable effect of reducing the asset backing that manufacturers need in order to borrow from the banks, particularly if such borrowings are required to meet increased production destined for export. If it were allowed to collapse, it will have the disastrous effect of undermining the very foundation of our financial sector. I think that the time may have come for the Government to do something. I do not advocate direct and heavy intervention in the property market, nor would it be desirable for the Government to decelerate land sales. Nevertheless in difficult times like this, it should be possible for Government to be sympathetic, and *perhaps* to go easier in such areas as strict compliance with building covenants, so that the market mechanism will have time to complete the full process of readjustment.

Finally, Your Excellency it is most reassuring to learn in the concluding sentence of your address that ‘it is the policy and firm intention of (the Government) to invest vigorously in the future of Hong Kong—and its people’. I firmly believe that that *must* also be the policy of the private sector, and I say so for two basic reasons. First, it is a fact that British and China will be negotiating our future ‘with a common aim of maintaining the stability and prosperity of Hong Kong’. That is the fact, and everything else is fiction. Secondly, Hong Kong’s very existence depends on our ability to keep alive the tripartite equation of interests that revolves around China, Britain and ourselves. We have done so and we have been successful by investing wisely and vigorously in our future. Thus, if we allow ourselves now to be persuaded that the present state of affairs will not continue into the future, then we have *no* future. For the private sector, therefore, we must just continue our relentless pursuit of success and show to the world that we are doing business as usual.

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

MR. CHEUNG YAN-LUNG:—Your Excellency, encouraged by your remarks about the representative roles of Unofficial Members of this Council, I venture to speak on behalf of the people of the New Territories, both the indigenous people and those newly settled.

‘Stability’ and ‘prosperity’ are ringing in the ears of all Hong Kong people these days. They are the continuing aims of the Government, which is entrusted with the responsibility to maintain policies that sustain them.

Government plans for the future course of Hong Kong development have been stated clearly by you, Sir, in this Council. I note with pride that first priority is being given to the development of new towns and housing estates,

social services and public works in the New Territories, among the ‘imaginative, ambitious and forward looking policies and programmes’ of this administration.

Hong Kong Island and Kowloon Peninsula can no longer claim to have a country cousin in the New Territories. Rapid urbanization has changed the face of the countryside for all time. Housing estates, super highways, and an estimated population of 2.2 million by 1985, are overtaking villages, country roads and the indigenous people who could trace their roots to the days of the Sung.

Time cannot stand still, and much as I mourn the passing of history, I concede that progress and modernization are inevitable in the New Territories, for Hong Kong cannot survive without them.

But commitment to progress and modernization is relatively new concept among N.T. people, particularly those whose heritage is the land on which their families have lived for many generations before. Today, these people find themselves living in the shadow of massive public housing estates and generous Home Ownership Schemes, surrounded on all sides by the advancing signs of progress. In the prosperity of development, it is fair and morally right that their option to participate must be safeguarded and respected.

The Land Exchange Entitlement System is the outdated product of sincere and simple intentions. True to the changing circumstances of Hong Kong, the system, though relatively new, is already unworkable, due to the problem of people and the consequent shift of population to the N.T. There is no doubt about the need for an alternative.

The proposed abolition of the Letters B system, which till now has permitted landowners to participate in the prosperity of development, is currently under discussion between the Government, and the Heung Yee Kuk as representatives for the N.T. interests. What must be borne in mind by both parties is the absolute need for a ‘fair and generous’ alternative that would not deny landowners their share of prosperity or prosperity itself. What must also be borne in mind are the possible consequences of an unsatisfactory settlement of this thorny issue, namely strong resistance among individual landowners which would require due process of law, and resentment and alienation towards an authority that upholds such a settlement.

As recently as the 1950s, ancestral lands were resumed at agricultural prices through the Crown Lands Resumption Ordinance and then resold for building development at substantially higher prices. During the 1960s, implementation of the Land Exchange Entitlements System introduced a more equitable process of development. But may I put it to this Council that the landowners who were the original holders of Letters B were ordinary people who had the gift of a rocket to the moon thrust upon them, only to find they lacked the expertise and resources to operate it without technical assistance. The rest is history.

In a sense, the discussion between Britain and China over the future of Hong Kong are a macrocosm for comparison to the discussions now taking place over the future of Letters B. In both cases, all parties seek to maintain stability and prosperity; to take the views of the people fully into account; to reconcile differences; and to face the future with confidence. All that remains to be decided is the mutually agreed formula by which these aims can be accomplished.

Now cash compensation is poised to replace the Letter B system. But the question is whether or not the level of cash offer will be acceptable to the N.T. landowners as a fair alternative, let alone generous.

Distinct and separate from the issue of Letter B, but equally important, is the recent proposal of enhanced premia to be charged for land use under the guise of short term waivers. Quite apart from the legal and moral arguments put forward by the N.T. landowners, the possible economic effects of this untimely proposal should be given weighty consideration.

Today, the people of the N.T. find their living environment much like urban Hong Kong in most ways. But we must not be misled by appearances. For the basic loyalty and sentiment have not changed, and the memories linger on.

I was born in the New Territories, where I learnt, in my childhood days, to appreciate, not only the immense beauty but also the tremendous force of mother nature. I learnt to pick berries and thus to distinguish the edible fruit in the bush from those which are not, while my sister had to cut grass from the hillslopes for domestic fuel. I used to watch my peers cutting conduits and damming up outlets in readiness for the rain which irrigated the paddy fields. We used to pray for the rain to come at the right time, so that two crops of paddy instead of one could be harvested from the same patch of paddy field. We used to fetch water from the nearby streams for our kitchen, at the spot where our women folk washed our clothing, and where we indulged ourselves and learnt to swim—but never before the 5th day of the 5th Moon, to avoid a chill which could result in a nasty fever. We used to pick snails and catch frogs in the paddy fields to augment our inadequate diets, while clearing the weeds amidst the budding young seedlings in the paddy fields. We used to make hay at harvest time, so as to feed and fatten our cattle, long before they were asked to perform the hard work of ploughing and raking. We listened with intense interest, to our elders, telling us stories of the past. Sadly, these days are no more. For the pressure of increased population, consequent upon the urbanization of the New Territories, has forced me and many others to move to Kowloon. But it is in the New Territories, where my roots are deeply if not extensively ingrown and where my heart remains.

Sir, with these remarks, I support the motion.

MRS. CHOW:—Sir, Hong Kong is a success story.

In spite of all the shortcomings in our system, we have beaten numerous odds to become one of the most prosperous and efficient communities in the world.

Not too long ago, a couple of professionally conducted surveys told us that the majority of the people in Hong Kong prefer the status quo. This I take to mean preference for no change in the entire overall structure of our community. It is this structure that has enabled us to improve our standard of living unhampered through a process of responsible and constructive self criticism over a sound base of systematic management made possible by an atmosphere of social stability. Credit is due to the Administration that has enabled this structure to develop and flourish.

Is it wise to change a proven formula other than to improve and reform by process of evolution while maintaining the base and infrastructure that we have so successfully built? The choice may not rest totally with us, but let us, the people of Hong Kong, who have valued and respected the freedom of choice above all be clear in our own minds what we regard as the best state for Hong Kong.

Amidst the furore over the uncertainty that clouds our future, Sir, one message that comes through subtly but clearly in your opening address is that while projecting into the distant future, we must not lose sight of what comes between then and now, for there are many areas which will require our continuous attention.

You mentioned, Sir, the Government's intention to invest vigorously in the future of Hong Kong and its people. What better way to achieve this than through education?

The area that is crying out for attention long overdue is the Pre-Primary Section.

In spite of the fact that every child from four to six is supposed to attend kindergarten, there is as yet no comprehensive plan on the part of Government to upgrade and regulate the standard of education for young children.

An examination of the teaching staff structure reveals the rather unfair exploitation of a group of dedicated teachers, the vast majority of whom are female, who have no training to fall back on and no career prospects to look forward to. Some of them earn less than \$1,000 a month, and at best they are paid less than \$2,000 a month.

The 1981 White Paper on Primary and Pre-Primary Education projected the enrolment in kindergartens to be at 180 000 in 1984. The number of qualified kindergarten teachers in the same year is expected to be 590, with 680 qualified assistant kindergarten teachers. This ratio is totally unacceptable if we are to aim for any improvement in pre-primary education.

This situation demands to be examined with some urgency. I therefore would like to reiterate my earlier call for a special working group with unofficial input and participation to assess the entire area of pre-primary education to be set up as soon as possible.

When I last spoke on the subject in March this year, I advocated the abolition of the J.S.E.A. Today I maintain this view.

Apart from the general objections to the frequency of public examinations, there is also the undesirable timing of this particular examination. It is totally unnecessary to subject all 15 year-olds to the stress and strain of this scaling test when the results could be achieved by choice on the part of the schools, the parents and the students.

Many teachers of Form III have expressed adverse opinions about the J.S.E.A. They found that they had to yield though reluctantly to the pressure of the test by displacing worthwhile educational activities with drilling. They also had to reduce extra-curricular activities. Some were worried that the Form III students who had to transfer to a new school might face serious adjustment and integration problems at Form IV level. Some of them queried the claim that J.S.E.A. was the most appropriate way to stream the students, as they maintained that those who failed the test might not necessarily be the most suitable for technical or pre-vocational education, while those who passed might not be best suited for an academic education.

In view of the strong feelings expressed, I question whether the 1981 Review conducted by the Education Department on the test has adequately taken into consideration all the views and sentiments which have been voiced, and I would urge an immediate reassessment of the situation which would hopefully lead to the early abolition of the J.S.E.A. Inevitably this must lead to the study of whether the extension of free education to include Forms IV and V could be hastened, although this should be considered as an issue quite separate and independent of the J.S.E.A.

You mentioned briefly in your speech, Sir, that the U.P.G.C. will be asked to consider the role that an open University might play in Hong Kong. This must come as exciting news to our community which has so readily accepted television as very much a part of life.

The educational opportunity of television in a community like ours is tremendous, and deserves meticulous study. E.T.V. in schools is now very well established. The next void that it can most effectively fill is at post secondary level.

The number of those who left school after Forms V and VI in 1981 was approximately 72 000. The number of matriculants for the same period was 12 800 and that was a mere 2% of the relevant age group. Of those matriculants, only 2 600 gained admission into our two universities in Hong Kong.

In addition to the high school graduates and matriculants coming on stream, there are large numbers of people under the age of 30 who finished Form V and who might wish to take a university course. The demand for higher education is therefore quite tremendous. The formula of the open university so successfully tried in the U.K. and elsewhere, should be well suited to a place like Hong Kong, and such a possibility should be explored in earnest.

We are facing difficult times ahead, both economically and in other respects. But Hong Kong people are well-known for our strength and resilience in times of adversity. In fact the magic of Hong Kong is to make the best of any situation and emerge the winner. Now more than ever, we need to rely on our good sense, sound judgment, confidence in a Government which has served us well, and sharp perception to choose and act cautiously and rightly.

Sir, I support the motion.

MISS TAM:—Sir, the recent Urban District Board elections with 229 candidates competing for 76 seats and a 35.5% turn out of voters, and the March 1982 District Board elections in the New Territories with 174 candidates competing for 55 seats supported by a 38% turn out of voters is an encouraging start to launch the new pattern of District Administration. The willingness of those who stood for election and the large number who cast their votes are clear indications of a sense of belonging to this community and their confidence in the future and that we are prepared to share and solve our problems together.

District Boards and Community Building

One of the criticisms of the District Board system is that it has only a consultative status without any executive powers to solve local problems. However, there are already instances where the Government has accepted recommendations from the various District Boards and has brought about new measures to improve local traffic or environmental conditions in, for instance, Wong Tai Sin and Kwun Tong. In addition, the Government's attention has been drawn to local needs such as the urgent requirement for an emergency clinic in Hong Kong Island's Eastern District and I hope that this issue will not meet with the same fate as Mr. YEUNG's New Territories taxis. The effectiveness of the District Board as a consultative body depends much on a responsive Government and Your Excellency has assured us more than once that in the decision-making process the voice of the District Boards will be heard and their views will be given due weight.

I believe that even within the present terms of reference, the District Boards can do much to improve the quality of life in this community in the following ways:

First; by promoting the assimilation of new immigrants. District Boards in the New Territories and East Kowloon can do much to assimilate into our community new immigrants living in squatter huts, factory buildings or temporary housing units in their districts. The Community Building Committees in these

Districts should actively promote their recreational, festive, and youth activities; emphasis should be placed, for example, on mounting special events in these areas as part of Crime Prevention, Anti Narcotics and Clean Hong Kong Campaign to involve the new immigrants. Activities such as these will help recent immigrants to make contact with long-time local residents and to learn to appreciate our respect both for hard work and the reward it brings, and for law and order.

During my many interviews with fire and landslip victims who are recent immigrants I listen to their housing problems and I find that even in the minds of those who have lived and worked in Hong Kong for three or four years and whose children are born here, there is very little appreciation of the 'give and take' relationship which exists between members of our Hong Kong community. In order to assimilate them we must offer them a social life away from the huts and bunk beds in transit centres so that they can cast off the sense of isolation experienced by many new immigrants and move towards accepting us and especially our sense of values before they acquire the vote.

Secondly; the District Boards can help to close the communication gap between the Government and the people which is everyday narrowing. In revising the membership of the Advisory Boards and committees, Your Excellency may perhaps wish to consider permitting either appointed or elected District Board members to serve in them in the same way as Urban Councillors are now asked to do. Likewise you may wish to give them a chance to serve in the Legislative Council. As District Board members develop and mature in their role, local residents will soon get to know them and approach them to speak on their behalf. Given time a bond will develop between the District Board members and their constituents and in particular between the voters and the elected members to whom the voters may give, and from whom they may withdraw, the mandate of representation. From the grass roots, these local representatives are also the source of accurate information and advice to the Government, and the more openings there are for them in public administration the better we shall find the quality of the candidates.

As we have seen an encouraging start to District Administration in these elections and in the work of both appointed and elected unofficial members in the last year, we must be prepared to give this healthy new-born child plenty of room in which to grow.

The Manufacturing Industry

Sir, when I wrote this speech I was attending the 28th Commonwealth Parliamentary Conference in Nassau. In two different plenary sessions delegates from the United Kingdom, Canada, New Zealand and Australia told a similar and unhappy story of how countries with elaborate welfare programmes can live beyond their means. Such programmes coupled with excessive wage demands in collective bargaining by the Trade Unions have rendered the

products of these countries too costly to be competitive in the world market, and they therefore have had to adopt protectionist measures to preserve employment opportunities for their own people.

The main concern in many of these countries now is to create jobs without increasing public expenditure and they look towards the private sector to provide solutions to their problems.

In a paper entitled 'Selected Employment and Labour Issues' prepared by the Commonwealth Secretariat for the Commonwealth meeting of Employment and Labour Ministers which took place in Geneva in June this year it is stated that: 'In recent years small businesses have proved particularly successful in creating employment, and governments, in recognition of this, have been giving them special assistance. The British Government guarantees 80% of approved bank loans to such enterprises and under a business start-up scheme offers tax concessions to individuals investing in them. Denmark encourages its pension funds and insurance companies to provide capital for small and medium-sized business at favourable rates of interest.'

I think in Hong Kong we can count ourselves lucky that we do not indulge in excessive welfare handouts and aggressive methods of wage bargaining which would lead to the loss of competitive prices of our goods in the world market. But the practice of a seige economy by our customers in this same world market is now putting our own workers on reduced working hours and has produced a 3.7% unemployment rate. While learning how to tighten our belts during the recession we must also find a way to nurture the strength of our industry and avoid becoming drawn into this same vicious circle.

It is no longer in question that Hong Kong must move up-market and diversify her industry and economy. We have observed the development of the Industrial Estates, the research and development work which has been steered by the Industrial Development Board since 1980, and the increasing training opportunities in computer science and technology at the Universities and the Polytechnic. However, the great majority of manufacturers in our light industries, who produce 72% of our export goods have only *heard* the word 'diversification' and do not know on what to diversify, how to do it, or how much it will cost. If on the other hand they know what diversification entails they cannot get the financial backing to carry it out and in any event the 67% of the industrial labour force which they employ will not be academically qualified to receive vocational or industrial training in other fields.

Bearing in mind the phenomenon described in the above-mentioned Commonwealth Secretariat paper, and the keen interest within the larger Commonwealth countries in creating jobs in the private sector, I think the Hong Kong Government must help to develop further our smaller and still labour-intensive manufacturing industry by giving assistance in the following areas:

First, by providing information on local market situations. Many factories are set up because one particular type of product is in demand. Once upon a time it was wigs, then plastic products, now electronics and toys. Often it is only after the factories have commenced operation that the latecomers discover that the market has reached saturation point and the established factories are already cutting down on their workers. I think the Government must be able, through monitoring the decline in volume of exports of any particular type of product and the type of worker involved in redundancy complaints cases, and information from the trade, to inform the manufacturing sector and the public which kind of product is moving towards saturation point. It is not enough that only the bankers know about these dangers.

Secondly, Government should provide information on overseas market trends. Our overseas offices should given time, in addition to attracting investments to Hong Kong, inform us of any new product developed in North America and elsewhere which would be within our resources to follow: this would provide new stimulus for industrial diversification.

Thirdly, Government should provide information and liaison services for Hong Kong investors in the Special Economic Zone. Your Excellency being an expert in China affairs is in the best position to help us understand this 'China Dimension', and you have seen at first hand some of the Hong Kong investments in Shen Zhen. However, few of the manufacturers and entrepreneurs who have set up factories there care to share the benefit of their experience with others who are also tempted to try their hand in such investments.

What kind of infrastructure is there to support Hong Kong investment in Shen Zhen? What are the rules in regard to the administration and control of investments in the Special Economic Zone? Can the Hong Kong Government if necessary liaise with the Shen Zhen authorities if our investors need certain facilities to support factory production? These are important questions and I think that accurate and up-to-date information on the prospects and difficulties of investing in Shen Zhen must be made available to our manufacturers from an impartial source so as to reduce the risk of misadventure.

Your Excellency, now that I have seen the developed countries trying to foster 'small businesses' may I say this: that in this Council we believe in and practise close scrutiny of public expenditure and deplore any wastage of our resources. It is equally a deplorable waste of resources if investments in the private sector should fail for want of proper market and trade information which is within the Government's position to give or resources to obtain. And it is far more constructive to strengthen the manufacturing industry and produce more jobs than to give welfare benefits to unemployed workers (as Mr. K. C. CHAN points out, employment means stability). And therefore 'diversification'

and the development of comparatively labour-intensive manufacturing industry must go hand-in-hand.

With these observations, Sir, I support the motion.

DR. IP:—Your Excellency, it is reassuring that the Government has firm intention to invest vigorously in the future of Hong Kong and its people. Nothing guarantees success more than the investment in human resources— with that I mean—*the children of our society today, the pillars of our society tomorrow*. As I am in contact with children in sickness or in health almost all the time of my day, I have an inevitable attachment to them. My speech this afternoon will centre mostly around this adorable sector of our community.

In the United Nation's 'Declaration of the Rights of the Child' it states, 'that the child shall enjoy special protection and shall be given opportunities and facilities by law and by other means, to enable him to develop physically, mentally, morally, spiritually and socially in a healthy and normal manner. The child who is physically, mentally or socially handicapped shall be given the special treatment, education and care required by his particular condition. The child shall be protected against all forms of neglect, cruelty and exploitation.' Are we in Hong Kong meeting the 'Rights of the Child'?

If so, why then is there no legislation in Hong Kong to protect children as front seat passengers in motor vehicles where the injuries sustained by 174 children last year, 49 seriously and one fatally, could have been avoided?

What are we in Hong Kong doing to prevent accidents happening to children when we have allowed, from as early as 1978, *concussion and laceration of the head* to be the first most common cause for their hospital admission, and *accidents to be the commonest cause of death* between the ages of one to four years?

Do we ponder to consider why, in the last two years, each and every *seven day week residential centre for severe grade mentally handicapped children* closed down temporarily with *infectious* disease (Typhoid, Dysentery and the like)? I ask all to consider that we have not supplemented the heavy responsibilities of such centres with adequate staffing and medical support.

The fact that 79% of moderate and severe grade *mentally handicapped school entrants had no preschool education* spells a vacuum for them between the early diagnosis of handicap (sometimes as early as from birth) and when the child enters special school. Why are we allowing the most important, flexible and formulative years of handicapped children to be lost and parents left with little guidance?

On the other end of the scale, 40% of moderate grade *mentally handicapped school leavers are without placements* and we have allowed them to return home to regress, thereby wasting the efforts of the many dedicated teachers in special schools.

When our *autistic children* are educated in schools for the mentally retarded, we must ask ourselves whether *the nature of the education and the staff to student ratio are adequate to meet their needs.*

Although we enjoy a low infant mortality rate in Hong Kong, *are we doing enough to protect our children from morbidity through perinatal disease*, when 60% of cerebral palsied children were caused by perinatal brain damage and 18-25% of mentally handicapped children could have been prevented with improved perinatal management? *Our obstetrical and Neonatal services must be improved now, even at the expense of others to prevent further damage.*

Can we sit back in our chairs and say that we have done well to protect our children from abuse, when we have allowed *children whom we know are being abused, abused to death?* In this respect we cannot afford to make mistakes as others suffer from it and suffer fatally! Although our incidence of child abuse is less than in other developed countries, we must not let it rise further before more is done about it. We must educate the public, in particular those who plan for the public, to *preserve the value of a life.* We must improve the quality of family life and not undermine the importance of *bonding* and the well known *Chinese kinship supportive network.* We must teach our children who will become parents to realize the value of human relationship. And if all fails, *early prediction of an 'At Risk' family, mandatory reporting of child abuse cases, and last but not least therapeutic and rehabilitation of the parents of abuse cases must be processed with the utmost care.*

Do we consider *our children as children, when in illness?* If so, why do we provide the same ratio of nurses to sick babies and children as we do with sick adults? How can we deprive our sick children in hospital of the comfort of their mothers when they need them most? Where else in the developed world would there be a city with so many children yet *without a children's hospital?* If regionalization is the culprit, why then do we have hospitals for tuberculosis, for cardiac disease, for cancer and for children's orthopaedic disease? Surely there must be uncountable advantages to have a specialized centre for the treatment of children's disease. For one, any desperate mother with a problem about a child, whatever it may be, will always know where to turn to seek sympathetic and specialized help.

Do we consider *our children as children, when in education?* If so, why have we allowed their school hours to be crammed into a morning or an afternoon, thereby causing so much ill effects on them? I have a few examples: *the need to carry heavy loads (nonetheless of school books) on their backs, is something England did away with after the industrial revolution.* The timing for meals has put the children's circadian rhythm in utter chaos, and out of tune with their families. There are many more examples how education for children in Hong Kong are very stressful, some of which my honourable Colleagues have quoted before me.

What I have been suggesting, Your Excellency, is that *we must not treat our children like miniature adults lest they grow up to be oversized children!*

If we see, and we should do, the *importance of nurturing our young with care and compassion, protecting them from the stress of our everyday life* until they can fend for themselves, we must not accept further delays or excuses for inaction. We must *get on and improve facilities for our children now. In planning for Hong Kong, children must be our priority. After all, Hong Kong is a city of a million children!*

I wish now to turn to another facet of my interest and that is the medical and health services. With increasing population, advancement of health education, and rising cost of private medical care, the *demands for a bigger and better Government medical and health services in increasing*. As I see it, given our limited resources and the huge demand on our social service and other public spending as a whole, it may be difficult to meet every demand on our medical and health facilities. Realistically, as Your Excellency have said, 'we should be prudent in our public expenditure, for we must not live beyond our means.'

As a result, *medical and health services is now at a cross road*, where I see only three realistic routes: first, to *remain as it is*, offering the best service it could from a tight budget (in which case it would be unfair for the Medical and Health Department to take all the blame for inadequacy); second, *for the Medical and Health Department to relinquish certain aspects of its service and to concentrate its resources on services which could bring greatest satisfaction to the most needed*; or third, for the financial responsibilities to improvements and provisions of the Medical and Health Services to be borne by the Government, the employers and the employee, in a reasonable proportion through *medical insurance*.

In this respect, may I digress a little to draw, Sir, your attention to the School Medical Service. The establishment of this scheme is a move towards the right direction, whereby the insurance to healthy school children is undertaken by private doctors in return for financial contributions from the parents and Government. Whosoever conceived of this scheme must have tremendous foresight but he would certainly be dismayed to realize, in a recent survey by the Hong Kong Paediatric Society, that 80% of school children do not subscribe to it; that 69% of non-participating pupils dropped out from previous participation because of dissatisfaction with the services provided; that 90% of panel doctors felt that \$35 per pupil then (which I understand has been increased to \$55) is insufficient return for unlimited visits throughout the year, and that 90% of children did not receive their annual check-up which was to be the basic purpose of the exercise. To do justice to this scheme, which I see as the birth of a tripartite contribution to medical health, I hope actions could be taken to improve it and to extend it to all children in Hong Kong.

With that, may I conclude by reiterating what my senior Colleague Dr. The Honourable Harry FANG has said yesterday, if I may quote 'The time has now come for us to look afresh at our health services and to plan for the next ten

years'. I also wish to join all medicals and para-medicals in Hong Kong *in requesting your consideration for the establishment of a policy branch for the medical and health services, and for the Secretary post so created to be filled by a medically qualified officer.*

With these remarks, Sir, I have much pleasure to join all my Colleagues in supporting the motion.

Motion made. That the debate on this motion be adjourned—THE CHIEF SECRETARY.

Question put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday, 10 November 1982.

Adjourned accordingly at nine minutes past five o'clock.