

OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 11 December 1985

The Council met at half-past Two o'clock

PRESENT

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

THE HONOURABLE THE CHIEF SECRETARY
SIR DAVID AKERS-JONES, K.B.E., C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY
SIR JOHN HENRY BREMRIDGE, K.B.E., J.P.

THE HONOURABLE THE ATTORNEY GENERAL
MR. MICHAEL DAVID THOMAS, C.M.G., Q.C.

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

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

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

THE HONOURABLE ERIC PETER HO, C.B.E., J.P.
SECRETARY FOR TRADE AND INDUSTRY

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

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

THE HONOURABLE HU FA-KUANG, O.B.E., J.P.

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

THE HONOURABLE DONALD LIAO POON-HUAI, C.B.E., J.P.
SECRETARY FOR DISTRICT ADMINISTRATION

THE HONOURABLE CHAN KAM-CHUEN, O.B.E., J.P.

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

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, O.B.E., J.P.

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

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

THE HONOURABLE MARIA TAM WAI-CHU, O.B.E., J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING

THE HONOURABLE CHAN NAI-KEONG, C.B.E., J.P.
SECRETARY FOR LANDS AND WORKS

THE HONOURABLE CHAN YING-LUN

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI

THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN

THE HONOURABLE PETER POON WING-CHEUNG, M.B.E., J.P.

THE HONOURABLE YEUNG PO-KWAN, C.P.M.

THE HONOURABLE JAMES NEIL HENDERSON, O.B.E., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE JOHN WALTER CHAMBERS, J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE IAN FRANCIS CLUNY MACPHERSON, O.B.E., J.P.
SECRETARY FOR TRANSPORT

THE HONOURABLE JACKIE CHAN CHAI-KEUNG

THE HONOURABLE CHENG HON-KWAN

THE HONOURABLE HILTON CHEONG-LEEN, C.B.E., J.P.

DR. THE HONOURABLE CHIU HIN-KWONG

THE HONOURABLE CHUNG PUI-LAM

THE HONOURABLE THOMAS CLYDESDALE

THE HONOURABLE HO SAI-CHU, M.B.E., J.P.

THE HONOURABLE HUI YIN-FAT

THE HONOURABLE RICHARD LAI SUNG-LUNG

DR. THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU WONG-FAT, M.B.E., J.P.

THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.

THE HONOURABLE LEE YU-TAI

THE HONOURABLE DAVID LI KWOK-PO

THE HONOURABLE LIU LIT-FOR, J.P.

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE POON CHI-FAI

THE HONOURABLE POON CHUNG-KWONG

THE HONOURABLE HELMUT SOHMEN

THE HONOURABLE SZETO WAH

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING

DR. THE HONOURABLE DANIEL TSE CHI-WAI

THE HONOURABLE PANG YUK-LING, I.S.O., J.P.
SECRETARY FOR HOUSING (*Acting*)

ABSENT

THE HONOURABLE KIM CHAM YAU-SUM, J.P.

THE HONOURABLE TAI CHIN-WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE ANDREW WONG WANG-FAT

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR. LI WING

Papers

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

<i>Subject</i>	<i>L.N.No.</i>
Subsidiary Legislation:	
Buildings Ordinance.	
Building (Administration)(Amendment)(No. 2) Regulations 1985 -----	331
Buildings Ordinance.	
Building (Oil Storage Installations)(Amendment) Regulations 1985 -----	332
Consular Relations Ordinance.	
Consular Relations (Privileges and Immunities)(Commonwealth Countries and Republic of Ireland)(Amendment)(No. 2) Order 1985 -----	336
Shipping and Port Control (Dwelling Vessels) Regulations.	
Shipping and Port Control (Dwelling Vessels) Regulations (Amendment of First Schedule)(No. 3) Order 1985 -----	337
Legal Practitioners Ordinance.	
Legal Practitioners (Fees)(Amendment) Rules 1985 -----	338
Securities Ordinance.	
Securities (Dealers, Investment Advisers, Partnerships and Representatives) (Amendment) Rules 1985 -----	339
Securities Ordinance.	
Securities (Recognition of Stock Market) Notice 1985 -----	340

Sessional Papers 1985-86:

No. 24—Emergency Relief Fund—Annual Report by the Trustee for the year ending 31 March 1985.

Government Business**Motion****Motion of Thanks****Resumption of debate on motion (27-28 November 1985)**

THE CHIEF SECRETARY:—Sir, in this debate Members of this Chamber are speaking on a motion of thanks to you, Sir, for your evaluation of the policies,

programmes and performance of the Government over the past year and your enunciation of the measures which are in hand to ensure, so far as is humanly possible, that we continue to get our priorities right, continue to make progress on those priorities, and in so doing make certain the good government and stability of Hong Kong; and, not only maintain, but increase and extend its prosperity. In my turn, I should like to thank the Members of this Council, on behalf of the Government, for the time and effort they have devoted to studying these plans and proposals, and for their perceptive and useful comments and advice.

Today my Official colleagues will respond to Members in the order in which they, themselves, have grouped the areas of Government activity. I shall speak first on Government and the public service. The Financial Secretary and the Secretary for Trade and Industry will cover economic and financial activities, to be followed by the Secretary for District Administration, the Secretary for Education and Manpower and Secretary for Health and Welfare on their respective responsibilities. The Secretary for Housing, Secretary for Lands and Works and Secretary for Transport will respond to Members' remarks on planning, building, developing and keeping Hong Kong moving, and the Attorney General will deal with the law and security matters. Finally, Sir, I shall, with your permission, wind up the debate on this motion of thanks.

In ten days, we shall see the end of one year since the signing of the Joint Declaration. It was an event which opened a new chapter in the life of Hong Kong and lifted the veil of uncertainty, which was already beginning to cloud long-term private planning and investment. Had that agreement not been concluded Hong Kong would be a very different place today. In response, therefore, to the many views expressed by Members on the next steps we should take in reforming the structure of government I would say, let us, at a district level, see how the new district boards perform and develop their functions, and how their relationship with the two regional councils evolves. We should do this if only because the face of Hong Kong is changing at an astonishing pace. Public and private housing plans in the next five years will provide new homes for well over a million people. The district boards and the Regional Council and the Urban Council will need to adjust to these major shifts in population and the changing urban environment, and to adapt their organisations to respond with sensitivity, not only to the movement of people but to their changing needs and aspirations and to shifting social pressures. How they set about and accomplish this task will have a direct bearing on the boards and the councils and how they evolve and contribute to building the structure of government. But we cannot pronounce on this now before the process has hardly begun!

The same is true, Sir, with regard to this Council. We have scarcely moved into our new premises and welcomed our new colleagues to the work of this Council; the Council has to develop its own new style of work to reflect new responsibilities created by an increased number of Members and by the different

representative character we have built into the new Council. We need time to evolve and adjust before we can evaluate the system and come to hard and fast conclusions about it. This is the method we have used during the past seventeen years, first, making government more accessible in the districts, then creating mutual aid committees followed by area committees, district boards, elections to district boards, and lastly, elections to this Council. It has been a progressive development and at each step we have left an interval to let the changes consolidate and to allow time for evaluation before taking the next step. Thus, while noting the various proposals that Members have made, in the Government's view, we should not pronounce on these ideas until the 1987 review, but should continue progressively to evaluate the working of the present system at all levels. And, in so doing, if I can echo your words, Sir, we should be confident that on these foundations a framework of enduring institutions can be constructed, which will enjoy the confidence of the people and maintain our stability and prosperity.

Meanwhile, the Government is committed to governing Hong Kong effectively with the long-term interests of Hong Kong in mind. In doing so, it will require the understanding and support of the people. We have seen examples of well-intentioned proposals meeting with disapproval sometimes because of inadequate explanation. Dr. Conrad LAM in commenting on the procedures Government employs for announcing major new policies, gave timely advice, that although the Government explains the rationale of policies to the public, care should be taken to mention the possible inconvenience that a new or revised policy may cause.

Developing this theme Miss DUNN suggested that Members should be brought in as much as possible in the early stages of policy formulation and, having been involved, thereafter they should and would be prepared publicly to support policies which have been developed in cooperation with the Officials. This cooperation between Members and the Administration has been developing over the years and I look forward with Miss DUNN to exploring ways and means to develop this partnership.

Mr. Hilton CHEONG-LEEN has suggested specific areas in which select or standing committees should be appointed. No doubt he will pursue these ideas with his colleagues. The Administration stands ready and willing to consider any proposals. Meanwhile, we are off to a good start having established two select committees already in this session.

Miss DUNN has reminded us that the Standing Orders of the Council need to be reviewed: the Government has already committed itself to such a review in this Council in July this year and this, too, would be a suitable task for the appointment of another select committee.

Within the Government service, the policy of localisation which began many years ago will continue, having, now, as one of its aims, the need gradually to align the service with the terms of the Joint Declaration. Mr. Ho Sai-chu very

sensibly reminds us that in the process, the efficiency and the morale of the civil service must not be jeopardised. Meanwhile, increasing emphasis is also being placed on raising the managerial skills of civil servants through suitable training courses, both local and overseas, so as to increase productivity and efficiency. (In this connection, I would like to mention that the Finance Committee has recently approved additional funds to extend the Senior Staff Course for three years up to 1989, by which time 414 officers will have attended the course.)

Hand in hand with the localisation of the civil service, increasing use of the Chinese language for official business will be a natural progression. While the language of communication within the central Government is largely English, Chinese is used as a matter of course whenever it makes practical sense so to do, for example, at district board meetings. Mrs. Pauline NG may be assured that the Government is drawing up a comprehensive plan for developing a bilingual and biliterate civil service before 1997.

Mr. LEE Yu-tai spoke on the proposal to consult the public on the establishment of an institution to enquire, on an independent basis, into complaints alleging maladministration by Government departments, and the need to ensure that it co-exists with existing avenues of redress. The working party chaired by the Deputy Chief Secretary set up earlier this year, was charged with reviewing all avenues of administrative appeal. Any proposals contained in the consultative document to be published in the near future will be designed to operate within the overall framework for dealing with complaints.

The Administration's Working Party on Legal Aid is nearing the end of its task. It was made clear from the outset that the purpose of the working party was to sort out the issues involved before the subject is ready for wider examination in the New Year. Decisions will not be made on the basis of the working party's findings alone.

The principle that legal aid should be independently administered, mentioned by Mr. Peter C. WONG and Mr. SWAINE, is, I understand, endorsed by the working party. Whether it is appropriate in Hong Kong for the legal profession or an independent statutory authority to administer legal aid, remains open for discussion. We can look forward to lively discussion on this aspect of this important subject.

Moving away from the Government machinery, I would now like to say a few words about the New Territories. Mr. LAU Wong-fat and I have seen the New Territories change almost beyond recognition in the 25 years we have known one another. These changes and developments could not have been achieved without the cooperation of the New Territories residents and the invaluable support and advice of the Heung Yee Kuk. I would go so far as to say that few communities have gone through so much disruption and change with so little delay and obstruction to important projects. I would like to re-iterate that there is no intention to forget the role of the Heung Yee Kuk nor to ignore the valuable part it has played over the years. In working out the detail of the

present arrangements we have taken special care to ensure that rural interests were adequately represented at all levels, and at present, the Kuk has a strong representation on all the district boards in the New Territories, on the Regional Council and, it so happens that the Chairman of the Kuk is a Member of this Council.

Mr. CHEUNG Yan-lung's call for a policy to encourage the cultivation of fallow arable land is something we would all support, but it cannot be done unless the landowners, who for one reason or another are not farming their land, are prepared to lease or sell it to someone who will. The Government does what it can through services provided by the Agriculture and Fisheries Department. These include tractor ploughing, the supply of planting materials, technical advice on improved farming techniques, pest and disease control, crop husbandry and the provision of loans for acquisition of equipment. There is not much more that could be done. The fact that a high proportion of the existing farmers are cultivating land they have leased shows that it is possible to bring owners of arable land and farmers together for mutual benefit, but this must come about without involving Government as a middleman between owners and tenants and without a policy of subsidising farmers at the expense of other sectors of the economy, contrary to our basic economic philosophy.

Mr. HUI Yin-fat urged the Government to pay more attention to welfare needs. We have made progress, we have become a much more caring society. More needs to be done and will be done; however, much of the success of Hong Kong depends on voluntary effort and private organisations and I would be averse to any weakening of community involvement and averse to increased direct intervention by the Government.

These few words, Sir, may seem too brief a response to the many important contributions made by Members but we have many opportunities for dialogue and exchange of views, and I look forward to continuing discussion and debate both inside and outside this Chamber.

THE FINANCIAL SECRETARY:—Sir, the Senior Member, Miss DUNN, has emphasised trenchantly the importance of Hong Kong's international reputation in financial affairs. She also vigorously underlined the need to this end for progress and improvement in various ordinances and in other areas. I am wholly in sympathy with all she says and welcome the spur which her words will add to the Government's efforts. I am sure that she has the general support in this Council and I note in particular Mr. WONG Po-yan's and Mr. Peter POON's helpful additional comments.

A minor counterpoint might, I suppose, be the need for caution in setting up new controls. Dr. SOHMEN and others so commented. But there is a measure of truth in both views, as we seek a balanced course. I am anyway anxious where possible to promote self regulation before we resort to major new legislation. This having been said, however, there can be little disagreement sensibly that

excessive control is still very distant from Hong Kong affairs. Much remains to be done.

In so far as the Budget is concerned I also take Miss DUNN's point about the need to back policy proposals with full information and justification. She will be pleased to know that in next year's Budget my proposals will be supported by a comprehensive five-year medium range forecast. This is strictly a planning tool only, but it will show all anticipated revenues and expenditures plus movements in funds. The assumptions are naturally critical.

There was nothing in Dr. SOHMEN's constructive maiden speech with which I disagree. While the rapidly changing economic scene in Hong Kong emphasises the continuing growth of the important services sector, it still remains true that manufacturing industry is vital to us.

Dr. SOHMEN's special experience in shipping in general, and in the moves now being made towards the formation of a true Hong Kong shipping register in particular, will be of value in this Council. As he knows, the Government with the full support of the shipping industry in Hong Kong is moving as fast as it can.

Miss DUNN, Mr. WONG Po-yan, Mrs. FAN and several others also have my sympathy when they seek the simplest possible formulation of taxation legislation. How could I feel otherwise having spent 30 years in business? But there is also a pressing need, as Mr. Peter POON acknowledged, to support the revenue. We raise taxes of necessity, not out of joie de vivre. There must not arise a feeling that the rich and advantaged have an unfair inner edge in assessment of profits tax. Moreover complication in tax legislation is in the majority of cases occasioned by the need to protect what is projected as the simple tax payer from the tigerish Inland Revenue Department. In fact these roles are frequently reversed.

There is thus obviously a need to find a middle ground in this area so based on subjective judgment. Few issues are black or white—shades of dull grey prevail. I shall have more to say when I introduce a modified Tax Avoidance Bill. But let me now express publicly my appreciation for the advice and support of the UMELCO ad hoc group, who have spent so much time on the draft legislation.

I find myself once again in full agreement with Mr. Peter POON. I have covered already in other contexts most of his suggestions but I certainly accept his support for the recommendations of the Standing Committee on Company Law Reform. His comments on the staffing of the hard pressed Inland Revenue Department were also apt, and I shall direct them at those concerned.

I share his concern regarding the high cost of investigating commercial activities and crimes. We must not flag in our endeavours, but clearly control is needed. Mr. POON will be pleased to hear that the Director of Accounting Services and the Commissioner for Securities are now working on a study about

the possible establishment within the Office of the Commissioner for Securities of a unit to carry out investigations either alone or in support of inspectors appointed under the appropriate legislation. He has also referred to the setting up of a unit to train in-house investigating accountants and lawyers. I favour in house training for Government accountants. As to lawyers, there is no way to achieve expertise in commercial crime cases other than to have them at work on such cases with more experienced lawyers. This is precisely what is presently done in the excellent Commercial Crime Unit within the Attorney General's Chambers.

In a speech of ideas Mr. Kim CHAM floated the possibility of a venture capital market. The similarity to an over the counter market is marked. I shall ask the Economic Services Branch to take this further with Mr. CHAM and the Securities Commission. I must however add two caveats. First, there is an obvious priority in getting the unified stock exchange up and running without adding further complication. Second, while noting Mr. CHAM's view that the rich do not mind losing in a high risk investment it is my observation that they dislike being mugged quite as much as the poor. I take special note of Mr. CHAM's experienced comments on defects in the present legislation with regard to physical commodities dealing. This will also be looked into.

Mr. POON Chi-fai mentioned his concern about rising property values attended by growing speculation. We should be foolish indeed to have learned nothing from the shaming, indeed dangerous, events of 1981-82, when of course there were many factors involved other than just speculation. The Government has thus recently completed a study of the current residential property market, and is watching the situation closely. At this moment there appears little real problem nor are there signs of imminent danger, while we are anxious not to discourage sound property development.

Like other Members of the Council, I was interested by Dr. Ip's constructive proposals for a new approach to the provision of medical services—particularly for the middle classes.

My colleague, the Secretary for Health and Welfare, will address the major elements of her proposal. As Financial Secretary I cannot comment on the tax implications until they can be quantified in cash terms. Extreme caution is necessary because the world is littered with decent public medical insurance schemes, the mathematics of which have proved unsound.

There is, I suggest, little fiscal difference between a costly new scheme and one which requires major tax abatement for a privileged number. We need to see the total pluses and minuses. As a general observation, in a low tax administration like Hong Kong there is not much scope for more than a few special tax privileges or concessions. Dr. Ip aims at delivery of medical services, but many could equally make a case of sorts for tax abatement for those who pay school or university fees, take mortgages, buy life insurance, spend money on pollution control, partake in high technology, run Hong Kong flag ships, or make

investment from overseas in selective industries. The list is endless. How is this interventionist treatment compatible with low taxation? Nor do we treat taxation as social engineering. I do feel that while unthinking resistance to new ideas is folly, it is at least wise also to bear in mind the lessons of our and others' experience. So let us wait and see. Clearly no quick answer is possible.

I would like to thank Mr. David Li for his thoughtful address on possible banking reform. I share his overall objective—the enhancement of Hong Kong's reputation and standing as one of the major financial centres of the world.

I am glad he agrees with Mr. K. C. CHAN that it was, and remains, the right decision to link the Hong Kong dollar with the U.S. dollar. Nothing is perfect; but the link is working well and I have no intention of changing it.

I acknowledge a need to ensure that the Commissioner of Banking has adequate resources at his disposal to implement any reforms to prudential supervision that may be put to, and approved by, this Council. But we must recognise that it will take time to build up the necessary experience and expertise—a factor which plays a part in the intention to phase in any new arrangements over a significant period of time. I am sure there will be benefit, as Mr. LI suggests, in seeking staff with banking experience, although there is not a notable surplus in Hong Kong or elsewhere of experienced and honest bankers seeking employment on civil service terms.

Mr. LI expressed understandable concern about the danger of greater discretionary powers being vested in the Commissioner of Banking, not of course as a person but as an office. This tends to conflict, incidentally, with his view that supervision is giving way to regulation. But he can take comfort from the intention that wider discretionary powers will go hand in hand with greater accountability in the form perhaps of an annual report by the Commissioner to the Governor in Council, which would subsequently be published. This approach, together with provisions for appeal, should provide adequate safeguards against any possible abuse of power.

I turn now to the question of the provision of liquidity to the banking system, or what has been described recently in the press as access to a discount window or to a lender of last resort. As Mr. LI acknowledges, arrangements exist whereby the larger banks will in case of need assist soundly managed smaller banks which have temporary liquidity problems. I am grateful for this facility and I have no reason to think that the terms for it are unreasonable. Were this believed to be the case, or if for some reason the larger banks were unable or unwilling to assist in a particular instance, it is always open to an individual institution to discuss the situation with the Secretary for Monetary Affairs. If the matter still cannot be satisfactorily resolved, I would be prepared to consider assistance by the Exchange Fund subject strictly to the Ordinance; in other words provided that the circumstances were such as to permit use of that fund's resources. But a word of caution. I am referring in what I have just said

to circumstances in which a bank, through no fault of its own, experiences temporary shortages of liquidity. No one must assume that the authorities will rescue a bank or its shareholders from the consequences of stupidity, mismanagement or fraud. Our interest is in the protection of depositors and the integrity of the system. It should be obvious that public money cannot be entrusted to incompetent or fraudulent managers. The Financial Secretary is responsible for the Exchange Fund, a responsibility which I take very seriously indeed.

Furthermore, I do not see it as Government's task to make a market in particular financial assets in order that banks can then regard those assets as truly liquid. Banks should have due regard to the intrinsic liquidity of assets which they propose to acquire. This means that they should ensure that proper, broadly-based, secondary markets develop alongside the primary markets when new debt instruments are introduced. If this does not happen the primary markets themselves will sooner or later cease to provide a worthwhile source of finance to those seeking capital.

Finally, I note the suggestion of Mr. LI that we should consider allowing limited service banks to operate in Hong Kong subject to minimal supervision and regulation. As he well knows, there is heavy opposition to this proposition. We will in due course re-examine it, but I feel it important to ensure that the banking system is first allowed proper time to digest the major new legislation, which will shortly be announced, before we seek to introduce any further changes. Nor will we do so without a general if not total consensus. We will need to be careful, too, that we do not let banks from other reputable centres evade the proper requirements of their own supervisors. This would be contrary to the terms of the Basle Concordat to which we shall continue fully to subscribe. We must also avoid being seen a haven in which banks from the less reputable centres can carry out questionable activities. Their presence here would seriously damage Hong Kong's reputation as a major international financial centre.

My sympathy lies with Mr. CHEUNG Yan-lung. The problems that the new Regional Council faces with regard to its finances require understanding and support. They will be given. I do not intend to say more now for I must later address the rates question separately in this Council. But I understand that Mr. CHEUNG is not likely to be disappointed, though he is a wise enough politician not to show excess gratitude.

While I do not intend to give premature birth to the Budget speech, some comments by Mr. CLYDESDALE, Mr. NGAI and Mr. S. L. CHEN amongst others give me the opportunity to set a new ball rolling.

I remain convinced that in view particularly of Hong Kong's exposed position continuing control of public sector expenditure merits top priority. It is now down from over 19 per cent to under 16 per cent of G.D.P. Simultaneously our entrepreneurs must continue to be encouraged by minimum Government

intervention, by maximum reliance on market forces and by the lowest possible direct taxation. Next year, given no unexpected shock. Hong Kong will return to equilibrium in its public finances. Provided thereafter that over a period increases in percentage terms in real expenditure do not exceed the growth rate of G.D.P., I can see no reason for further increases in taxation as opposed to merely keeping up with inflation. Consequently in very simple words different items of expenditure can be varied like different sized slices of the total predetermined expenditure cake. So can individual items of revenue (including taxes) provided again that the different sized slices do not exceed the size of that cake. Of course none of this can be achieved without deficits or new taxes if a majority seek major and expensive new social and other recurrent programmes.

I am well aware of the wounds inflicted by the blunt weapons wielded over the last three and a half years to return our finances to a balanced state without penalising any of our ongoing programmes. Like Procrustes, to whose initiatives I commend Mr. Andrew WONG. I have had relatively unsympathetically to trim some spending and stretch other revenue to fit the bed in which we all lie. In future there will be more scope for objective debate and adjustment. The only broad criterion must remain the matching of revenue and expenditure, for Hong Kong is no place for major deficit financing. Frugality anyway remains the mark of all good government.

SECRETARY FOR TRADE AND INDUSTRY:—Sir, a number of Members have expressed their concern over the recent decline in our domestic exports. Whilst I fully appreciate the reasons for their sentiments, I think there is no need for excessive gloom as such decline has been measured against the exceptionally good year of 1984. Indeed, when compared with 1983, which in itself was also a good year with significant growth in trade, the value of our domestic exports for the first nine months of 1985 has registered growth of over 30 per cent. I hope this will put the general picture of our trade scene in perspective and we do not talk ourselves into despair.

Trade policy

I can assure Members that the Government does have a conscious policy to encourage the development of Hong Kong's trade and industry and that it takes all necessary measures to protect and promote our access to our markets. For this access we rely on our rights under the General Agreement on Tariffs and Trade (GATT). And to safeguard our interests in GATT our policy is to adhere strictly to its principles. I will go on to add that the development of our trade requires active promotion—an area well looked after by the Trade Development Council.

Whilst it is true that Hong Kong's trade in textiles and garments is enduring restraints in consequence of the Multifibre Arrangement, and the bilateral agreements concluded thereunder, the fact remains that 75 per cent of Hong Kong's exports by value are unfettered. The Government will continue to take

such action as is open to us to protect our rights in the GATT, now and in the future.

I fully share Miss DUNN's concern about the need to secure Hong Kong's status, participation and rights in, and through the GATT to 1997 and beyond. Members will be aware that paragraph 4(a) of Annex II to the Joint Declaration provides that this is a matter for early attention in the Joint Liaison Group, and that the press communique issued in Beijing on 29 November, after the Second Joint Liaison Group meeting, indicates that consideration of this important subject has already commenced. We shall continue to persevere to realise this goal.

Protectionism

Like the seven Members who have expressed their concern over the surge in protectionism in our major markets, the Government is alert to the seriousness of this threat. We use every opportunity to press Hong Kong's case, through our overseas offices (see Footnote 1), coordination with other less developed countries at forums on international trade, high level visits by both unofficials and officials, including Your Excellency, to U.S.A. and Europe, intervention by Her Majesty's Government through Ministers and, in particular, the Ambassador in Washington. We also take advantage of distinguished visitors from the U.S., including Vice-President Bush himself, as well as dignitaries from E.E.C. and elsewhere, to make our points. Whilst there are no accurate measures of our success it is clear that all these efforts have contributed to a better understanding of Hong Kong especially its open market, its genuine free trade policy and its record on protection of intellectual property.

More specifically the Government has mobilised all resources at its disposal in North America to lobby against various protectionist moves in the U.S.A., in particular the Thurmond Jenkins Bill. We have strengthened the staffing of our Washington Office, though part of it is on a temporary basis, and through funds made available by the Trade Development Council, lobbyists have been engaged. For the T.D.C.'s initiative I should like to register my special thanks. Whilst we shall never be content that our efforts are enough, the strength of the opposition and the resources at their disposal have to be recognised. It is too much to expect Hong Kong alone to roll back this tide.

As regards the suggestion that the Government and the industry should join hands with trade and industry organisations to fight protectionism, Members will be aware that I have recently set up a Sub-Committee Against Protectionism, chaired by the Director of Trade, for day-to-day advice, with members drawn from both the Textiles and the Trade Advisory Boards, nearly all of whom are themselves active members of major trade and industry organisations.

Another development which may assist in our efforts in maintaining an open multilateral trading environment is the imminent launching of a new round of

multilateral trade negotiations in GATT with the aim to re-vitalising the multilateral trading system. These negotiations in which Hong Kong will fully participate will enable those who have an interest in preserving an open trading environment to better resist protectionist pressures in the U.S.A. and elsewhere.

Industrial policy

When Mr. S. L. CHEN, Mr. WONG Po-yan, Mr. S. K. NGAI and Mr. TAM Yiu-chung spoke on the need for Government to review its policy of positive non-interventionism towards industry, I can only assume they are suggesting that Government should begin to provide some direct assistance to selected industries. At the risk of sounding repetitive, as I have said this before. I would like to state that the Government sees its obligations as follows and no more:

- (a) providing an efficient and adequate infrastructure;
- (b) providing a stable environment conducive to industrial investment;
- (c) ensuring an adequate supply of trained manpower to meet the needs of our ever developing industries;
- (d) assisting in the development and introduction of new technology to help industries to upgrade themselves — in which the Industry Department's overseas industrial promotion offices and its back-up service in Hong Kong as well as the Hong Kong Industrial Estates Corporation, the Hong Kong Productivity Council and the Hong Kong Design Innovation Company all have a vital role;
- (e) providing technical back-up services including the Standards and Calibration Laboratory and the Laboratory Accreditation Scheme.

With the greatest respect I submit that we must stop short of telling industry what to do, as it is our conviction that business decisions are best taken by businessmen and not by bureaucrats. Indeed, the recent experience of some of other economies that have adopted a more 'positive' approach to industry has underlined the soundness of our approach. The Government also cannot adopt the suggested policy of subsidising industry. Not only do we not believe in the effectiveness of such an approach, we are also very conscious of our international obligations as Hong Kong accepts the GATT Code on Subsidies and Countervailing Duties. Let us not forget that assistance to an industry means the transfer of resources from the taxpayers' pockets—i.e. including the pockets of other industrialists. Furthermore, these subsidies will come to nought when the goods they produced attract countervailing duties in overseas markets.

I fully agree with Mr. WONG Po-yan on the desirability of attracting foreign investments in our manufacturing industry. I believe that the consistent implementation of the policies I have referred to, together with other factors such as low taxation, and good communications and other services, are the best attractions for overseas entrepreneurs who wish to invest in Hong Kong.

The institutional arrangements made by the Government to facilitate the introduction of new technology, improved design and foreign investment are set out in Footnote 2 to the printed version of this speech.

I am also grateful to Mr. WONG Po-yan for suggesting that we should conduct more in depth techno-economic and market information studies. We have recently completed such a study on plastics and shall shortly start another study on textiles garments. Of course the programme for these studies is drawn up on the advice of the Industry Development Board.

Information and higher technology

Mr. Allen LEE and Dr. CHAM both spoke on new frontiers for our industries. Mr. LEE specifically referred to the potential of information technology as a new area for development, and the need for a working party for information technology.

Information technology covers a wide spectrum of activities and technologies, including amongst others, micro-electronics, computing (including software) and communications. Members may wish to note that a on-going task of the Electronics and Computer-Aided-Design/Computer-Aided-Manufacturing (C.A.D./C.A.M.) Subcommittees of the Industry Development Board is to identify strategic developments in respect of electronics, C.A.D./C.A.M. or information technology. Discussions within the subcommittees involving industrialists, academics and other interested parties are being held regularly with a view to mapping out a strategy for research and development. Thus, the work envisaged by the working party as proposed by Mr. Allen LEE is already carried out under the auspices of, and reported regularly to, the Industry Development Board of which Mr. LEE is a member. But as Dr. CHAM has rightly pointed out, the industry, rather than the Government, is in a better position to take the lead and pick the winners.

Consumer protection

1985 has been a good year for consumer protection in Hong Kong and I would like to register the Government's thanks to Mrs. CHOW and the members of the Consumer Council for the invaluable work they have done to promote awareness of consumer issues. We welcome the news that a major publicity campaign on consumer safety will begin in March.

The Government recognises that the Consumer Council's plan for regionalisation will do much to promote consumers' awareness of their rights. While the Administration is sympathetic to the request for more staff to expand the activities of the council, it must be appreciated that at this time of containment of public expenditure, subvented organisations must also compete, on their merits, for the resources available. However, I can assure Mrs. CHOW that her council's requests will be given the most careful consideration.

I am grateful—as I am sure is the Consumer Council—to Mr. CHEUNG Yan-lung for his support of the measures taken to improve the protection provided for consumers. He will be pleased to learn that drafting instructions have been issued to propose amendments to the Trade Descriptions Ordinance to strengthen its enforcement provisions. On weights and measures, considerable time had been spent in working out the right enforcement set up. The Commissioner of Customs and Excise has now agreed to take on the task of enforcement on the basis that he will act on complaints. I hope that a draft Bill can be finalised for circulation to interested parties for comments shortly.

Sir, I support the motion.

FOOTNOTE 1

Hong Kong Government Overseas Offices

The Government's overseas offices are already involved in their day-to-day work in building up contacts and promoting support for Hong Kong, so that they can obtain advance warning on issues being developed which might affect Hong Kong and be in a better position to defend Hong Kong's case. The Government accepts the very pertinent views expressed by Miss DUNN that there is a need to review the strategy and priorities of our overseas offices so that they can further strengthen their ability to anticipate political, social and economic developments in our principal markets. It also agrees with Dr. SOHNMEN that the foreign business communities in Hong Kong can act as an additional and effective conduit to public opinion in their own countries, and would like to echo his praise for the efforts made by the American business interests and AmCham in Hong Kong to intercede with Washington on the issues such as the Thurmond Jenkins Bill.

The transfer of administrative responsibility for Hong Kong Government's Overseas Offices to the Trade and Industry Branch last October will serve to focus more sharply their role in Hong Kong's external commercial relations strategy. As an immediate step to maximise use of available limited resources the provision of funds for all overseas offices, subject to the approval of the Finance Committee, will be merged into one head of expenditure as from the next financial year. This will provide improved flexibility in the deployment of existing resources.

The Trade and Industry Branch is also in the process of reviewing the objectives and long-term strategy of the Government's existing and future overseas offices, including their proper role and the resources necessary to satisfy it. Within the overall objectives identified, the review will also attempt to devise strategies best suited for each host country. The aim is to arrive at some preliminary views in time for discussing with the Heads of the overseas offices when they next meet in Hong Kong in the new year.

*FOOTNOTE 2**Institutional support for introduction of new technology*

The Government has established the Hong Kong Industrial Estates Corporation to meet the needs of industries with special land requirements and as an inducement to industries which will introduce more sophisticated technology to Hong Kong and which cannot operate in conventional high-rise factory buildings.

Together with the Government's special land policy, the Hong Kong Industrial Estates Corporation has an important role to play in the attraction of foreign investments in industry. In this connection the Government's appreciation of the guiding hand provided by Mr. F. W. LI who has been chairman of the corporation since its formation some nine years ago has to be recorded. The industrial promotion officers in the Industry Department's One-Stop unit and its five overseas industrial promotion offices will continue to do their best to attract foreign investment, as the technology and management skills they bring may act as a catalyst in our drive towards diversification and upgrading.

Under the dynamic leadership of its successive chairmen, including the most recent four years under Mr. Allen LEE, the Hong Kong Productivity Council has also developed a widening range of facilities and services to assist our industrialists in improving their productivity and upgrading their level of technology. More specifically on technology transfer the Hong Kong Productivity Council is in the process of implementing its new Unified Approach Project under which the council's technical capabilities will be further augmented in respect of mechanical design, electro-mechanical interface support, computer software support, precision machining, computer-aided-design, computer-aided-manufacturing, tool service treatment and technology transfer in general.

On the advice of the Industry Development Board, the Hong Kong Design Innovation Company was recently set up to provide yet more specialised services to industry. The very useful points made by Mr. WONG Po-yan and Mr. NGAI on product design and innovation will be conveyed to the authorities concerned. It is the Government's hope that manufacturers will make full use of this new company, a joint venture between the Government, the Hong Kong Polytechnic and industry set up specifically to provide assistance to industry.

Finally, it is felt that everyone can be proud of the efforts that Hong Kong has made through the universities, the polytechnics as well as the Vocational Training Council in recent years in providing training for technical and professional personnel to meet the needs of its industries.

SECRETARY FOR DISTRICT ADMINISTRATION:—Sir, district administration, youth services and promotion of sports have been mentioned in this debate. I am

grateful to all those Members who have spoken on these subjects for their penetrating observations and constructive advice.

District administration has taken a big step forward this year. With the increase in the number of elected members and the election of their own chairmen, the boards have become more representative and have been able to contribute more to the improvement of individual districts. The boards, as Dr. Ho pointed out, have continued to take initiatives in reflecting the views and aspirations of local residents, not only on district matters but also on important issues of territory-wide significance. District boards have become a well accepted and integral part of our consultative machinery and are effective in fulfilling their functions. The system has been further strengthened by the boards electing ten members to this Council, which will undoubtedly benefit from their ideas and experience. And I entirely agree with Mr. LEE Yu-tai's description that the new arrangement is an integrated system whereby central policies will be more firmly based on the wishes of the public.

Although Mr. Andrew WONG has not spelt this out in Greek, the problem-solving approach that he has expounded so well, clearly accords with Government's thinking that changes, if necessary, should be introduced in a gradual manner. The role of district boards should be examined in the light of the same principle. While some have contended that the executive authority of the boards should be expanded, others believe that the prime function of the boards should remain advisory, thus enabling them to exert influence over a wider area of Government business, rather than being involved in a narrower range of day-to-day executive duties. In the case of district boards in non-urban areas, the Provisional Regional Council has set up district committees involving board members in the management of services and facilities in their districts. This arrangement will be expanded when the Regional Council takes up its functions in April next year and may need to be reviewed in the light of experience.

Members have mentioned the need to provide more secretariat support to the boards and have urged consideration to be given to subsidising board members in renting their own office accommodation. There can be no doubt that the boards have, in the past six months, taken new initiatives that have considerably strained the resources currently available, and that this will continue to be the case. Although resources are not unlimited, we shall be seeking additional staff where justified.

On the other question of subsidised office accommodation, arrangements have long been in place in all districts for board members to hold 'Meet the Public' sessions. Furthermore, in all the community centres recently taken over by the City and New Territories Administration, there is accommodation available through booking by board members to meet their constituents. However, an increasing number of district board members are making their own arrangements and this is encouraging. The question of office rent

allowance was raised in the Finance Committee of this Council in July this year, and it was agreed that since the need and demand for such an allowance had yet to be established, a review of the situation should be conducted at a later stage.

As regards Dr. TSE's suggestion for a cost of living allowance, I should like to mention that the honorarium for board members was increased from \$2,000 to \$3,500 per month in April this year to take account of inflation and the increase in the amount of board business. The Government is, however, fully aware of the increasing workload of board members and will review the honorarium from time to time. At the same time, Government is also looking into ways in which the ambit of DB funds could be broadened and made more flexible to meet the requirements of different boards.

On the question of young people, I would join Mrs. Rosanna TAM in emphasising the importance of preparing them to become assets to the community. Government obviously has a role to play in providing a good environment conducive to promoting civic awareness and responsibility. Given the wide spectrum of policies related to youth, this must be achieved through the joint efforts of established bodies including Government departments and branches as well as advisory committees. Youth crime, for instance, is tackled by the Fight Crime Committee together with the 19 district fight crime committees. To strike a proper balance between preventive, remedial and developmental youth services, long-term objectives are being drawn up in the Five Year Plan for Social Welfare Development.

On the need of providing a focal point for co-ordinating youth activities, one of the solutions is to revive the inter-departmental committee on services for youth with modification in its membership and terms of reference in line with current thinking. Alternatively, a completely new co-ordinating body may be established, comprising officials and unofficials. The latter concept is now being examined.

On the subject of sport, I should like to point out that the Homantin Stadium project is currently in Category B of the Public Works Programme. A recent review of public works items concluded that priority could not be given to this expensive project at this time. However, the large recreational complex now being built in Kowloon Bay is expected to be completed by early 1987 and will ease the pressure on the Mong Kok Stadium.

Mr. F. K. HU attributes the loss of some promising, young, local athletes to our educational system and to financial difficulties, and he suggests a sports aid foundation as one measure to remedy this situation. No doubt, the newly appointed Chairman of the Council for Recreation and Sport, Mr. F. K. HU, will give all his support to the establishment of such a fund.

With these remarks, Sir, I support the motion.

SECRETARY FOR EDUCATION AND MANPOWER:—Sir, Members have spoken in response to your address about a wide range of education, training and labour matters. I should like to address my own remarks first to the subject of education, the importance of which was testified to, by the number of Members who spoke on the subject.

Resources

Mr. LEE Yu-tai and Mr. S. L. CHEN, in speaking about the level of expenditure devoted to education, have gone to the heart of the matter. Mr. LEE, while arguing for a more even distribution of resources, has urged that present levels of expenditure be maintained or perhaps gradually increased. Mr. CHEN, on the other hand, has pointed out that there are limits to what we can afford and wonders whether nine years of free and compulsory education are not excessive, in some cases at least. However, I think I must remind Members that the nine years' compulsory education is tied in with the age of legal employment, therefore any contraction of this period would result in children being neither in school nor in employment—such a situation has obvious dangers. I must counsel further against any thought of reducing the legal age for employment— to do so would be a most retrograde step in social policy. It has taken more than a decade for Hong Kong to live down its 'child labour' image. To give cause for its revival would be 'meat and drink' to the cause of protectionism—a cause I seem to recall that many Members condemned. I think rather the answer to Mr. S. L. CHEN's point lies in trying to ensure that there is sufficient variety and support in our education system to cater for the needs of the less academically-inclined children.

I do nevertheless take the point that education accounts for a major portion of total Government expenditure—around 17 per cent in the current financial year—and that we need to ensure that the community achieves the best possible return on this investment. It is precisely for this reason that, in its terms of reference, the Education Commission is required to have specific regard to the resource implications of educational policy.

Education Commission

Mr. SZETO Wah has urged us not to lose sight of the importance in education of wider cultural, spiritual and social values and he has also asked whether the Education Commission should not take account of the political developments which have taken place since the publication of the Llewellyn report.

In reply to this latter point, it bears emphasis, I think, that while the Llewellyn report has provided a useful starting point, it has not established the agenda for all time. The Education Commission has a continuing task to perform and will, I feel certain, continue to take account of all developments, political and otherwise, as it formulates its proposals.

The commission is already addressing a number of major questions about which Members—including Mr. CHUNG Pui-lam, Mr. Peter C. WONG, Mrs. Rita

FAN, Mrs. Pauline NG and Mr. LEE Yu-tai—have spoken in this debate. I am thinking in particular about the future of sixth-form education and the attendant problems of syllabus content and the burden of examinations, policy towards kindergartens and the development of open education. I will not attempt to anticipate the commission by speaking about these topics at any length this afternoon, but I was very pleased to have all the comments of Members on these topics and I will ensure that they are brought to the attention of the commission.

Civic education

Reference has been made, notably by Mr. SZETO Wah to the question of civic education. There has also been much comment on this subject outside this Chamber, focussing for the most part upon the relative merits of the single-subject approach as against the curriculum-wide approach which seeks to relate the concepts of civic education more generally to the teaching programme and to school activities as a whole.

The Guidelines on Civic Education, which were circulated to schools in August, adopt the latter approach. There has been some criticism, in part, I think, because 'civic education' is a very broad term and everyone has his or her own ideas of what it should encompass. My own feeling is that the guidelines provide a good starting point and that, since progress has so far been encouraging, the approach they outline should be given a fair chance.

Mr. SZETO has expressed concern that the Education Regulations inhibit the teaching of civic education. Regulation 98 forbids any educational activity which is, I quote, 'in any way of a political or partly political nature *and* prejudicial to the public interest or the welfare of the pupils or of education generally or contrary to the approved syllabus'. The 'and' here is important as it is designed to provide protection against political indoctrination. I see nothing in it which need hamper civic instruction or education as very broadly defined in the guidelines.

Private schools

Mr. LIU Lit-for has touched upon another issue namely the need for agreed policies designed to improve academic standards in some private independent schools.

The stated policy, as Members are aware, is to reduce dependence upon the buying of places in less satisfactory schools. This, I should like to stress, does not imply a commitment to the phasing out of all bought places nor does it imply that there is a fixed list of unsatisfactory schools. Standards in individual schools may change over time, we hope for the better. A working party, established by the Director of Education under the auspices of the Private Schools Associations Advisory Board, has been looking into ways and means of assisting in this process. The results of its work will be available shortly and will, I hope, point a way forward.

Language in education

Mr. JOHN SWAINE, Mr. YEUNG Po-kwan, Mr. SZETO Wah and others have spoken on the subject of language in education and this is. I think, a matter on which there is very broad agreement both inside and outside this Chamber.

The objective, as stated in your address, Sir, is to achieve a genuine bilingualism which will ensure the attainment by our young people of higher standards in both Chinese and English, and not in one language at the expense of the other.

The Education Commission dealt at some length in its report no. 1 with the teaching of language and the medium of instruction. Three recommendations were made—all of which have been accepted by the Government—and I should like to remind Members briefly of these. The first was to encourage adoption by individual school authorities of Chinese as the medium of instruction on the grounds that—other things being equal—teaching and learning would be more effective if the medium of instruction were the mother tongue.

The second recommendation—to ensure that other things *are* equal, as it were—was to provide for a good supply of textbooks of good standard in Chinese. With this aim in mind, early action will be taken to set up the Chinese Textbooks Committee to which you have referred, Sir.

The Commission's third recommendation was that additional resources should be made available to improve and reinforce the teaching of English in order to avoid any lessening of proficiency in that language as a result of the move towards instruction in the mother tongue. Mr. SWAINE has pointed out that an international dimension is essential to Hong Kong's continued economic success and that we must retain a firm grip upon English as a medium of international communication.

Selection and allocation

Mrs. Pauline NG has suggested modifications to the academic aptitude test under the secondary school places allocation arrangements. This system is presently being reviewed and the Director of Education is seeking the views of schools councils and other bodies. Mrs. NG's suggestions will be carefully considered in this context, as indeed will her comments on the points system for admission to Primary 1 classes when these arrangements are reviewed in due course.

Technical and vocational education

Mr. LIU Lit-for has reminded us of the need for a balanced development of general and vocational education which takes proper account of changing needs. This is wise advice. Mr. CHAN Ying-lun, meanwhile, has drawn attention to difficulties experienced by prevocational school graduates in obtaining entry to post-secondary courses. I am not entirely sure of the extent of this problem and will examine this closely.

In response to a question from Mr. LIU and Mrs. Pauline NG, I would like to say that the Vocational Training Council has considered very carefully the possibility of a two-year rather than one-year full time craft course. It has concluded that the present course length is correct, but one-year bridging courses will be developed to meet the needs of craft course students who may wish to go on to technician level courses. Some of these new courses should be available from 1986.

Third university

Sir, I am very pleased to note that your proposal for the establishment of a third university to increase the provision of first year first degree places to over 7 500 has the firm and enthusiastic support of our colleagues in this Council. The Administration will soon be seeking the advice of the Executive Council on the setting up of a Planning Committee in the coming year to plan and oversee the implementation of this project.

Expansion of existing tertiary institutions

Professor POON Chung-kwong and Mr. CHUNG Pui-lam would like to see a higher level of provision of first year first degree places than the 7 500 proposed for the mid-1990s. The expansion of the existing higher educational institutions at their current rate would enable Government to achieve its present target of providing first year first degree places for 6 per cent of the mean of the relevant age group in 1989-90. The proposed provision of 7 500 places would provide for 9.5 per cent of the mean of the relevant age group by mid-1990s. This provision almost trebles the present level of about 3.5 per cent. Such an increase within the time scale envisaged could not be described as small by any standard.

As regards further expansion of existing institutions, as suggested by Mr. LIU Lit-for, there is always a limit to what can be achieved. Besides physical limitation, each institution has its own optimum rate of growth and maximum limit of expansion, which is related to the institution's particular nature and academic profile. In making its recommendations, the U.P.G.C. has already taken account of the expansion potential of the existing institutions of higher learning.

More degree places might be provided through part-time degree and external degree courses, as suggested by Mr. LEE Yu-tai and Mr. CHUNG Pui-lam. The Education Commission is currently studying the subject of open education, including provision at the tertiary levels by the two universities and the other institutes involved. We can further consider the subject when we have the benefit of the commission's recommendations which will form part of its report no. 2.

Research

Mr. SWAINE, Professor POON and Dr. TSE spoke of the need for increased funding for and better co-ordination of research activities at our tertiary

institutions. The Government is fully aware of the importance of research to Hong Kong, in particular to our tertiary institutions in order to attract and retain staff with high calibre. An indicated grant of \$45 million has been made to the five tertiary institutions funded through the U.P.G.C. specifically for research activities in the triennium 1985-88. This is in addition to the element of research funding included in their recurrent block grants for fundamental and applied research.

The establishment of a research grants committee, as suggested by Mr. SWAINE and Dr. TSE, or of a science and technology council, as suggested by Professor POON is covered by the recommendations in the report of the working party set up by the U.P.G.C. and chaired by Lord Flowers. It is envisaged that the Flowers report will be submitted to the Governor in Council in the next two or three months and a decision will then be taken on its recommendations.

Dr. Daniel TSE suggested that funds for research should not be restricted to science and technology alone, but also be extended to social science and humanities. I agree and, as I understand it, no restriction is placed on the area of research in the indicated grants for research allocated to the five tertiary institutions.

Local validating body

Mr. LEE Yu-tai, Mr. SWAINE, Mrs. FAN and Dr. TSE have advocated the establishment of a local accrediting body in place of the United Kingdom's Council for National Academic Awards. They will be pleased to note that the Administration is finalising its recommendations on the setting up of a Hong Kong Council for Academic Awards. It is intended that the proposed new body H.K.C.A.A. should be established as a preparatory body to begin with, to consider in detail how full local validation might best be arranged and managed.

Academic exchanges with China

Mr. YEUNG Po-kwan spoke of the need for academic exchanges between Hong Kong and China. He will be interested to know that the local tertiary institutions already conduct frequent academic exchanges with their counterparts in China. In 1984-85, for example, no less than 98 visits were made to China by members of our local tertiary institutions and 96 visits made to local institutions from China.

Labour matters

Turning now to labour matters, I should like first of all to reassure Mr. PANG Chun-hoi that, while your address, Sir, did not this year emphasise labour policy, this important area has not been overlooked and the debate today gives me the opportunity to expand on these vital policies.

There have been important advances this year in the field of labour legislation. I am thinking in particular of the establishment of the Protection of Wages on Insolvency Fund, guaranteeing the payment of wages owed to

workers in the event of a winding up or bankruptcy, and of the proposal presently before the Council providing for a payment on dismissal to older, long-serving employees. There have also been increases—effective from January 1986—in rates of compensation payable under the Employees' Compensation and Pneumoconiosis (Compensation) Ordinances as well as a number of amendments to other items of labour legislation.

For 1986, three additional sets of regulations under the Factories and Industrial Undertakings Ordinance will be brought before this Council. One of these would require the employment of safety supervisors on construction sites, another would lay down specific procedures governing the handling and use of asbestos and the third would prohibit or control the use of certain other carcinogenic substances.

Also proposals will be put forward to amend the Employment Ordinance to protect the assets of a provident fund in cases of insolvency for the employees, by prohibiting deduction of wages for contributions to a fund that is not set up in accordance with criteria to be determined. It is also proposed to include a death grant under the Ordinance in order to help families meet the immediate funerary expenses consequent upon the death of their breadwinner. The Trade Unions Ordinance is meanwhile being reviewed with a view to updating certain of its provisions and relaxing certain restrictions.

Mr. PANG has also urged Government to consider expanding the scope of the Protection of Wages on Insolvency Fund, in particular to cover wages in lieu of notice and severance pay. I think that the original decision to restrict coverage to wages owed was the right one, bearing in mind that it was difficult to foresee what effect the establishment of the fund might have on the pattern of insolvencies and what level of claims might arise.

However, the experience of the first six months of operation has been encouraging. The procedures have operated quite smoothly and the annual levy of \$100 on business registration certificates has proved quite adequate. As a next step, we might therefore consider extending the scope of the fund to cover wages in lieu of notice up to the preferential limit.

Extension to cover severance payments is a rather different matter. The arguments for exclusion advanced by the working group which developed the existing scheme—namely, that severance payments are different in nature from wages, that limited coverage is generally in line with practice elsewhere and that inclusion might encourage employees to force companies into premature liquidation—are not without force. We also need experience with operation of the arrangements in the existing legislation for recovery by the fund of payments made from the assets of companies on liquidation. Recovery of payments by subrogation is expected to account for a considerable proportion of the fund's income but no income has yet accrued to the fund from this source owing to the length of time needed to include insolvency proceedings. Whilst I would not, therefore, rule out further extension of the fund's coverage to severance

payments, I do think we need at least two years' experience before reassessing this proposal.

Various speakers—Mr. PANG, Mr. TAM Yiu-chung and Mr. HUI Yin-fat— have addressed the question of a central provident fund. This is not a new proposal, of course, and I am mindful that there is support for this idea in a number of quarters. As I said in last year's debate, the Government has an open mind on this subject and would be willing to consider any scheme put forward which appears workable and likely to gain widespread support.

As Members will be aware, there are a number of arguments—social, political and economic—both for and against the central provident fund concept. I will not attempt to summarise these this afternoon. I should, however, like to take this opportunity to inform Members that the Administration is presently reviewing this question and reassessing the arguments that have been advanced on either side.

Other points—rehabilitation

Sir, time prevents me from responding in detail to all of the points made by Members in relation to these areas of policy. I must, however, take up one final point made by Mr. HUI Yin-fat in regard to rehabilitation services. I should like to reassure him that there is indeed a long-term planning framework for the development of these services. The last major review was carried out in 1984, with substantial and valuable input from the Hong Kong Council of Social Service, and we shall continue to review progress on an annual basis pending the next major re-examination of policy in 1987.

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

SECRETARY FOR HEALTH AND WELFARE:—Sir, while a number of Members raised matters of importance in the fields of medical and health and social welfare services, I must confess to being surprised (and perhaps a little relieved) that only one significant point was raised during the debate in the usually rather controversial area of pollution and the environment. I propose to deal with this matter first, before turning to health and welfare issues.

Pollution

Mr. LAU Wong-fat referred to the problem of noise pollution in the new towns and I share his views on the inadequacy of the existing legislation. As you, Sir, mentioned in your opening address, we hope to introduce a noise control Bill into this Council before the end of the present session. It is intended that the reinforced Environmental Protection Department should be responsible for administering this comprehensive piece of legislation.

Medical and health

Dr. CHIU Hin-kwong and Dr. Conrad LAM both touched on a number of issues which are covered by the terms of reference of the consultancy on the review of

the delivery of medical services. These include the better integration of subvented and Government hospitals, the provision of medical care for the middle-income group, as well as standards and the working environment in hospitals. I expect to receive the consultants' final report this week and subject to the agreement of the Executive Council, it is our intention to publish it as a consultative document. The topics included in this report are of concern to virtually everyone in Hong Kong, and there is clearly need for extensive consultations before any decisions are taken on changes to the hospital system.

Dr. LAM and Dr. CHIU referred also to public concern that the Government was contemplating the privatisation of public hospitals. If by 'privatisation' is meant the selling off of the public hospital system, to be operated on a purely commercial basis, I can certainly reassure them this was no part of the consultants' brief, and that the Government has no intention of reducing its commitment to the provision of subsidised hospital services. The consultants were asked to review the organisational structure for the management of our public hospitals and to advise whether better integration would be achieved through the establishment of autonomous hospital authorities. I hope that the consultants' recommendations will also help us to identify ways of achieving common standards between Government and subvented hospitals, an aim which both Dr. CHIU and Dr. LAM recognised as desirable. But whatever changes are brought about, it is the intention that these hospitals should remain within the public sector, and that their services should continue to be available to all those who need them, regardless of their ability to pay.

Dr. CHIU stated that the percentage of the total Budget allocated to medical services has declined since the 1960s. I am not sure how far such comparisons are really relevant over so long a period of time. The range of Government services has expanded enormously during this period, and there have been changes also in the categorisation of different services. What we can assert is that more than \$4 billion will be spent on medical services in the current financial year, which is over seven times greater than what it was a decade ago, and taking into account the major developments which are planned, I expect medical expenditure to continue to increase substantially in real terms.

One aspect of these major developments will be the expansion and improvement of hospital services in the New Territories, which Mr. TAI Chinwah has spoken about. I would like to assure him that every effort will be made to ensure that the Tuen Mun Hospital is ready by the scheduled completion date of 1988. The subvented hospitals in the New Territories were built many years ago to serve as district hospitals for a largely rural community. The Government has recognised the need to expand the scope of these hospitals and more than \$350 million are to be spent to expand and upgrade the Pok Oi and Yan Chai Hospitals.

Dr. IP, Dr. CHIU and Dr. LAM have all suggested that the development of medical insurance schemes as a means of improving medical services for middle-income

families should be considered, and Dr. IP presented some interesting proposals for a scheme linked to tax concessions. The Financial Secretary has already warned that any proposal for tax concessions would have wide implications. While there are many attractions in Dr. IP's proposals for a basic standard medical insurance scheme, participation in which would be voluntary, it does raise several difficult issues. In particular, a voluntary medical insurance scheme would need to attract sufficient clients to make itself viable despite there being a large public hospital service whose charges are low, and whose standards of medical and nursing care are high. Dr. IP's proposals will be considered further in the light of the consultants' own recommendations on medical insurance and the public's response to these ideas.

Before leaving medical issues, I should like to take up Dr. CHIU's and Dr. LAM's remarks about the need for an academy of medicine. In response to a question which Dr. CHIU asked in this Council on 13 November. I said that we intended to establish a working party on postgraduate medical education and training, preferably an overseas chairman who would have had considerable experience of medical education systems elsewhere. The response to our inquiries for a suitable chairman is now more encouraging, and I now hope that it will be possible to set up the working party in the early months of 1986; I intend in the near future to write to the various organisations which are to be represented on the working party, inviting them to forward nominations to me, so that there will be no delay on this account when a suitable chairman is found.

Social welfare

I now turn to social welfare matters. Mrs. Rosanna TAM in her speech regretted the shortage in your address, Sir, of concrete proposals on social welfare policies, and expressed the views that the Government is in need of a long-term, comprehensive and far-sighted welfare policy which can tackle Hong Kong's developmental needs.

While I would concede that there are no very radically new proposals in this year's programme, in my view this is because we already have a comprehensive long-term plan for the development of our welfare services in the 1979 White Paper: Social Welfare into the 1980s. This document which was produced after extensive public consultation on the basis of three Green Papers, contains a blueprint for development in all the main areas of social welfare and social security. The policies set out in the White Paper are implemented through the Five Year Plan for Social Welfare Development, which is regularly updated in consultation with the voluntary welfare sector.

In formulating policies on social welfare matters, the Government is advised by the Social Welfare Advisory Committee, all members of which have hitherto been appointed on a purely personal basis. Mr. HUI suggested that the committee should include nominated members from the voluntary sector, and I agree with him that the time is ripe to take a new look at the way in which this important committee is constituted.

Mr. HUI is also concerned that financial stringency in recent years might have slowed down the development of social welfare services. Spending on social welfare services has grown from \$365 million in 1976-77 to \$2,535 million in 1985-86, and has accounted for about 4 or 5 per cent of total Government expenditure in each of the past ten years. It may be misleading to compare our overall expenditure on social services with that of developed countries, in some of which a large percentage of this expenditure goes on social security payments related to unemployment. It is also relevant to note that taxation in these countries is usually much higher than in Hong Kong.

Mr. HUI was critical of the tight control over voluntary agencies' use of subvention. During the current financial year, the Government is paying subventions totalling \$421 million to 133 agencies. Because of the large sums of public money involved, a fairly tight system of control of the use of subventions by the agencies is inevitable—I fear that the auditors, like the poor, will always be with us—and this is only right and proper. The new standard cost subvention system was intended to ensure that agencies would be assured of receiving sufficient funds to provide essential services up to an acceptable standard, while allowing them a degree of flexibility in the use of the money provided. There have been some problems in the implementation of the new system, but I hope that these will soon be ironed out to allow its extension to more services.

Despite the financial constraints of recent years steady progress has been made on the programmes in the Five Year Plan. During 1984-85, 577 additional places were provided in hostels, homes and care-and-attention homes for the elderly, and 983 places in aided day nurseries; seven social centres for the elderly, seven children's centres and ten youth centres were opened. As Mr. HUI pointed out, we have not always been able to reach the targets set in the Five Year Plan, but we have had to have regard to the resources available.

Mr. HUI also referred to the vital role of the voluntary agencies in the provision of welfare services in Hong Kong. He is quite correct in pointing out that historically the agencies were often the pioneers in providing services in many areas of social work. I would like to pay tribute to the invaluable work which is being done by the agencies and to reiterate the Government's view that there will continue to be an important role for a vigorous, progressive and responsible voluntary sector.

Mr. LIU Lit-for was concerned about the needs of the growing number of elderly people. Our basic policy is to promote the well being of the elderly by providing services that will enable them to retain their self-respect and remain in the community for as long as possible.

Residential care is provided for those who for whatever reason are unable to live on their own or with relatives. A wide range of group accommodation for the elderly is available, including hostels, shared flats, care-and-attention homes and infirmaries. Places in all these categories are planned to increase substantially over the next five years. The Social Welfare Department will

shortly be submitting a strategic plan on the provision of housing for the elderly to the Social Welfare Advisory Committee for consideration.

Mr. LIU was also concerned about the standard of services in the increasing number of privately-operated homes for the elderly. In my reply to a question in this Council on 13 November, I reported the view of the Social Welfare Advisory Committee that at present there is no immediate need for legislative control of these private homes, although some form of control may be necessary in the longer term. Meanwhile, the Social Welfare Department will continue to offer advice to the operators of these homes, and is also preparing a code of practice.

I agree entirely with Mr. LIU that we need more social centres for the elderly. At present there are 98 such centres, and 13 more are planned during the current financial year.

Dr. Richard LAI felt that some people might refrain from seeking welfare benefits because they are ashamed to do so. The Social Welfare Department uses various types of publicity to encourage those in need to apply for welfare benefits. The effectiveness of this publicity effort can be gauged by the fact that over 85 per cent of all those eligible are now receiving the old age allowance, and the number of disabled people receiving disability allowance increased by about 4 500 cases this year. There is also no shortage of people making use of other welfare services. It may have been true some years ago that people in need were reluctant to seek welfare assistance, but I do not think that this is now a very significant factor.

Finally, Dr. LAI suggested that people receiving welfare benefits should be more involved in the various consultation bodies on social welfare services. It is already the practice to involve members of community centres, youth centres and residential institutions in committees concerned with programmes and other activities, and local communities are not slow to express their views on these matters through the social service committees of district board.

Sir, I support the motion.

SECRETARY FOR LANDS AND WORKS:—

General

Sir, several Members have raised questions and made suggestions concerning the development of the infrastructure and closely related matters. I welcome their thoughtful and constructive remarks and shall endeavour to answer as many of the points raised as possible.

New towns

Responding first to Miss Maria TAM'S and Mr. LAU Wong-fat's observations concerning the development of the new towns, I should like to confirm that the Government's aim is to see new towns develop which are well-balanced. This

applies in several senses: in their mixture of public and private development; in their provision of residential, commercial and industrial accommodation; in the convenient location of homes, job opportunities and school places; and in the incorporation of all the other community services and social and recreational facilities which are essential to satisfactory urban living.

Balance

While the new town development programmes provide the physical basis for establishing a balance between population and jobs, there are a number of reasons why internal balance, that is balance within individual towns or sub-regions, cannot be achieved quickly or completely. First, the provision of jobs, other than the service sector jobs which tend to move with the population, depends very much on the private sector. The Government's approach is to provide land for industrial and commercial development so as to encourage the private sector to establish factories and commercial enterprises. The private sector, however, reaches its decisions on investment independently. Furthermore, long experience has shown us that there is a range of banking and trading activity which, largely because of its international and headquarters functions, is unlikely ever to shift from the main central business district.

There is also the question of resistance to change among individuals. While many are keen to take up improved housing in the new towns, they may not be as willing to change jobs if long service has produced relationships and benefits they prefer not to give up. Furthermore, there can be some difficulty in matching the types of jobs provided in the new towns and the skills of the first generation residents. While a gradually increasing proportion of people living in the more advanced new towns, including Tuen Mun, are employed there, therefore, a satisfactory balance between homes and jobs is not likely to be achieved until the second or third generation. In the meantime, as Miss TAM has said, the provision of an adequate transportation system to link the new towns with the old urban areas is essential.

New town facilities

Regarding the provision of community facilities in new towns, which was Mr. LAU's concern, development offices and district offices, in consultation with the Medical and Health, Education, Social Welfare, Regional Services and other departments involved, are for the most part able to see that items included in the programmes are built and brought on stream in a timely fashion and have managed to provide more than just the most essential public facilities. Given the size, complexity and speed of our programmes, however, there are inevitably problems of fine-tuning, particularly in relation to predicting the age profiles of incoming communities, and the need to adjust priorities from time to time to match available resources. As soon as problems are identified we have done and will do whatever is possible to alleviate them. This has been the case with schools, where actual age profiles have been far from matching forecasts, but the Government is now well aware of the difficulties the situation is causing and,

as well as seeking to ensure that the next phases in the school construction programme produce improvements in the problem areas as soon as possible, we are considering what more immediate steps could be taken.

Compensation

Both Mr. CHEUNG Yan-lung and Mr. LAU Wong-fat have suggested the compensation policy for land resumption and clearance in the New Territories should be reviewed, with Mr. LAU advocating a permanent committee of officials and unofficials to conduct regular reviews. I wish to assure them that their advice is much valued, as has been the constant advice and assistance of the Heung Yee Kuk and rural committees over the years on these matters. Indeed, the prevailing system of *ex-gratia* zonal compensation was conceived in consultation with the Kuk and has, as a result, generally worked satisfactorily. The basis of the system is sound as it takes account of the potential use of the land in the light of its location and proximity to development areas and reflects land values in different parts of the territory. Nevertheless, a review has just been completed and the Executive Council has approved proposals for rationalising the zonal compensation rates by merging the present seven zones into four and increasing the minimum compensation rate from 20 per cent to 30 per cent of the basic layout rate. Once the financial implications have been accepted by the Finance Committee of this Council they will be introduced with effective date being 1 October 1985.

I should perhaps mention here that apart from the *ex-gratia* compensation system, the alternative of claiming statutory compensation under the Crown Lands Resumption Ordinance is always open to landowners who can refer their claims to the Lands Tribunal if they wish. In this connection, the Government is currently consulting the Heung Yee Kuk on the possibility of amending the Crown Lands Resumption Ordinance to permit compensation to be assessed on the basis of what a willing buyer would pay a willing seller in an open market. The Government is conscious of the benefits which on-going consultation of this sort provides. Regarding Mr. LAU's committee of review suggestion, there is in fact already a committee, the Lands and Building Advisory Committee, comprising both Government officials and unofficials, which is established to keep land policy matters under review, among other things. Moreover, the Finance Committee of this Council also considers proposals for the use of public funds to pay compensation.

Urban area

Leaving the New Territories for the moment, Miss TAM and Mr. Jackie CHAN have referred to the problems of the older urban areas and have quite rightly pointed out the relationship which should exist between the proposals for further reclamation around the harbour and urban renewal or redevelopment. In response, let me state that in planning the development in these areas, use will be made of some of the additional land which will normally be obtained by reclamation, to relieve congestion and deficiencies in existing built-up areas.

Land Development Corporation

In this planning, as well as in the work of the proposed Land Development Corporation, the intention is, as Miss TAM, Mr. CHAN and Mr. CHENG Hon-kwan have all suggested it should be, to avoid disrupting the long-established attachments of residents to particular districts as far as possible. Moreover, the aim of the corporation will be to invite existing property owners to participate in any redevelopment schemes devised. Regarding Mr. CHAN's reference to the Yau Ma Tei six streets redevelopment project, I can confirm that the Housing Society has included this into their programme and that a start has already been made. Sympathetic treatment will be accorded the people affected and suitable publicity will be given to the arrangements for the project.

Town Planning Ordinance

As a result of our work on formulating a territorial development strategy over the past five years, we now have a clear idea of where it would be best to proceed with further major growth beyond our current new towns programmes. Knowing where major development will or is likely to go into the foreseeable future, we also know where it almost certainly will not go. Can we, therefore, as Miss TAM suggests, take the opportunity to tie down in law and enforce land use zonings governing the whole territory? In so doing, could we also, as Mr. LAU and Mr. TAI Chin-wah have proposed, allow for the productive use, for agriculture, industry, recreation and tourism, of land not required for more intensive use? Our sub-regional studies have given us a detailed picture of the zonings which it would seem appropriate to apply virtually throughout the territory. Furthermore, there are plenty of reasons, both developmental and environmental, to support such an approach. There are, however, also reasons, chiefly concerning existing lease-hold rights and the potential cost of imposing control, for examining any proposal to extend the ambit of the Town Planning Ordinance with great care. Nevertheless, the proposal has indeed already been put forward by the Government and discussions with the Heung Yee Kuk and others on the subject are now under way. Further progress will depend to a degree on the outcome of these discussions. In the meantime, outline development plans are being prepared for much of the territory not so far covered which could in due course become statutory plans.

Other matters bearing on the possible amendment of the town planning legislation, including proposals recently submitted by the Hong Kong Institute of Planners, are also being considered and I will ensure that the additional points raised by Miss TAM are taken up in this review. I would like to add that the general practice now is to consult district boards, area committees and the public in the preparation of all draft town plans, both statutory and non-statutory.

Village facilities

Mr. LAU has referred to the need to provide facilities in agricultural villages, particularly those near new towns. I accept that more needs to be done to extend

the planning and servicing coverage of villages near new towns. Many such villages have in fact already been dealt with, being covered by detailed layout plans which incorporate additional house sites, playgrounds, amenity areas, car parks and so on. Few villages in the vicinity of new towns can now be without metered water, electricity, telephones and the like. The need for commercial, recreational and cultural facilities for such communities is of course taken into account in the plans for the nearby new towns themselves. In the more rural areas the long-established programme of local public works continues.

Water for squatters

Mr. CHAN Ying-lun has voiced concern about the adequacy of water supplies to squatter areas—particularly those at higher levels. Just last month, in reply to a question in this Council by Dr. LAM Kui-shing, the Secretary for Housing referred to the progress being made by the Water Supplies Department in bringing a mains water supply to urban squatter areas and villages in the New Territories. Present planning provides for the extension of a metered supply to all villages and squatter settlements, where it is technically feasible, within three to four years. Settlements which cannot be reached by a mains supply, or which are due for clearance within a short period of time, will be served by standpipes. In deference to the wishes of residents, standpipes are sometimes installed in locations where it is known that the water pressure will be barely adequate. In such cases, it is a choice between a low pressure supply or no supply at all and the problem is often compounded by illegal tapping. Nevertheless, the Government is making every effort, both through water supplies projects and the squatter area improvement scheme, to ensure that adequate supplies are maintained in these areas.

Construction control

Mr. CHENG Hon-kwan mentioned the importance of stringent quality control and proper supervision in our construction industry. I fully endorse his views. Indeed, improving standards in both the public and private sectors is our objective and to this end our efforts have been directed in five areas: improved testing facilities, technical standards, training, control of contractors and legislation; and a great deal of work has already been done in these areas. Among other things, an improved concrete specification now applies to all public sector contractors, and all facets of concrete quality control are kept under regular review. Amendments to the Building (Construction) Regulations, which would significantly improve construction standards in the private sector, are being considered.

Advertising signs

Mr. Hilton CHEONG-LEEN has expressed concern over legislation regarding advertisement signs. The size of the task of controlling advertising signs will be apparent to all and the formulation of a practical approach which recognises the complexity and the potential manpower and financial implications will not be

simple. However, the problem is being examined and as soon as sensible conclusions have been reached whatever measures are agreed upon will be introduced. In the meantime, the long standing Buildings Ordinance Office involvement in the inspection and removal of dangerous signs will continue.

Sir, I support the motion.

SECRETARY FOR TRANSPORT:—Sir, I am grateful to Mr. F.K.Hu, Mr. POON Chi-fai and Mr. CHENG Hon-kwan for raising matters relating to transport policy.

Mr. POON reminds us that there is no easy solution to traffic congestion problems, and I, Sir, would be the last to dispute this point. But most importantly, he emphasises the need for a comprehensive approach to the full spectrum of transport policy.

Mr. CHENG Hon-kwan is also concerned with the need for proper coordination of all public transport and for us to look carefully at our car parking policy.

Mr. F.K. HU reminds me that in the need to restrain private cars and taxis, we are faced fundamentally with just two options: high annual licence and first registration taxes or a scheme of road pricing based on the need to limit the use of congested areas at congested times.

I think that in responding to these points it is helpful to restate the three main elements of our transport policy. These are as valid today as they were when published in the 1979 White Paper on Transport Policy. They are: first, the improvement of the road system—building more roads; secondly, the expansion and improvement of public transport upon which 90 per cent of Hong Kong people depend; and thirdly, the more economic use of the road system, by traffic management and through restraint measures. These three policy elements must be consistently and vigorously be pursued if we are to achieve the objective of keeping Hong Kong moving.

As regards road building, the achievements are already impressive. Recently completed major projects which come to mind are the section of the New Territories circular road from Sha Tin to Fanling, the Tsuen Wan by-pass, and of course the Island Eastern Corridor. The programme is an on-going one and I am able to report that our future road building programme, excluding the Eastern Harbour Crossing which will be totally financed by the private sector at a cost of approximately \$3 billion, is forecast over the next five years to cost in the region of \$1.8 billion per year. This programme will include new roads such as Route 5 between Sha Tin and Tsuen Wan, already in the pipeline; a tunnel between East Kowloon and Sha Tin under Tate's Cairn which is being accorded high priority; and a major improvement to Route 7 through Central District. I can also confirm that priority is being given to a study of a new link between the North-West New Territories and West Kowloon via Tsuen Wan. These are in my view impressive commitments; they will take up something like 30 per cent

of our total public works programme in these years. However, I have to point out that there are no more easy roads and major new projects are becoming increasingly expensive as the engineering becomes more difficult. In the context of transport infrastructure I do agree with Mr. POON that in developing the programme we should have a proper regard for the environmental impact, in particular noise pollution. I can assure him that in not only the design of roads but in all aspects of transport infrastructure, we are now very sensitive to the need to limit as far as possible the impact on the environment of these new developments.

On the expansion and improvement of public transport, you Sir, in your address, drew attention to the opening of the Island Line of the Mass Transit Railway and to its extension to Sheung Wan in the middle of next year. To this can now be added the M.T.R. link from Quarry Bay to Kowloon Tong through Lam Tin, which will be built in conjunction with the Eastern Harbour Crossing road tunnel, and the Light Rail Transit System in Tuen Mun and Yuen Long, which is being constructed by the K.C.R.C. More routinely, but of obvious importance, the performance of the franchised bus operators and their route development programmes designed to meet changing passenger demands are kept under very close scrutiny by the authorities. It is our constant concern to try and ensure that in our hierarchy of public transport modes, from ferries and double decker buses to taxis, each plays its necessary role in a viable and efficient manner. I should like here to pay a tribute to the Transport Advisory Committee whose members put in a great deal of hard work in assisting the Administration in its consideration of transport policy issues. Sir, in the overall planning of the transport infrastructure, it is important that we properly reflect strategic land-use and development proposals. In this context, I am seeking the approval of the Finance Committee of this Council for funds to conduct a major review, with the assistance of consultants, of the Comprehensive Transport Study first produced in 1976 making use of recent improvements in sophisticated computer modelling techniques.

The third basic element of our transport policy is the more economic use of the road system. Attention recently has focussed on the imaginative and somewhat controversial piece of research and development carried out to evaluate the system known as electronic road pricing or E.R.P. This has tended to obscure the excellent and perhaps more orthodox work being carried out in the field of traffic management, by which I mean clearways, bus-only lanes, one-way systems and so on and in such areas as computerised traffic controls. I myself set great store by these endeavours and they must continue.

Nevertheless, central to this element of our policy is restraint against the use of private cars. This for many years has been done through fiscal measures aimed at keeping down private car ownership. We have for the past two years been conducting a study of the road pricing alternative designed to limit usage in congested areas at congested times rather than actual ownership. From the engineering and the traffic management point of view this has been found to be

an efficient solution to Hong Kong's traffic congestion problems. Public reaction to the E.R.P. proposals has, however, been mixed and many have expressed doubts as to the real need for this method of congestion control at this time. Taking account of this public reaction and acting on the advice of the Transport Advisory Committee, the Executive Council at a meeting yesterday decided that a decision on the full implementation of electronic road pricing in place of the present high car ownership cost policy should be postponed and reconsidered only after a period of sustained growth in vehicle ownership and/or increased congestion.

However, and also in accordance with the Executive Council's decision, I will shortly be approaching Finance Committee for funds to introduce a limited, voluntary system for the collection of tolls at Lion Rock Tunnel using this technology. We propose to call this system Autotoll. We plan to have the first stage in operation, for buses and selected fleet users, by the middle of 1986 and then, subject to further discussions, to extend the option to other users and to other tunnels.

Mr. F. K. HU in his speech touched upon the idea of a voluntary road pricing system. There may well be merit in this idea although it would need to be studied in detail to see if it is feasible. The decision taken by Executive Council was that this idea should not be taken further at this time, but could perhaps be studied a bit later on in the light of experience with Autotoll.

Finally, Sir, may I refer to Mr. CHENG Hon-kwan's speech in which he commented on the congestion resulting from vehicles circulating in busy areas because of a lack of off-street parking facilities. As Mr. CHENG himself notes it is our policy to encourage the development and management of off-street public car parks through private sector participation. Whilst I can point to quite substantial results in, for example, Tsuen Wan, Sha Tin, Hung Hom, and other places where there are car parks convenient to public transport users, I agree that the programme has not gone quickly enough. As I am sure Mr. CHENG knows 24 sites have been identified and some are in the process of being developed. We will continue to do all we can to expedite this programme.

Sir, I support the motion.

SECRETARY FOR HOUSING:—Sir, I listened with special interest to those honourable Members who spoke on a number of issues related to public housing. As some of them expressed similar concern about certain subjects, I feel, Sir, that I should endeavour to respond on each of the subjects individually.

Green Paper on Housing Subsidy to Public Housing Tenants

I thank Mr. S. L. CHEN and Mr. F. K. HU for their support to the principle set out in the Green Paper on Housing Subsidy to Tenants of Public Housing. That clear principle is: those tenants who have lived in their subsidised, low-rent

accommodation for a long period and have improved their financial situation beyond a certain limit, should be expected to pay more.

The three-month public consultation from August to October on the subsidy issue was a valuable exercise in that a wide cross-section of views and comments were received, and discussions were held in all 19 district boards and with many interest groups, mutual aid committees, organisations and academics and so on. A comprehensive and objective report on the consultation exercise has been prepared. It indicates that the majority view supported the principle of the Green Paper. However, because some of the proposals for implementing the principle were considered controversial, they will need to be carefully re-examined in the light of public comments.

On 5 December 1985, the Housing Authority considered the report and re-affirmed its support to the principle. It, however, asked the Committee on Housing Subsidy to re-consider the implementation proposals in the light of public comments, and to examine other proposed alternatives. In this regard, Mr. CHUNG Pui-lam's suggestions about incentives to encourage tenants to purchase H.O.S. flats, and Mr. TAM Yiu-chung's concern will be carefully considered. The Housing Authority also decided that the report should be made public. Hon. Members and district board members will each shortly receive a free copy. In due course, the committee's revised proposals or recommendations will be considered again by the Housing Authority. Hon. Members may then wish to debate the issue in this Council, prior to any submission to the Executive Council.

I have noted Mr. Richard LAI's strong views and I sincerely hope that the report on public consultation may serve to clear some of his doubts. However, I beg to differ with one of his particular views that, 'It is inaccurate for the Housing Authority to say that public housing tenants are enjoying heavy Government subsidies'. The reality is that Government *does* subsidise the public housing programme. Indeed, Government has been providing the Housing Authority with *free* land and loans repayable over 40 years on very favourable terms, for public rental housing development. Over the years, Government has made available some \$22 billion for this programme. That apart, rent levels for domestic flats, which are not related to building costs, are as low as 20 to 30 per cent of those for comparable flats in the private sector. Because of these low rent levels, the Housing Authority has incurred deficits every year in running its rental estates. Last year, the deficit was about \$154 million.

All this information can be found in the Housing Authority's annual reports and audited accounts which are tabled in this Council every year. In addition, the accounts, with explanations in layman's term, are published in the newspapers.

All that said, the Housing Authority is clear about the message derived from the consultation exercise. That is: the issue of housing subsidy to tenants of public housing must be carefully considered in a fair, objective and practical

manner, having regard to the interests of the community as a whole as well as those of public housing tenants.

Squatter areas improvements and clearance

Mr. CHAN Ying-lun and Mr. POON Chi-fai spoke about squatter areas improvements and clearance.

The Squatter Areas Improvement Programme will continue. However, with the implementation of the non-development clearance programme, emphasis will be placed on essential works such as fire breaks and other safety related measures. With regard to the concern about illegal tapping of water and electricity supplies, as I reported to this Council last month, the problem is being tackled on three fronts; namely, provision of a legal supply, enforcement action against illegal tapping activities, and education of the residents. Departments concerned will continue their efforts to overcome this problem.

Mr. CHAN Ying-lun reminded us of the need to clear squatter structures, after their occupants had obtained public housing through the waiting list. Indeed, it has been the practice to immediately demolish such structures. But practical difficulties are sometimes encountered where the structure is shared by other families, or when the safety of adjoining huts may be affected. In such cases, suitable measures are taken to prevent a new squatter family from moving in.

The long-term solution to problems related to squatter areas lies in the clearance of such areas. The ten-year programme to clear and rehouse all squatters in the urban areas has started. With new public housing becoming available on Hong Kong Island and Kowloon for rehousing use, I am confident, Sir, that the worst concentrations of squatters in the urban areas can be cleared by the early 1990s. Mr. CHAN may rest assured that, as a general rule, at least nine months notice is given to squatters to be cleared.

Extended redevelopment programme

On 18 December, hon. Members will debate the issue of the redevelopment of 26 public housing blocks. Sir, I do not intend to go into great length on this subject today, other than to assure hon. Members that the Housing Authority has acted in a quick and responsible manner in tackling the inherited problem of these housing blocks. The blocks in question are not unsafe. But, the Authority has decided to *redevelop* rather than repair them, because it would be more cost effective to do so, and modern facilities can also be included at the same time. Moreover, no matter whether they are repaired or redeveloped, I fear that the tenants will be required to vacate their flats. May I make it clear, however, that this redevelopment programme and the Green Paper on Housing Subsidy are two separate and unrelated matters.

Commercial properties

Commercial properties are an important element of the Housing Authority's operations. They generate much needed surplus to offset the authority's deficits

in running its domestic units, and contribute partly to the capital cost of constructing new estates. To ensure that its commercial properties are efficiently handled, the authority has set up a new Commercial Tenancy Division in the Housing Department. Recruitment is now in hand to find suitable people to fill the new posts. In this context, although clinics in public housing estates are treated as commercial properties, Dr. CHIU Hin-kwong's points will be given careful consideration.

Public Housing Programme

The public housing construction programme continues to be in good shape. As mentioned in your opening address, Sir, the Housing Authority will exceed its annual production target for the sixth successive year. Indeed, the authority has at least 120 000 flats in various stages of construction at any time. It is confident that it can continue to meet production targets in future years.

The demand for public housing is still great and is expected to remain so for the coming years. Dr. Conrad LAM and other hon. Members can be assured that public housing demand, housing policies and the balance between the rental and home ownership programmes will be kept under regular review, having regard to resources available and the needs of other social programmes.

With these remarks, Sir, I support the motion.

THE ATTORNEY GENERAL:—Sir, hon. Members of this Council have raised a number of important matters in those areas for which the Secretary for Security and I have particular responsibility. Perhaps the first among those in importance is the one on which I need say the least today. Since we last debated the Motion of Thanks for Your Excellency's address, this Council has had an Adjournment debate entirely devoted to the White Paper on the draft Hong Kong (British Nationality) Order of 1986. My hon. friend, Mr. John SWAINE'S suggestion that Her Majesty's Government would best achieve international recognition of the new BN(O) passport if it were itself to recognise the value of the passport for entry into the United Kingdom by having all such passports endorsed on issue with permission to land in the United Kingdom, was forcefully reiterated last Wednesday, and it was warmly supported by several Members who spoke in that debate. Sir, these are matters for which responsibility rests with Her Majesty's Government and I can assure hon. Members that their views on this issue have been sent to London. I can also assure Dr. Ho Kam-fai that we in Hong Kong will spare no effort in urging Her Majesty's Government to do its utmost to ensure that holders of the new BN(O) passport will enjoy the same convenience of travel as holders of the existing B.D.T.C. passports. While it must be for individuals eligible to hold the new passport to decide whether they want to apply for one before 1997, as requested by Dr. Ho and Mr. SOHMEN the Government will explain to those eligible as clearly as possible the advantages of holding the new passport, the options open to them and the mechanics for procuring it.

So let me move, Sir, on other areas of administration which are closer to home and the themes which I shall take up are:

- first, the Chinese version of our laws;
- second, corruption prevention;
- third, fire prevention;
- fourth, medical advertisements;
- and lastly, but by no means the least, policing and the fight against crime.

The Chinese version of the laws of Hong Kong

Mr. Andrew WONG raised the important matter of the production of a Chinese version of the statute law of Hong Kong. Members will recall that you, Sir, told this Council that it is 'the Government's intention to make a start, in due course, on producing an authentic Chinese version of the existing statute law'. In the course of my visit to Peking in September, I was struck by the considerable interest shown in this project and the encouragement I was given to bring it about. As Mr. WONG has recognised, the job is enormous, both in difficulty and size. He described it as 'Herculean'. I am not sure which particular labour of Hercules' he had in mind. Was it perhaps the task of Hercules in the stealing the golden apples from under the nose of the dragon which guarded them, and bringing them out of their secret garden into the wider world? Sir, our task like that of Hercules requires circumspection and careful planning. Officers of my chambers have already put in a great deal of work towards making a start. A report on our plans and the progress made will be submitted to the Executive Council in January next year. Working drafts of the legislation to amend the Official Languages Ordinance and the Interpretation and General Clauses Ordinance to provide the necessary basis for a bilingual system have been prepared. A training course in drafting skills and legal concepts for nine selected Senior Chinese Language Officers will commence next month and efforts to attract other lawyers from other areas of Government service and from the private sector to be trained as draftsmen in my chambers are continuing. Because the Chinese and English versions of the statute will be equally authentic, it is very important that they should be identical in meaning. We are anxious to make a start in this important task but we should not attempt to produce laws in both languages until we are reasonably sure that we can achieve this identity of meaning.

The Corruption Prevention Advisory Services Group

As Miss DUNN remarked, the Advisory Services Group of the Corruption Prevention Department of the I.C.A.C. has publicised its services to those who receive public money either by way of a subvention or as contractors or suppliers. But as Your Excellency informed this Council, it also advises, on request, private businesses and companies on ways in which the risk of corrupt practices may be minimised. The Corruption Prevention Department has been aware of the need to market its services more widely for some time, and the group has been in contact with the Hong Kong General Chamber of Commerce

and the Chinese Manufacturers Association to this end. It has held discussions with the Association of Banks and recently with the Hong Kong Society of Accountants. The insurance and securities industries are being contacted.

The Commission also publicises widely the service of the group through the I.C.A.C. Community Relations Department in their day to day contact with businessmen. So I believe that Miss DUNN'S concern that the group's services should be widely marketed has been met.

Fire services

Mr. Jackie CHAN raised both the issue of the difficulties of fighting fires in buildings where the common areas are blocked and the importance of adequate publicity and education in fire safety matters.

As you said, Sir, in your opening address to this Council: 'Government plans to introduce amendments to present legislation, making it a direct offence to place movable objects in corridors or on staircases. Locking gates across escape routes will also be made a specific offence.' I am pleased to assure Mr. CHAN that preparation of these amendments are close to being completed. I know how concerned the Director of Fire Services is to see the law strengthened in this area. The Administration hopes to bring a bill to the Executive Council early next year.

On publicity and education, we continue our efforts to try to make the public more aware of the importance of fire safety precautions. The Fire Precaution Publicity Group initiates and co-ordinates publicity campaigns. Staff of the Publicity Section of the Fire Protection Bureau Headquarters are kept very busy giving seminars and talks both in response to requests and on their own initiative. Such seminars, talks and, in some cases training in fire fighting, are provided to a wide range of people from our community including factory workers, squatters and school children.

Medical advertisements

Both Dr. CHIU and Dr. Ip expressed concern about medical advertisements which contravene the Medical Registration Ordinance (Chapter 161) and the Undesirable Medical Advertisement Ordinance (Chapter 231). In this connection, our prime concern must be the public interest and not the protection of the medical profession and I am not aware of any great concern being expressed by members of the public about these advertisements. First, let me deal with those who are not registered medical practitioners but who hold themselves out as such in advertisements published in newspapers and magazines. The main impediment to a successful prosecution in such cases is establishing the identity of the person responsible for making the mis-representation, as there is no liability on the publisher's part. This is not an easy matter without the cooperation of the offender. Where the identity cannot be proved with the certainty required for a successful prosecution, it is sometimes considered appropriate to issue a warning notice.

No doubt the problems involved in using the Medical Registration Ordinance to control undesirable advertisements of this kind could be solved in other ways and I will look further into the matter. Meanwhile, the Administration will continue to deal with complaints of this nature as they arise.

Sir, the second type of undesirable medical advertisements are those which claim the ability to cure the diseases mentioned in detail in the schedule to the Undesirable Medical Advertisement Ordinance. These are as diverse as syphilis, leprosy, dropsy and blindness. The schedule also covers topics in regard to treatments of little or no interest to Members of this Council, such as the promotion of virility, desire, fertility and restoration of lost youth. Sir, most of the advertisements concerned use veiled language which makes it difficult to bring them within the ambit of the legislation. In such cases my chambers have recently advised that a warning letter should be issued, and this was done in July 1985. All Chinese newspapers in Hong Kong were warned and the content of section 3 of the Undesirable Medical Advertisement Ordinance and the need for these newspapers to take great care in scrutinising the contents of medical advertisements were explained to them.

In order to deal with this difficult and complicated subject, Dr. CHIU and Dr. IP may wish to know that the Director of Medical and Health Services proposed in July 1985 that the schedule to section 3 of the Undesirable Medical Advertisement Ordinance, which, I think must be originated from Victorian times, should be revised to make it more systematic, comprehensive and up-to-date. Furthermore consideration is being given to amending section 3 to catch those advertisements which use terms not exactly identical to those listed in the schedule, but which nevertheless calculated or likely to give the wrong impression to members of the public. This would enable the present law to be enforced more effectively.

The Royal Hong Kong Police Force and law and order including organised crime, drug trafficking, taxed costs and fixed penalties

Dr. IP also raised two matters of legal procedure upon which I would like to comment. First, the amount of legal costs recoverable on taxation in the district court. The fact that the current scale of costs is too low has been recognised. The matter is being actively considered by the District Court Rules Committee. It is hoped that amendments to increase the amounts recoverable, will be made to the District Court Civil Procedure (Costs) Rules early next year. The effect of this would be to render the losing party liable to pay a greater proportion of the winner's legal costs. This may well be an inducement to the settlement of disputes.

Secondly, Dr. IP advocated that section 7D of the Magistrates Ordinance be more widely used and that more minor offences should have fixed penalties. I agree that the public is likely to welcome the greater use of this convenient system. Section 7D of the Magistrates Ordinance provides a notice procedure for minor offences which allows penalties to be imposed without the need for the

offender to attend at court. In answer to a question asked by Dr. Ip on 27 June 1984 I indicated that the procedure was to be introduced on a trial basis after which it would be reviewed. I am advised that the trial period of six months commenced on 1 October 1985. Central and Cheung Sha Wan Police Divisions are conducting the trial. Naturally it is too early to be able to draw conclusions about the effectiveness of the procedure. After three months the Judiciary plan to conduct an internal review of the administrative effect of the procedure. As I indicated last year, if the procedure is found to be working satisfactorily, thought can then be given to extending its use.

The feasibility of issuing fixed penalty notices to passengers in the front seats of taxis and public light buses for not wearing a safety belt is being considered. The proposal to increase the number of offences dealt with in that way could be considered further when the result of the trial is known.

Mr. YEUNG and Mr. CHUNG commented on the need to maintain the efficiency and morale of the police force. The importance of this matter has been stressed by Your Excellency, in your opening address you said that 'we must not jeopardise the force's efficiency, nor endanger its high level of morale'. I should like to assure hon. Members that we shall not lose sight of the need to safeguard the morale of the police force and that any changes that may be introduced will be considered with that very much in mind.

Mr. YEUNG placed special emphasis on maintaining and improving the efficiency of the police. I agree that this is particularly important in a high density community like ours. This Council was told by Your Excellency that 'the force and its resources are being continually modernised to meet changing policing requirements'. The police must be sufficiently well equipped in order better to perform their duties. I am pleased to report that only last week, hon. Members in Finance Committee approved the commitment of \$500 million for an enhanced communication and command system to be introduced in 1990. It will put every policeman walking the beat in direct contact with the command and control centres. This is a major advance in the fight against crime. The police public works projects and the marine police fleet expansion and replacement programmes are moving steadily ahead.

As regards management and training, I can assure hon. Members these two are given a high priority within the police force and are very much in hand.

I would like to thank Mr. YEUNG for his tribute to the auxiliary police force. As hon. Members may know Mr. YEUNG has an outstanding record of service for more than 20 years in that force and he is very well qualified to speak on this topic. The auxiliary police force now works very closely with the regular police force and the Government much appreciates and values the auxiliaries' contribution to the safety of the community. Due emphasis is given to the auxiliary police force in the allocation of resources.

Mr. YEUNG Po-kwan made a number of helpful and constructive points in support of Government's effort to combat the supply and use of narcotics. As a result of the Government's publicity campaigns, the attitude of this society generally is now positively against drug abuse and is coupled with a desire to see drug traffickers brought to justice for their crimes against the community. The deterrent effect of depriving the traffickers of their ill-gotten gains is fully recognised. As you said, Sir, in your opening address to this Council, 'the Government is closely examining the measures which have been adopted or are being considered by other countries, with a view to deciding on a practicable approach for Hong Kong in tackling this international problem.' We have noted that the United Kingdom Government is to introduce a Bill into Parliament soon on this topic. Their proposals are similar to those presently being considered by this Government and a paper containing various options will be presented to the Executive Council early next year. That paper, like the United Kingdom Bill, will also contain proposals designed to attack the laundering of drug money.

Our contacts with neighbouring countries are being closely maintained and where possible strengthened—at regional conferences and training seminars—but more especially with regard to the gathering of intelligence on drug trafficking operations. I agree with Mr. YEUNG that it is through close international collaboration at the operational level that concerted and effective blows can be struck against international drug trafficking.

The Action Committee Against Narcotics, with the help of its youth group and with the active participation of community leaders and non-governmental organisations, has for some years sponsored district anti-narcotics campaigns and other events, sometimes on a territory-wide scale with full community involvement. The youth against drugs scheme and the students against drugs movement actively involve young people in promoting anti-narcotics activities and these activities continue.

The Narcotics Division of the Government Secretariat has also organised various talks, seminars and weekend camps for students, teachers, school administrators and parents on the danger of drug abuse and its prevention. mutual aid committees are being encouraged to organise neighbourhood anti-narcotics activities for parents and their children. Out-reach social workers are supporting these efforts by contacting young people who have left school and who may be at risk.

Sir, the fight against drug abuse is unrelenting. As young people age and move beyond the time of greatest risk, that is between the ages of 15 and 24, others take their place. The production of illicit opiates in other parts of the world shows little sign of abatement. We must and we will strive to maintain the combined efforts of the Government and the community in combating this problem. I can reassure Mr. YEUNG that the Government is neglecting no measure that has a reasonable chance of contributing to the suppression of drug trafficking and abuse.

Mrs. NG and Mr. CHUNG both commented on the neighbourhood watch scheme. This scheme is another good example of how the police and the people can fight crime together. I am confident that it will help to counter the rise in the number of burglaries. A related subject is the need to improve the standard of watchmen. A bill has been drafted and will be introduced into this Council within this session. Mrs. NG also commented on the neighbour police units scheme. The scheme was reviewed and revised in 1984. The neighbourhood police units and the report centres remain but their opening hours have been modified and those receiving few reports are not manned during part of the day. There has been no reduction in manpower available in any particular district but more policemen are now deployed on the beat. This new arrangement was reviewed and endorsed by the Fight Crime Committee in May this year.

Miss TAM spoke of two schemes proposed for the rehabilitation of offenders in the last two years. Referring to the Community Service Orders Ordinance, Miss TAM suggested that the implementation of the scheme should be treated as a matter of priority. The Director of Social Welfare has taken heed of Miss TAM'S concern. The Director tells me that an officer from her department is at present on an attachment programme in the United Kingdom studying the operation of the United Kingdom's community service order scheme at first hand.

It is expected that it will take some six to eight months after this officer's return from attachment to draw up the necessary operational plan and will agree with the relevant voluntary agencies and Government departments the various practical arrangements for offering work opportunities to those subject to community service order. Arrangements will also be made for a publicity programme to explain the purpose of the scheme and to solicit public support. Subject to the necessary financial resources being made available. The Director of Social Welfare anticipates that the pilot scheme could be launched in 1987. My own view, like that of Miss TAM, is that the introduction of this scheme should be brought forward as quickly as possible. I feel certain that the costs of providing community service work will be no greater than keeping a man in prison and I believe the Judiciary will welcome the alternative of giving offenders the chance to work off their debt by community service.

The second measure related to the rehabilitation of offenders to which Miss TAM referred was the proposal for a spent conviction scheme. Public response to the discussion paper published by my chambers in December 1984 has been encouraging, with the majority favouring the introduction of a scheme. There has been considerable debate on the details of the proposed scheme, however, and all submissions have been carefully studied. I believe that the introduction of a spent conviction scheme is very desirable. But it is important that any scheme adopted should have the support of the public at large to ensure that rehabilitation is real rather than merely apparent. It is my intention to present a firm proposal to the Executive Council early next year which will reflect so far as is practicable the views expressed by all those responding to the discussion paper.

Both Dr. Ho and Mr. CHEONG-LEEN have urged the Government to take action in relation to organised crime and against triads in particular. In response, Sir, let me repeat what I said in answer to a question asked by Mrs. Rosanna TAM on 13 November of this year:

'The Government recognises the deep concern that is being expressed in the community about triads and the Government is dedicated to do its utmost to eliminate triad related crime.'

Sir, this is not an area for instant success or for dramatic breakthroughs. It demands careful, detailed thinking leading to long term results. Nevertheless, the Government is already taking action in the areas identified by Dr. Ho and Mr. CHEONG-LEEN.

As regards the work of the Fight Crime Committee in combating organised crime, Sir, you said in your opening address that the committee has been asked 'to give high priority to further measures to combat the insidious menace of triads'. In fact, the Fight Crime Committee has established a Working Group on Gangs and, as a member of that group Dr. Ho is familiar with its work. The working group has been seeking to identify areas of activity by triads and gangs and to determine an overall strategy. The working group is also considering changes in the law and early next year this Council will receive a discussion paper on the legislative options identified by the working group to provide greater powers to investigate and prosecute organised crime. The Urban Council is meanwhile conducting a major review of the problem of triad intimidation of hawkers.

Regardless of what measure the Government takes, as Dr. Ho pointed out, the fight against crime will depend largely on the co-operation of the public. The Government recognises that ways must be found to encourage people to come forward to report crime. The theme of the fight crime campaign this year has been on the police and the people fighting crime together.

Closing remarks

Finally, Sir, we must ensure that our procedures and our laws are adequate to maintain order and stability and will allow the man in the street as well as the businessman to go about their affairs without fear of violence or loss by fraud. Hong Kong has reason to be proud of its record in dealing with crime, including commercial crime. The police have had notable successes in their work in the last year. We must, however, remain vigilant and be prepared to combat the activities of increasingly resourceful criminals. At the moment, a great deal of attention is being paid to the future. But as Miss DUNN reminded us, we must not let that exclude from our thoughts the more pedestrian problems of the present. Hong Kong is a dynamic society. Day by day and year by year, as difficulties arise. They must be tackled with determination. We must deal effectively with the problems of today and tomorrow. Unless we do the problems of the future will be more difficult than ever to resolve.

Sir, I support the motion.

THE CHIEF SECRETARY:—Sir, with your permission, I will speak briefly for a second time on this debate.

We have thus come to the end of this debate whose purpose is to thank you for your address to this Council. Your address and the speeches which have followed, from Members and Officials, have set out and explained our policies and plans, our hopes and ambitions for the future.

The breadth and range of topics covered in all the speeches is a good indication of the size and complexity of this remarkable place and the effort needed in all sectors to sustain our economic growth, to maintain the rising standard of living and the rising expectations of Hong Kong people.

Our debates are devoid of aggressive, adversarial controversy, their objective is to continue to move Hong Kong forward, to find the correct balance and emphasis between competing demands, and, to arrive at a sensible anticipation of future needs. The measure of our success is not the amount of heat generated in this Chamber but the continuing dynamism of our economy, and the continuing vitality of our society. In all the speeches in this debate there is to be found the firm conviction to resolve to continue the building of this great city by co-operation and in consensus.

Sir, I beg to move.

Question put and agreed to.

First reading of bill

MEDICAL REGISTRATION (AMENDMENT) BILL 1985

Bill read the First time and ordered to be set down for Second Reading pursuant to Standing Order 41(3).

Second reading of bill

MEDICAL REGISTRATION (AMENDMENT) BILL 1985

THE SECRETARY FOR HEALTH AND WELFARE moved the second reading of:—'A Bill to amend the Medical Registration Ordinance'.

He said:—Sir, I move that the Medical Registration (Amendment) Bill 1985 be read the Second time.

Under the provisions of the Medical Registration Ordinance the holder of an Irish medical qualification is entitled to be registered as a medical practitioner in Hong Kong if he is eligible for registration in the United Kingdom. The General

Medical Council of the United Kingdom has recently decided that persons who are not nationals of the European Economic Community, and who have obtained a medical qualification in the Irish Republic after 30 April 1985, will no longer be eligible for registration in the United Kingdom. The effect of this decision is that non-EEC nationals holding Irish medical qualifications ceased to be entitled to be registered in Hong Kong with effect from the same date and this has affected a number of people from Hong Kong who have recently obtained qualifications in Ireland.

The purpose of this Bill is to place all holders of United Kingdom or Irish medical qualifications on an equal footing regardless of their nationality and thus enable non-EEC nationals with Irish qualifications to continue to register in Hong Kong as they have done in the past.

Sir, I move that the debate on this motion be now adjourned.

Motion made. That the debate on the second reading of the Bill be adjourned—
SECRETARY FOR HEALTH AND WELFARE.

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 pm on 18 December 1985.

Adjourned accordingly at twenty-five minutes to Six o'clock.

Note: The short titles of Motions/Bills listed in the Hansard Report have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.