

OFFICIAL REPORT OF PROCEEDINGS**Thursday, 10 November 1988****The Council met at half-past Two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR DAVID CLIVE WILSON, K.C.M.G.

THE HONOURABLE THE CHIEF SECRETARY
SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY
MR. PIERS JACOBS, O.B.E., J.P.

THE HONOURABLE THE ATTORNEY GENERAL
MR. JEREMY FELL MATHEWS, J.P.

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

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

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

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

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

DR. THE HONOURABLE HENRIETTA IP MAN-HING, O.B.E., J.P.

THE HONOURABLE CHAN YING-LUN, J.P.

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI, O.B.E., J.P.

THE HONOURABLE CHENG HON-KWAN, J.P.

THE HONOURABLE CHUNG PUI-LAM

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

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

THE HONOURABLE DAVID LI KWOK-PO, 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

PROF. THE HONOURABLE POON CHUNG-KWONG

THE HONOURABLE SZETO WAH

THE HONOURABLE TAI CHIN-WAH

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING

THE HONOURABLE TAM YIU-CHUNG

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

THE HONOURABLE GRAHAM BARNES, C.B.E., J.P.
SECRETARY FOR LANDS AND WORKS

THE HONOURABLE RONALD GEORGE BLACKER BRIDGE, O.B.E., J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.
SECRETARY FOR TRANSPORT

THE HONOURABLE EDWARD HO SING-TIN, J.P.

THE HONOURABLE GEOFFREY THOMAS BARNES, J.P.
SECRETARY FOR SECURITY

THE HONOURABLE PETER TSAO KWANG-YUNG, C.P.M., J.P.
SECRETARY FOR ADMINISTRATIVE SERVICES AND INFORMATION

THE HONOURABLE CHAU TAK-HAY, J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E.

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE MICHAEL CHENG TAK-KIN, J.P.

THE HONOURABLE DAVID CHEUNG CHI-KONG, J.P.

THE HONOURABLE RONALD CHOW MEI-TAK

THE HONOURABLE MRS. NELLIE FONG WONG KUT-MAN, J.P.

THE HONOURABLE MRS. PEGGY LAM, M.B.E., J.P.

THE HONOURABLE DANIEL LAM WAI-KEUNG, J.P.

THE HONOURABLE MRS. MIRIAM LAU KIN-YEE

THE HONOURABLE LAU WAH-SUM, J.P.

DR. THE HONOURABLE LEONG CHE-HUNG

THE HONOURABLE LEUNG WAI-TUNG, J.P.

THE HONOURABLE JAMES DAVID McGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE KINGSLEY SIT HO-YIN

THE HONOURABLE MRS. SO CHAU YIM-PING, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.

THE HONOURABLE MRS. ELSIE TU, C.B.E.

THE HONOURABLE PETER WONG HONG-YUEN

ABSENT

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

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

THE HONOURABLE HUI YIN-FAT

DR. THE HONOURABLE DANIEL TSE, O.B.E., J.P.

THE HONOURABLE ANDREW WONG WANG-FAT

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR. LAW KAM-SANG

Member's Motion**MOTION OF THANKS****Resumption of debate on motion which was moved on 9 November 1988**

MR. LAU WONG-FAT (in Cantonese): Sir, in your policy address for 1988-89, you outlined a range of policy initiatives the Government will take in meeting our short-term and long-term needs, especially the development of various infrastructure projects. It is most encouraging to learn of the Government's endeavours which will surely have great bearing on maintaining Hong Kong's stability and prosperity as well as improving the quality of life of our people.

As stated in the address, "To sustain economic growth and to provide an adequate infrastructure, we must continue to invest in a major capital works programme." At present, major capital works programmes under active consideration or study include the construction of a new airport, Container Terminals 8 and 9, Route 3 which links the north-west New Territories and Hong Kong Island and rail link between the north-west New Territories and the urban area. If these projects, which necessitate massive investment, are carried out successfully, they will help to further the development of our buoyant economy, strengthen the confidence of the local people and investors as well as contribute to the prosperity and stability of Hong Kong before and after 1997. Although it has been quite some time since these projects were first proposed, it is encouraging to learn that the Government has promised to make decisions in the near future. Last year when I spoke at the policy debate, I urged the Government to make an early decision on whether a new airport was to be built. The references that have been made in this year's policy address to the airport issue reveal that the Government has made a more definite stand in favour of the construction of a new airport.

However, not only is a new airport urgently required, Route 3 and the rail link between north-west New Territories and the urban area should also be given top priority in consideration. The reasons are obvious. It is projected that the population in Tuen Mun New Town will exceed 530 000 in 1997. Furthermore, with the development of Yuen Long New Town and Tin Shui Wai, the population in north-west New Territories will soon be 1 million. At the same time, Tuen Mun industrial area and Yuen Long Industrial Estate are undergoing rapid development, transportation of goods between Kwai Chung container port and the China border via the carriageways in the north-western part of the New Territories is growing at amazing speed. With the provision of a new airport and additional port facilities, it is essential to provide a sound transport network to the north-western part of the New Territories.

Sir, I agree with the Government that we must have clear and definite knowledge of all the facts before any decision is made on major capital works programmes. Nevertheless, I think the Government should have the stamina to face the challenge and be resolute in making decisions. It should do what is necessary and essential at the right time. Unnecessary procrastination will only cause inconvenience to the public, lower our living standard and even hamper the overall development of our society resulting in heavy financial losses. I hope the Government will be wise enough to learn its lesson from the poor planning of the Sha Tin New Town which has resulted in serious traffic congestion and the flooding problem triggered off by improper implementation of town planning in North District. The same mistake should not be repeated, otherwise provision of infrastructure will not be able to co-ordinate with social development and the problem will aggravate.

In the policy address, you mentioned that the living condition of the rural New Territories is not too satisfactory; a new and comprehensive strategy is needed to make real progress. I believe such proposal will surely be welcomed by rural residents. In fact, when I first joined the Legislative Council in 1985, I pointed out that it was very unfair to residents living in rural areas where the basic amenities had long been in a backward state and there had not been any proper improvements. Though the Government did once make an effort to improve, the progress has been too slow. If the pace is not speeded up, the difference in the standard of basic amenities between urban and rural areas will be widened. According to the policy address, the essential elements of the new improvement strategy will be the improved planning of public and private development and the tightening of control over land use, so as to ensure that the improvements achieved are sustainable. Heung Yee Kuk will give full support to the Government's improvement programmes. While upgrading the amenities in the rural New Territories, I hope the Government will also give due consideration to safeguard the rights of landowners. In the past, many lands were included in the development plans but very often, no development was carried out even after a decade. In other words, land use has been frozen for a long time preventing landowners to develop their land and letting our valuable land resources lie waste. I hope the Government will promptly review and rectify this situation so as to avoid losses incurred to landowners.

Sir, I would like to take this opportunity to speak on the problem of Vietnamese refugees and boat people. The findings of a territory-wide opinion poll conducted by the City and New Territories Administration earlier revealed that the Hong Kong people begin to be greatly concerned with the presence of the Vietnamese refugees and boat people in Hong Kong. As the progress in tackling this problem is dead slow and the financial burden it imposed on the Government is getting more and more heavy, Hong Kong people naturally worry that the allocation of resources and social development will be affected. As there was insufficient consultation beforehand, so when the Government announced the

setting up of open camps in Tuen Mun, many people expressed deep concern and had reservations about this measure, some even staged strong protest. All these reactions are understandable.

Like other rapidly developing new towns, the construction of facilities in Tuen Mun cannot keep up with the demands of the ever growing population. For this reason, residents have to put up with a lot of inconvenience in their daily lives. In planning for the development of Tuen Mun, the authorities concerned have not taken into account this extra batch of refugees; so with the opening of refugee camps, supply of facilities in Tuen Mun will be further strained. In implementing the open camp policy, the Government has the responsibility to ensure that the living standard of local residents is not lowered as a result and whenever possible, the Government should expedite the improvements to facilities urgently required, otherwise it will be most unfair to Tuen Mun residents.

What concerns the Tuen Mun residents most is the problem of law and order. Vietnamese refugees come from a place with a totally different social system and they have their own ways of living. It is doubtful whether they can be integrated into our society and legal system. Many Vietnamese refugees are indeed decent and law-abiding people, but owing to the sensitivity of the issue, even if a minority of Vietnamese refugees break the law, it will shake the local community and cause unrest.

Although the Government has formulated a series of measures directed at these problems, I hope the officers concerned will always be prudent and on the alert to guard against any troubles. The opening of refugee camps should be gradual. The Administration should also maintain close liaison with the Tuen Mun District Board and area communities to solicit their views extensively.

We learnt from the policy address that the central element of our policy towards the refugees must remain the search for durable solutions. In other words, the open camp policy is only a stop-gap measure which can contribute little to the solution of the problem. In paragraph 129 of the address, you mentioned that "we will continue to press for more generous treatment from resettlement countries." I believe this is an effective way to tackle the Vietnamese refugee problem. On the other hand, Britain, being our sovereign state and one of the resettlement countries, has the responsibility to take the lead in increasing her refugee intake. At the same time, Britain should exert her influence in the international scene to find more resettlement places for Vietnamese refugees stranded in Hong Kong.

Sir, humanity is the most noble conduct of mankind. But while upholding humanitarian principles, care should be taken that the interest of the Hong Kong people should not be sacrificed.

Sir, with these remarks, I support the motion.

MR. EDWARD HO: Sir, I saw the following quotation from the *Hobbit* by Tolkien in the newspaper the other day:

They found that the story-teller had now wandered into strange regions beyond their memory and beyond their waking thought, into times when the world was wider and the seas flowed straight to the western shore."

It is certainly not beyond my memory that, as a young boy, my father took me to swim in Causeway Bay where the water of the Victoria Harbour lapped against the shoreline where the trams now run. And I can remember us kids cycling to Central without undue fear of being run over, or suffered the inhalation of harmful car exhausts.

Since then, Hong Kong has unrelentlessly built up its population and its economy. Hong Kong takes pride in its success story, but what has become of our quality of life?

Sir, I shall only cover those aspects of your policy address that concern our quality of life. In doing so, I am afraid I have to touch briefly on a wide range of issues.

I shall leave the discussion on our economy to my more expert colleagues. On this, I merely want to echo your sentiment that a "healthy and growing economy is the essential foundation for all our efforts to improve the quality of life for the people of Hong Kong". We know too well that the best things in life are not free. Improvement of environment and quality of life is certainly not free, and our society has to be willing to pay for it.

Housing, how we live

In any consideration about the quality of life, the first and foremost concern has to be the conditions in which we live. This is especially true in Hong Kong, where, despite the massive public housing programme which has already provided dwellings for about 45% of the population of Hong Kong, many people still live in cramped or makeshift accommodation.

It has been estimated that from 1985 to 2001, over 1 million flats will have to be built to satisfy demands for private and public housing; hence, the long-term

housing strategy. The strategy depends on the production of the private sector and the building of affordable public housing by the Housing Authority.

I shall address some of the major issues facing the Housing Authority:

1. Labour shortage:

Labour shortage in the construction industry has seriously impeded the progress of public housing production in the year 1987-1988. There is no sign of relief at the moment: more than 50% of the projects currently being constructed are behind programme.

Also because of this acute labour shortage, construction cost for public housing has risen by over 35% last year; and it is increasingly difficult to obtain acceptable level of quality from even the most major contractors.

If our community is concerned with the progress of our public housing programme, there is certainly justification to consider limited and short-term importation of construction workers.

I am aware of the argument from some quarters that the labour shortage problem is not real and that it can be solved by improved income and better working conditions. I must point out that this can only be considered the long-term solution and I shall deal with this later in my speech.

2. The old estates:

Over 500 blocks in the older estates which house more than half a million people will have to be redeveloped in the course of the next 13 years. They no longer provide the kind of living environment and amenities that we can accept today. The delay in production of new public housing means that timely redevelopment of these older estates would be affected.

As long as these older estates are not redeveloped, major expenditure will have to be spent on maintenance and repairs. It has been estimated that the Housing Authority will have to spend \$3.73 billion in the next five years for maintenance and repairs. In addition to the problem of incurring inordinate amount of public fund in repairs, such work has caused major inconvenience and disturbance to the residents of these estates.

Whilst I can appreciate the inconvenience and disturbance on the residents of these estates under major repairs and do sympathize with them, these repairs are to improve their living environment and I cannot endorse the opinion of my colleague Mr. CHAN Ying-lun to cease the repair work and instead to redevelop them. For if these blocks are totally redeveloped without affecting the clearance

programme and those on the waiting lists for public housing, it will possibly mean that we will have to double the annual production figure which is clearly beyond the available capacity of human, financial and land resources.

3. Land supply:

Although statistically there is not an overall shortage of land for production of public housing, the problem is in the production of serviced land with the requisite transport linkage and infrastructure at the right locations at the right time.

This availability of land supply in the right location will become much more critical for the public housing programme in the second development period, 1990 to 1995, of the long-term housing strategy when land will have to be found in the urban area in order to provide reception accommodation for residents before redevelopment of the older estates is possible.

For the third development period, 1995 to 2001, large amount of land will have to be formed. As the lead time required from land formation to building completion is estimated to be seven years, one can see that programme for production of some of the land for the early part of the third development period has to be committed almost right away.

The above are some of the major problems that the Housing Authority has to tackle.

For those who live in public housing estates, what is of immediate concern to them is the environment in which they live. Designs and standards must be planned to meet long-term needs and rising aspirations. This means continuous review and improvements. The introduction of a new generation of standard blocks with improved layout and enhanced living space; and the fact that they have been designed to be constructed in a less labour-intensive manner is to be welcomed.

Transport, how we move about

Rain or shine, long lines of people at the bus stops; passengers jammed up like sardines in the public transport; cars inching along bumper to bumper belching polluting exhausts; empty taxis that cannot be flagged down — these are daily familiar scenes.

An average person spends at least two hours of his useful time a day on the road between his home and his work place or other destinations. Serious traffic congestions in many locations, especially the tunnels, are sources of much stress and annoyance to the commuters. The inability of people to move about in a

convenient, economical and agreeable manner is an important factor affecting their quality of life. In addition, a well-planned transportation system is the life-blood of our economy and industries. Inefficiency in movement is a loss in productivity and thus a community cost.

The Second Comprehensive Transport Study, hopefully, will provide us some useful answers to our transportation system. But due to the very high density of our built-up areas and the limited road space, it is apparent that the major road projects such as the proposed Route 3, though of vital importance, serve only to transport people and goods between major destinations and would bring very little improvement to congestions in local situations in the main urban area. Indeed, a fast route may even aggravate the traffic problem at the receiving end, as was the experience of the Lion Rock Tunnel.

We are therefore not surprised that Government is once again considering priorities for road usage. It is quite clear that, once again, private car uses will be the ones to give way. But, it would be wrong to restrict the movement of private cars without the provision of an alternative mean of convenient and comfortable public transport. As you said, Sir, "Hong Kong's thrusting capitalist society rewards hardwork, initiative and success".

Hong Kong has a reasonable network of public transportation system. Yet, if we look at the mode of public transport available today, what encouragement do we find for private car users to switch to public transport? The Mass Transit Railway, the closest answer to convenient traveling, serves only major routes and is, so early in its life, already operating at capacity at peak periods. At any rate, the Mass Transit Railway was never designed to capture the private car users as there is almost no interfacing between the two. There is no provision for a person to drive up to the nearest mass transit station, park his car and continue the rest of the journey on the subway to the urban area.

On the island of Hong Kong and in the suburban areas of Kowloon and the New Territories, where most parts are not served by railways, there is at present no agreeable public transport alternative. I use the word "agreeable" advisedly as I do not consider that the buses and the public light buses as they are now offer alternatives that can induce private car users to switch to public transport. Lastly, I support my colleague Miss Maria TAM's opinion that much more effective use can be made of water-borne transportation.

Labour, how we work

Most of our waking hours will be spent in our work places. For those who work in air-conditioned offices, working condition is generally not a problem. On the other hand, if we were to attract young people to work in the

manufacturing industry and especially the construction industry, better working conditions will have to be created.

I touched on the question of labour shortage in the construction industry in connection with housing. The problem we are facing today is that labour shortage has increased construction cost very rapidly and significantly. At the same time, together with the higher cost, productivity and workmanship have degenerated. In other word, we are paying more and getting less.

Although shortage of labour is a general problem in Hong Kong, labour shortage in the construction industry may prove to be a more serious and permanent one if it failed to attract young people to join the industry. With the rising level of education, the younger members of our community have more options for their employment and the working conditions on the construction site do not constitute an attractive option.

I believe that Hong Kong's construction industry has reached a turning point. With rising economy and social aspirations, the days of cheap and abundant labour is over. It is time the industry studied seriously how productivity and workmanship can be improved with construction methods that would be less dependent on labour. It is only with more innovative construction methods that a better working condition on site can be provided.

In this regard, due to the nature and volume of their work, the Government and the Housing Authority can and should take the lead. To ensure better quality of concrete structure, the Housing Authority has already adopted semi-mechanized methods in almost all its present contracts. Its new design for standard blocks, named harmony blocks, will further exploit the advantages of modular components in construction so that standard components can be manufactured off-site. The adoption of dry-wall construction should also be explored to further enhance the working conditions on site. The present conventional "wet-wall" brick and mortar construction is both labour-intensive and a major obstacle to improving working environment on construction site.

As I said, there is no short-term solution for our labour shortage problem in the construction industry. The long-term solution is to gear towards systems that rely on the employment of skilled labour. This means that there will be gradual phasing out of unskilled labour, to be replaced by people who will be better trained, fewer in number, but would receive better income and better working conditions that would be safer and more agreeable.

Town planning, our environment

Most people associate quality of life directly to quality of our environment. Various environmental issues have been addressed by my colleague Professor POON. I support his views and will not go into them anymore.

I support the creation of a special policy branch of town planning and environment, since town planning has a direct impact on our environment and environmental considerations should form an intrinsic part of our planning process. Although no details have yet been announced, I believe that this will provide a more central focus in the planning of our territories and our environment.

At present, planning takes place at different levels (territorial, sub-regional and district) and involves different government departments and units. This is both inefficient deployment of manpower resources and a confusion to the general public. It is only logical to centralize the planning functions under one roof.

Sir, I am involved in assisting Government in reviewing the Town Planning Ordinance which has substantially stayed the same since it was enacted in 1939. Amongst other matters it is now apparent that the role of the Town Planning Board should be re-examined and considerations should be given so that its function would be upgraded to consider planning at territorial and sub-regional levels, whereas part of its present function should be devolved such that planning at district and local levels would be performed by a small number of statutory local planning bodies. Supported by a new town planning department, (which is also supported by Mr. CHENG Hon-kwan), these planning authorities will ensure public participation of planning at all levels.

Education and culture, quality of our mind

Lastly, Sir, I wish to address education and culture as one subject. Education itself has been extensively debated in this Council two weeks ago and I only wish to reiterate the point which I have already touched on during the debate on youth policy last Session in this Council.

Our education system tends to over-emphasize the academic achievements of the students. It is how much fact that the student knows rather than how his intellectual ability is developed. A student has to survive the succession of examinations at different levels in order to get into the right schools and to climb up the pyramid to the much coveted places in higher education institutions. He is constantly under pressure from his parents and teachers, and has to spend almost all his spare time in studies and homework.

In terms of cultural activities, there is little in our education system to substantiate the statement that the "Government's policy is to maximize the opportunities for people to take part in cultural and recreational activities".

A society should not only take pride in its economic achievements, it should also be proud of its cultural heritage, and its accomplishments in arts. Surprisingly, arts is considered the domain of the people in socialist countries where basic material comforts, as we know them, are sometimes lacking, whereas in Hong Kong, so little opportunities and efforts are made to train and nurture our talents when they are very young.

I suggest that the Government should consider the establishment of a special pre-vocational school for the performing arts so that there is an available source of suitably prepared students for the Academy for Performing Arts. The success of the academy will depend on full support from our community, and should not stand isolated in our education system.

Sir, I am heartened by your concern, in your two consecutive policy addresses, on the improvement of our quality of life. I hope that my ramblings on housing, transport, working conditions, town planning, education and culture as they relate to our quality of life has not led my listeners "into strange regions". It is also my fervent hope that with the improvement of our quality of life, fewer of our people will have to relocate to where "the world was wider and the seas flowed straight into the western shore".

Sir, with these remarks, I support the motion.

MR. ARCULLI: Sir, may I join my honourable colleagues in extending my congratulations to you on a comprehensive address which has highlighted succinctly important issues that Hong Kong has to address not only with determination but also with a sense of urgency. It has also re-affirmed that the Government is increasingly receptive to new ideas and approaches. None the less the implementation of such policies would be under scrutiny to ensure that Hong Kong will continue to develop and prosper. Hong Kong has probably had its most difficult five years between 1982 and 1987 and your address has reminded us of the plain simple fact that even if Hong Kong is down it does not stay down for long. I have no doubt that all of us here, particularly those of us who have just joined the Council, look forward to playing our part in achieving these objectives. With these opening remarks, Sir, I would like to deal briefly with some of the issues raised in your address.

Labour shortage

On the question of labour shortage, I do not think anyone disagrees with the principle that our work force should share the benefits in good years as they share the difficulties in lean years. However, we should not forget that it cannot be in Hong Kong's interest to allow such shortage to continue unabated so as to make Hong Kong uncompetitive or unattractive. We must therefore do all we can to see that this does not happen because market share once lost is not easily regained. The construction industry is one of the areas, despite press reports to the contrary, experiencing severe shortage. One needs to look no further than in some of the papers that have been placed before us in Finance Committee to see that this is so. The most worrying aspect and indeed the most difficult to assess is what I would call the knock-on effect: shortage of labour not only drives up costs but can also have two equally undesirable consequences — extensive delay and the lowering of quality. However, despite the measures mentioned in your address and the reservations of the Government, I firmly believe there is a strong case for reversing the current policy. Otherwise, Sir, I might be driven to use such policy as an additional argument against importation of foreign lawyers into Hong Kong.

Securities and Futures Commission

I should like to deal with the proposed Securities and Futures Commission. Hong Kong's development in the past decades has been such that sometimes we have had to make rules either as we go along or after the event. Happily Hong Kong is moving away from this approach. In the early 1970s we had to restrict the proliferation of stock exchanges as well as provide a framework for the deposit-taking companies. Over the years and after hard work the stock exchanges have merged into one unified stock exchange and the deposit-taking companies brought within an acceptable and workable framework. As you, Sir, have quite rightly observed: we are part of a global financial market and therefore cannot stand with our own rules. The Government has moved with speed resulting in a new Securities and Futures Commission (SFC). This in itself would have meant little had the Stock Exchange and the Futures Exchange not moved in tandem with them. A new SFC also means new rules. Recently there has been a fair amount of public debate on three particular aspects of the proposed SFC bill.

Firstly, the right of the SFC to require a person under investigation to provide information which may be used as evidence against him.

Secondly, the right of the SFC to enter business premises to have access to books and records kept there and to remove them if need be.

Last but not the least, the absence of an appeal to an independent panel outside the SFC by a person aggrieved by a decision of the SFC.

Those proposing such powers say there are good reasons for them. Despite this there is a great body of public opinion including professional bodies that says that such powers are unnecessary, far too wide and sweeping. I do not know whether these differences will be resolved before it comes to this Council. However, unless such objections are groundless, the provision of excessive powers is not only fundamentally unsound but also creates suspicion. Furthermore, in so doing might we be giving the erroneous impression that there was much that was wrong with our markets which went unchecked? Weaknesses that were exposed a year ago need to be corrected and improved but we should only make corrections and improvements that are desirable and necessary. There is always a tendency to over-correct but we must resist the temptation as over-correction can stifle our markets. As we move towards international standards, let us not forget that Hong Kong's success in the past and in the future must continue to be based on a workable and acceptable framework that was not and, indeed, should not be over-regulated.

Infrastructure development

Sir, in as much as well-regulated stock and capital markets are necessary for the smooth conduct of business in the financial world, so too do we need an efficient infrastructure for the continuous and smooth movement of goods and people both to and from and within Hong Kong as this is vital to sustain economic growth. There can therefore be no room for disputing that we need a new airport, additional port facilities and a transport network. These are all major undertakings that will require tens of billions of dollars but if we are to continue to grow and prosper we must not be timid in making these commitments.

The one commodity that we are short of when it comes to infrastructure development is time. The question that the Government does not have to ask is whether or not. The real question is: when and where? As to when, the answer is plain: as soon as practicable. Sir, the Government has acquired a lot of expertise in bringing the private sector into major projects. It is effective and efficient and makes a good deal of commercial sense apart from the additional intangible benefit of a tremendous vote of confidence by the private sector putting its money where its mouth is. On this basis the Government should therefore be in a position to decide as soon as possible what the options are. Do we go at it alone? Should we bring in the private sector and let them develop it alone or in joint venture? Do we bring in public participation as well? How will the projects be managed, financed and operated? These and many other issues can and should be addressed now. In this way time can be saved and there may

be a reasonable chance that the time frame of seven to 12 years for the new airport will be kept at the lower end.

Sir, as to the transport network, it is vital that we keep our traffic moving. It is just as desirable that I cause no undue congestion in today's proceedings so I shall move on to the next topic.

Vietnamese boat people

In the limited time that I have spent in this Council I have concluded that Hong Kong has not been fairly treated on the difficult issue concerning the Vietnamese boat people.

In 1979 the UNHCR conference decided that all people leaving Vietnam were refugees. Thus, if Hong Kong were to provide temporary shelter, countries of resettlement would provide a long-term home. Why this arrangement broke down is not for me to judge but what is quite apparent is that it did not turn out the way it should have. We have borne more than our fair share of this unfortunate problem and for too long. I simply want to say this: as a result of discussion with the Vietnamese Government, a start has been made, but despite this, countries of resettlement will continue to look to the United Kingdom for its lead. I am bitterly disappointed that we are now told by the United Kingdom that it is not prepared to increase its intake citing reasons which are wholly unacceptable. I firmly believe that for Hong Kong to be successful in its resettlement efforts it is critical that the United Kingdom increase its intake substantially from current levels.

Brain drain

Sir, I should now like to offer my thoughts on the question of brain drain. In Hong Kong we pride ourselves as being pragmatic, resourceful and hardworking. We do what is expected of us and then more. The trauma of the last few years is bound to take its toll. Parents with young children are sure to be concerned about their children's future in Hong Kong because 1997, apart, Hong Kong is an extremely demanding place to live and work. Even at an early age children are required to be tested for entry into a play group or kindergarten. If we are to do anything to encourage our people to continue to live and work in Hong Kong we must accept that emigration exists and then examine the reasons why some Hong Kong people emigrate. We should not pretend that emigration does not exist. Broadly speaking, I believe that there are three reasons why people emigrate: it is either personal or economic or political. Against this background I fully endorse your remarks, Sir, that freedom to travel or emigrate is fundamental. Indeed it is so fundamental that we have neither prohibited nor even discouraged foreign governments or major

financial and other institutions from selling emigration packages. This openness is a tremendous endorsement of Hong Kong and what it stands for.

I believe that a significant number of those who have emigrated over the past few years have done so as business or investor emigrants. I seriously doubt it was for economic reasons. Whilst I believe that there are some that emigrate for personal reasons, for example, children's education, quality of life, joining other members of the family. I believe that the great majority emigrate because of their concern about Hong Kong's future. This group can be divided into three categories: those who are convinced that Hong Kong has no future which I believe to be a very small proportion, those who are taking a wait-and-see attitude, probably larger in number than the first, and those who are simply out to get an insurance policy, namely, a foreign passport, and I believe they form the bulk. There has been some discussion as to what we can do to attract them back to Hong Kong and suggestions include providing additional international schools so that their children can continue their education, providing attractive housing and so on. We should do more towards keeping in touch with them. Perhaps in this area the Trade Development Council through its extensive network of offices round the world can examine whether it is feasible. Who knows even if efforts to encourage their return are not entirely successful we may at least do some business with them.

Whilst I favour these ideas I do emphasize that we must not forget the great majority that continue to live and work in Hong Kong. They too have aspirations and they should not be penalized for their confidence. We have a pool of very talented young people in Hong Kong. A lot of the projects mentioned in your address, Sir, are being undertaken to improve the quality of their lives here. These range from the new planning and environmental protection and culture and recreation branches to the housing programmes and building management. My honourable colleague, Mrs. Rosanna TAM, has placed great emphasis on youth development. I entirely support her view. I will extend this to our young people. We should continue to encourage more participation by our young people and in areas where we have not done so we should make strong efforts to bring them in because I firmly believe that Hong Kong's future success and prosperity depend on them. I am convinced that if we tackle this issue with the same energy and ingenuity that has made Hong Kong what it is, we will succeed but we must recognize that results may not be obvious in the short term. I have no doubt that our people have a strong sense of pride in Hong Kong. What is needed is the same strong sense of belonging and therein lies a permanent solution to the brain drain.

Social welfare services

Sir, I wholeheartedly welcome the voluntary registration scheme of private homes and a holiday centre for the elderly. It is certainly a step or perhaps two

in the right direction. But I ask: Are we doing enough? Are we doing it quick enough? I am told that we have somewhat under-provided for them and with life expectancy in Hong Kong increasing the problem will only ease if we tackle it speedily. I strongly urge the social welfare services to accelerate their plans and whenever possible to encourage the private sector to give its support to this most worthwhile endeavour. Let us not forget that today's elderly were yesterday's youth and, indeed, today's youth will be tomorrow's elderly.

Draft Basic Law

Sir, you have quite rightly observed that the people of Hong Kong and the international business community will be looking to the Basic Law when promulgated. I firmly believe therefore that we should encourage the people of Hong Kong to continue to take an active interest in the second draft of the Basic Law when it is published for further consultation. The reason is plain: as the Basic Law will provide for the constitutional framework for the Hong Kong Special Administrative Region for 50 years after 1997 it is the single most important document affecting the people of Hong Kong since the Joint Declaration. Therefore if they have views they must express these views as it must be in their interests to do so.

Sir, in concluding I should also like to support the remarks my honourable colleague Mr. Allen LEE made regarding those 30 or so widows or wives of ex-servicemen here. It would be pathetic and disgraceful if their plea was not acceded to and in this context I sincerely hope that this Administration would emphasize that even the United Kingdom Government is not saying that these elderly ladies should not be given United Kingdom passports. What it is saying is that to obtain one they will have to live in the United Kingdom for either three or five years. I doubt very much whether they could afford to live in the United Kingdom for that length of time and why they should be separated from their husbands or families. It seems to me that if that be the sole obstacle I am driven to ask: what purpose is served in this instance? I therefore say this to Lord GLENARTHUR: Please, Sir, may we have another 30 odd United Kingdom passports for these dear old ladies?

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

MR. BARROW: Sir, may I open by congratulating you on a very comprehensive review of the Administration's plans for the future. Some of these plans are decisions about decisions" to be made next year and I hope that the Administration will be decisive in ensuring speedy implementation in 1989 and beyond.

I want to concentrate my remarks today on three major issues.

The tourist industry

Firstly, I would like to address a number of infrastructure issues which are of particular importance to the tourism industry.

Tourism is heading for another record year with the visitor expenditure likely to be up by well over 30%, and the visitor numbers up by over 23%. This has resulted in some short-term strains, particularly on the immigration facilities and the airport generally, as well as our hotel capacity. But action is under way in all these areas and, in particular, the hotel industry has embarked on a vast expansion programme with 14 000 rooms opening by the end of 1991.

On the key infrastructure issues, first and foremost is the need for an early decision on a new airport. I accept that the questions of "where" and "how" are still to be settled but surely there need be no further question of "when" — although, Sir, you came very close to announcing a firm decision, I still detect an "if" hanging in the air.

Let us pull out all the stops and get this project under way now so that it can be completed within seven years of a 1989 decision on financing and location. This is obviously a tall order particularly as will be major infrastructure issues and developments but I am sure that with the "can do" approach so famous in Hong Kong, and the public and private sectors pulling together, this target can be achieved.

You referred to the successful outcome of a new airport as being a confidence booster. That outcome, Sir, is eight years or more away. What we need is the confidence booster of a firm decision today. Let us remove the perception in both Hong Kong and internationally that the Administration is dragging its feet on this and other decisions. Let us be willing to stand up and be counted today.

It is disappointing that after a year of technical evaluation, financial evaluations are only now starting and these will take a further nine months. Could not these evaluations have run concurrently? I suspect a further delay could be the question of consultation with China. Assuming a certain amount of such consultation is needed, let us bring the Chinese authorities up to speed on where we have reached today and keep them informed of developments. Whether an airport authority route or a private sector development, or mixture of both becomes a major assumption of the Administration, delays in setting up the structure and recruiting a chief executive must also be avoided.

The commitment to continue developments at Kai Tak is very welcome. These will be essential if we are to maintain our reputation as a tourist

destination and I hope that the next stage of improvements will get under way immediately.

A major milestone in the development of Hong Kong as a tourist destination will be the opening of the Convention and Exhibition Centre at the end of the year. In this connection, I urge the Government to ease the path for east European visitors to come to the territory. There has been some progress on this but uncertainty remains and I hope that in line with the generally improving international relationships more progress can be made.

The steps being taken by the municipal councils to develop culture and recreation are also important to tourism and we must continue to come up with new facilities and activities which appeal to local people and foreign visitors alike. Preservation of our cultural heritage is also vital so that the essential character of Hong Kong can be preserved. The rural planning that you referred to, Sir, is also significant in ensuring that the rural areas of Hong Kong can both be opened up and at the same time be preserved. All these factors will help in our objective of encouraging visitors to remain in Hong Kong that extra day.

The Tourist Association and the industry generally will play a role in supporting these local developments, which can provide a solid foundation for the years ahead when the opening of the new airport will give a renewed boost.

The labour shortage

My second issue, Sir, is the labour shortage. The Administration has described the issues of inflation and a shortage of labour as Hong Kong's two main domestic worries.

It should be said at the outset that the private sector endorses the wish that real wages should increase in the long term and that the workforce should benefit in good times. However, unless we take action to reduce the size of the labour shortage problem, the very people who are benefiting in the short term will be among those who will eventually suffer from a sharp increase in inflation, a loss of international competitiveness, and an eventual consequential downturn in the economy.

The Administration's view is that the shortage is causing difficulties in some sectors only. Which sectors, in the Administration's view, are not suffering from a labour shortage? The problem, Sir, is in every sector of the economy: in manufacturing, retailing, construction, hotels, utilities and wholesaling. Indeed, this has been highlighted in answers to recent questions in this Council. It has also been noted by the SRI consultants as being the major problem facing the economy, as confirmed to them by virtually all the 150 organizations that they have met in recent weeks.

Vacancies are now over 100 000 and job mobility has jumped dramatically in every sector.

It is right that the Government should press for productivity increases, but there are limitations to what can be done, particularly in some of the service sectors and in construction. Nobody in the private sector is proposing unlimited import of labour to such an extent that it would discourage productivity increases. What is needed is the opening of a valve to relieve some of the pressure.

I do not see how improved wages and working conditions can significantly increase the size of the workforce. Inducing more females to join the workforce might help — the participation rate of our females is 49% compared with 56% in the United States but with our different social customs and practices that may not make a great deal of difference.

If the Administration has any macro-economic studies which, based on long-term projections for the economy, demonstrate that with increased productivity and wages the short-term damage to the economy can be repaired and that the problem will disappear, they should be made available.

The most severely hit sector has been the construction industry. There is an overwhelming case for allowing contractors to import workers for specific projects. The inflation in this sector will be well understood by the Administration with recent tenders coming in over budget and the tender price index moving up 35% since June 1987. Completing existing contracts has been a major problem and the ambitious target of building 1 million residential flats by 2001 will be delayed two to three years if the current labour shortage problem remains unresolved. The Land Development Corporation's plans will also face implementation difficulties in the early 1990s. I see no way in which the new airport and the many other major infrastructure developments can be completed in a timely and cost-effective manner without an increase in the construction labour force.

We should remember that these problems are not unique to Hong Kong. There are guest workers in nearly every successful economy — including close at hand in Singapore and Macau.

The private sector has been raising this issue since the middle of 1987, but has seemingly failed to convince Government of the seriousness of the problem and those advocating imported labour should now come up with detailed and practical proposals.

The issue remains a major concern throughout the economy and there is widespread disappointment that the Administration's earlier conclusion was not to pursue a change of policy, particularly for the construction industry.

I support the Honourable Stephen CHEONG's proposal that there should be immediate formation of a high level working group including private sector representatives. This group should examine long-term macro-economic projections for the economy in so far as they relate to labour supply and demand, they should come up with ideas for improving productivity, to ascertain whether or not the size of the labour force can be increased and to examine detailed proposals for imported labour on a short-term basis. This group, should report back by Chinese new year 1989.

Finally, Sir, in commenting on emigration, the Administration has frequently referred to the historical background of population mobility. Let us remember that this has traditionally been a two-way mobility with people coming into Hong Kong as well as leaving.

The China dimension

My third point, Sir, is on the China dimension.

I welcome the wider links which have been developed between Hong Kong and China both at the senior level, including, Sir, your own regular visits as well as through the working level exchanges.

It is important that there should be a sustained interest in the draft Basic Law by this Council as well as by the Administration and the community as a whole. Given the complexities of the issue, it is perhaps not surprising that public interest, outside the professional bodies, has been at a rather disappointing low level. I hope, however, that the Basic Law Consultative Committee, as well as the Drafting Committee itself, will continue to stimulate interest and this Council should do what it can to support these endeavours.

The need for continuity in 1997 itself is one of the very key issues, and I was pleased to learn that this was high on your agenda, Sir, during your recent visit to Beijing and that substantive progress appears to be made on this vital issue.

I share your confidence, Sir, in the on-going role which Hong Kong will play in China's modernization. There were those who 10 years ago thought that the "open door policy" might result in a reduced role for Hong Kong as other areas of China opened up and prospered. Although the Chinese economy has made enormous progress in these 10 years, Hong Kong's role has grown even more and now covers the whole range of economic endeavour including trade,

investment, financial services, transportation, technology transfer and management.

You referred, Sir, to the growing links with Guangdong province and the Pearl River delta in particular. I recently spent four days traveling by road from Macau all the way back to Hong Kong through the towns and villages of both the west and east sides of the delta, which is a power-house of China's economic reforms. The progress in these areas must represent one of the most explosive economic growths ever seen and yet I believe it is only the start of what we are going to see over the next 10 years.

The vision of a dynamic Hong Kong at the centre of a greater China, economic entity encompassing the southern part of the Mainland, Taiwan, Hong Kong and Macau, playing a vital role in sustaining this development, is an exciting one.

The Hong Kong community, Sir, and I mean all the community — the people of Hong Kong, the private sector, the Administration — we must all have the self-confidence to take us through the next 10 years and beyond. Let us view this as a time of opportunity.

With this vision in mind, we should move forward decisively on the policy initiatives that you have outlined. Let us not hedge our bets. Let us be bold.

With these words, Sir, I support the motion.

MR. PAUL CHENG: Sir, I would like to join my colleagues in offering you our thanks for your thoughtful and well balanced address.

I am honoured to be appointed to serve on this Council. As a newcomer, I am looking forward to learning from both official and unofficial colleagues; to exchanging views with them and in the process I hope to make some useful contribution for the good of Hong Kong during these crucial evolutionary times.

All of us, whether we are in the public or in the private sector, must have Hong Kong's best interest at heart. What then should our immediate mission be? I hope I am not being presumptuous in trying to capture the essence of what we should all be aiming for in a mission statement. But for me at least I feel it helps me focus on the task at hand.

Our mission, as I see it, is two-fold:

1. to maintain Hong Kong as the undisputed leading commercial and financial centre in the Asia-Pacific region with full commitment towards promotion of free and fair trade; and

2. to create and develop a quality standard of living environment whereby residents from both the local and international communities who by choice regard Hong Kong as their home, can work and live in harmony with equal opportunity.

With these objectives in mind, let me now comment on a few selected areas. Despite a slow down in the rate of growth, our economy is in good shape, compared to most countries around the world. Hong Kong can be proud of its track record. A vote of thanks should go to all those in the Government for their efforts and contributions in creating this success story. However, with global economic uncertainties ahead of us, we cannot afford to be complacent. Protectionist sentiments are still lurking around. This sentiment exists not only in the United States, but are growing among other industrialized nations and economic blocs. By 1992, the European Community will be a market of 380 million consumers. Despite reassurances from various officials, the odds would favour that some barriers will be enacted to protect certain industries in that region. Even with a free trade advocate like the United States President-elect George BUSH, he still has to contend with a House of Representatives and a Senate in Washington, which are both dominated by the Democrats. Protectionist trade bills, particularly in the textiles sector, may well raise their ugly heads again. We need to, therefore, continue our concerted effort to promote Hong Kong's free trade image and to eliminate any practices which may be construed as unfair practices, including those in the professional service sector, so that Hong Kong can continue to make a strong case as an open market, different from its neighbouring markets and countries. Many economic experts are forecasting growing inflation in the United States in 1989. This may put further upward pressure on interest rates which in turn will depress consumer demand in the United States, thus affecting Hong Kong's exports to its largest destination market. The United States dollar is expected to weaken further sometime next year. Hong Kong must resist re-pegging or floating its currency in order to keep its products price-competitive.

Over the past few years, Hong Kong has done considerably to develop its exports to Europe and Japan. This effort must not only be sustained but stepped up. It is essential that we spread our dependence more evenly on a global basis. The Trade Development Council and the Departments of Trade and Industry have worked closely in promoting trade development and foreign investment. There is, however, still some confusion abroad on their roles. This situation requires further review to ensure efforts and resources are being utilized on a

cost-effective basis. Another suggestion I have is that more trade delegations should be organized with broader based participation than before. We need to assemble people at senior operating levels from trade, manufacturing as well as service sectors. This will help result in a higher successful conversion rate in foreign investment and in increased trade.

There is no question that Hong Kong will play an ever-increasing role as the undisputed international business and financial centre in the region. I am, therefore, encouraged by the Government's commitment to continue to develop adequate infrastructure facilities to cope with anticipated growth and demand. The new airport, increased port capacity, improved road network and effort to keep pace with world-wide development in information technology are all essential elements towards maintaining our focal position.

Sir, the China dimension as you rightly pointed out, is one of the key elements in Hong Kong's economic future. In this regard, I fully support your view that Hong Kong must continue to play a key role in the development of China, and in particular the Pearl River delta.

The labour shortage issue is a complex one. Whilst the Government has a flexible policy relating to certain categories of skilled labour, I understand conditions are critical in certain sectors such as the construction and the garment industries. My view is that we need to evaluate proven ideas from other locations such as those implemented in Singapore and Guam for possible adoption in Hong Kong. For example, any foreign investor who decides to build a hotel in Guam, I was told, can bring in a construction team to work on the project with the condition that the team must leave upon the completion of the project. I realize there are other factors involved. What I am advocating, Sir, is that we need to keep an open mind on this subject. It is essential that we do not allow labour shortage to impact adversely on Hong Kong's momentum.

While on the subject of people resource, let me just say that not only do we need to step up the development of our young people through our education system but we must also look at programmes to train our trainers. For example, I am currently holding preliminary discussions with Hong Kong University officials about offering fellowships for non-business course teachers to work in our company for six to 12 months so that they have a better appreciation of the expectations businesses have from the graduates.

One final point I would like to make in connection with the first part of our mission is that the Committee on Science and Technology should look more at new niche areas such as biotechnology rather than trying to play a catch-up game. With more and more manufacturing moving across the border, there is also opportunity for Hong Kong to become the design and quality control centre for many products exported from this part of the world to North America and

Europe. With product liability becoming an ever-increasing issue in the United States and in other countries, testing and inspection service technology should be encouraged.

Moving now onto the second leg of our mission, it is gratifying to note that you have put so much emphasis in your policy address towards the improvement of the environment and the quality of life. I have not had a chance to fully research the structure we have at present to combat environmental pollution. However, I have read several articles, all of which seem to indicate that there is definite room for improvement, not only in the way this problem is being monitored, but also in the area of enforcement. If we are committed to improving our environment, we must cut through the red tapes surrounding political and financial considerations. Nothing is free and industrialists must be willing to take the lead and pay their dues. It is high time we became less mercenary and more community-minded. We are talking here about an attitudinal change. I would, therefore, encourage the Government to take bold and decisive steps to make things happen in this area. We need a "tiger" programme with "real teeth".

The other area I would like to touch upon relating to improving the quality of life for our community is in the area of culture, recreation and sports. At the first Finance Committee meeting I recently attended, I was amazed how easy it was for two of the subsidized cultural organizations to obtain additional funds, in millions, because they are not making their ends meet. Certainly this reflects on whoever are responsible for managing these programmes. In the business world, one can get fired for not delivering in accordance with budget. Although I am not at this stage well versed on the structure of how our cultural programmes are being organized, I must question the credibility of the management concerned.

On sports, it would seem that we have good physical facilities and I am sure there are world class potential talent among the young people in our community. Yet many sports are being bogged down by political in-fighting at club levels. It is high time we got some new leadership in this area so that proper development and training can be put in place to provide opportunities for our young people to compete with confidence on an international basis.

Sir, to achieve our mission, we need to encourage closer team work between the public and the private sectors, we need to be innovative and we need to make bold decisions.

Above all, we must manage our own destiny with care and diplomacy. It would be dangerous to advocate an ideological revolutionary charge of the light

brigade — because we would not only be irresponsible but we would be doing a great disservice to the people of Hong Kong.

With these remarks, Sir, I support the motion.

MR. CHENG TAK-KIN (in Cantonese): Sir, in your policy address you put forward a range of policy initiatives which are both comprehensive and pragmatic, signifying Government's determination to maintain our economic prosperity and to improve the living standard of Hong Kong people. I warmly welcome this policy address.

Education

Education is seen as "holding the key both to upward mobility and to our continuing prosperity as a community." I am pleased to note from your policy address that the Government does not only step up its efforts in providing as many school places as possible, but also concentrates on improving quality.

From the policy address, we can see that the Government is systematically expanding the number of places in tertiary institutions, setting up the Hong Kong University of Science and Technology and strengthening technical education provided by technical institutes and through the Vocational Training Council in order to produce more skilled manpower. Moreover, with the opening of the future Open Learning Institute the programme of providing adults with a chance to further their studies will come to fruition. All these, in fact, are encouraging decisions made by the Government in the field of education.

Regarding the improving of education quality, I submit that we can allow the aided schools to have more say in the administration of their schools. Aided schools have taken up the lion's share in providing education services in our existing system — 68% of secondary schools are aided schools, whereas 84% of primary school children in Hong Kong are receiving education in aided schools. In the administration of the aided schools, such items as the discipline of students, school facilities and the introduction of new subjects into the curriculum are strictly governed by the Code of Aid and the instructions which are issued from time to time to the aided schools by the Director of Education. The operation of such an administration system is too rigid to allow flexibility. As a result, there is hardly any chance for each school to develop its individuality. In requiring that the running of the aided schools should be standardized, the Government has lost sight of the individual needs of each school, thus creating more difficulties in school administration.

In fact, Sir, an educational system should be formulated on basis of its educational functions. Any revamping of the educational system should aim at

achieving its educational goal. Whilst democratic participation in school administration is the main stream in modern education, emphasis has also been laid on teaching according to each student's ability. There are different local problems for different districts. In order to achieve good results we must tackle the problems with flexibility. Therefore, with the aim of improving quality in education, I take the view that a more liberal and less complicated Code of Aid should be introduced to give the school management more discretion in school administration to meet the needs of parents, students and the community, and to enable teachers to exercise their expertise. Schools need not do everything by the book, then education quality will surely be improved.

You have also made reference to matters concerning the raising of standard of private schools where Government buys places with a view to ultimately replacing the present Bought Place Scheme with a system of direct subsidies to private schools which attain a good standard. The aim is to pave the way for a strong private school sector. This proposal is an important issue in upgrading the quality of private schools. At present private schools do not get much financial aid from the Government. The inadequacies of their school facilities stem from their financial problems which also result in their inability in recruiting teachers with qualifications comparable to those of their counterparts in the Government and subsidized schools. Deficiencies in these two aspects have direct bearing on the quality of education in private schools. Therefore, as a matter of urgency we need to upgrade the standard of teachers and facilities in private schools so that these schools can effectively discharge their functions. At the same time we should also pay attention to another problem, that is, since the announcement of the proposal for subsidized schools to privatize, it has already caused a feeling of insecurity among subsidized schools teachers. So, it is our hope that the Government will disclose specific details of this privatization scheme with the assurance that the salary, welfare and job security of the teaching staff will be safeguarded.

Housing

Public housing has always been a major item in Hong Kong's public works programme, accounting for about one-third of the total expenditures on infrastructure. 40% of Hong Kong's population live in public housing. Demands for public housing are on the increase. Therefore, we need to cautiously plan and carefully handle this mammoth public works item.

Sir, I am pleased to note that in the formulation of long-term housing strategy the Government has planned to redevelop the old public housing estates. I concur with such a redevelopment programme which not only improves our living environment, but is also beneficial to renewal of local districts. It is likened to the process of metabolism. When an old district has reached its limits

in allowing for progress, there is a need for redevelopment and fresh planning of the district in order to keep it abreast with social development and needs.

Indeed, because of inadequate planning, those public housing estates built in yesteryears are poorly equipped in basic facilities with very small accommodation units, poor sanitation and inadequate community services and recreational facilities, which therefore are not commensurate with modern living standard.

I have conducted a survey on Tsz On and Tsz Man Estates in Tsz Wan Shan which will be affected by the redevelopment programme. The survey was conducted mainly in the form of an opinion poll. 6422 questionnaires were sent out with a response rate of 63%. The findings of the survey reveal that on average each household consists of six members occupying an average area of 15 sq m. From this survey we have some idea of their crowded living environment. Nearly 40% of the residents thereat hope that they will be able to move to larger accommodation units in those housing estates with better living environment at an early date so that their crowded living condition can be alleviated. Moreover, the findings of the survey also reveal that nearly 40% of the residents indicate their willingness of purchasing flats under the Home Ownership Scheme if their financial means permit. These residents therefore are willing to take the initiative in raising the standard of their living environment.

In view of the above, I hope that the Government will expedite the implementation of public housing reconstruction programme so that the living environment of the residents concerned can be improved at an early date. I further hope that the Government will build more flats under the Home Ownership Scheme and also raise the amount of the interest-free downpayment loan of the Home Purchase Loan Scheme to attract more public housing residents with better financial means to buy flats from private sector so that the demands for public housing accommodations may be eased.

Emigration

Regarding the emigration issue, it is regretted that some people have struck an excessively pessimistic note in exaggerating the problem. In fact, in a democratic society it is natural that citizens are given the freedom to choose their place of settlement and emigrate. Emigration is not a new issue. People emigrate to re-unite with their family members or to search for greener pastures elsewhere. In recent years, those who migrated for the sake of seeking certain form of security to ease their psychological worries are on the increase. People then quickly have the impression that emigration has resulted in serious brain drain. According to the estimate of a task force set up by the Government, some 40 000 people will emigrate this year; less than a quarter of these emigrants are professionals. Therefore, I believe that those who have emigrated are not all

with expertise, whereas those who have decided to stay in Hong Kong to seek advancement are not necessarily "inferior". I share my views with the Honourable Daniel TSE on this.

However, as the emigration issue is a fact of life, there will be wastage of our expertise to some extent. It is gratifying to note that the Government is sounding a positive note in handling this problem in a pragmatic manner.

To come to grips with the brain drain problem, it is stated in the policy address that the Government will step up its efforts in analysing the professional qualifications of those people who emigrate and actively promote education and training programmes to train people to fill their vacancies. Manpower training provides a motivation force in sustaining Hong Kong's development. This is an effort I appreciate very much.

As regards the policy of encouraging the emigrated with expertise to return, perhaps this is a workable stop-gap measure to meet the demand of the job market. However, this policy can only be taken as an expedient measure. Yesterday, a number of our senior Members viewed the issue from different angles and rightly pointed out that in promoting the idea of encouraging emigrants to return with too much enthusiasm, we might get negative effects. I wish to point out another problem that is likely to happen: on returning to Hong Kong by himself and leaving behind his family member in the settlement country, a returned emigrant will incessantly transfer out of Hong Kong by remittance the money gained from his employment on investment in Hong Kong, thus Hong Kong's economy will have to suffer to a certain extent.

In view of the above, I submit that it is better for us to make Hong Kong a better place to live in so that Hong Kong people will not want to go than to lay too much emphasis on encouraging emigrants to return. We should take concrete action to reinforce public confidence, enhance the sense of belonging, maintain economic prosperity and social order, strengthen our infrastructure and realistically improve our standard of living, including education, law and order, housing, transportation and environment. I trust that this is the way to formulate durable solutions in tackling the problem.

Private retirement scheme

According to the findings of the Census and Statistics Department, the population of elderly people in Hong Kong will continue to grow. Last year, there are more than 670 000 people aged over 60. It is projected that the figure will rise to nearly 970 000 by the end of the century. With the changes in social pattern and influence by western culture, the responsibility to take care of the retired old people generally falls on the society. Thus we can foresee the heavy

burden on our future social security system in looking after the elderly. The establishment of a retirement scheme is therefore inevitable and necessary.

A sound retirement scheme can safeguard workers' livelihood after retirement. It will, on the other hand, lessen their reliance on social security and enable a more balanced allocation of government resources. The retirement scheme can also put workers' hearts at ease and settle them in their jobs, thus reducing mobility.

As the retirement scheme usually involves an enormous sum of money, the lack of proper regulation against unwise investment, embezzlement or swindling in the management of the fund will bring terrible effects. Not only will the workers suffer directly from the loss of the pension which is due to them upon retirement, even the monetary market will be disrupted by the chain effects caused by erroneous investment of this enormous sum of money. Thus, while supporting the establishment of a retirement scheme, legislative control on the regulation of the scheme must be drawn up to ensure its proper implementation.

The Government has published a consultative document earlier this year to solicit public opinion on private retirement scheme. However, emphasis is put on regulatory control. I opine that the Government should make further study on compulsory participation of the private sector in the retirement scheme. Only if the retirement scheme is fully implemented will the Government be relieved of the heavy commitment on taking care of the elderly in its social security programme.

Vietnamese boat people

In your policy address, you stated that in dealing with the influx of Vietnamese boat people, "we must be conscious both of humanitarian principles and the needs of our own community." This is a correct principle.

However, the problem of Vietnamese boat people is, in essence, an international issue. It is unfair to Hong Kong if we are to tackle it alone. Britain, being one of the resettlement countries and Hong Kong's sovereign state at present, is duty bound to solve this problem. Nevertheless, in the past five years, Britain has only accepted less than 1 000 Vietnamese refugees stranded in Hong Kong. This figure is five times less than the number of boat people accepted by the United States or Canada. Thus the Government should urge the British Government to take the lead in accepting more refugees from Hong Kong and try to reach an agreement with the Vietnamese Government on the repatriation of "non-refugees" so as to solve the problem promptly.

Implementation of the open camp policy may be helpful in rehabilitating the Vietnamese refugees as social beings, enhancing their chance of resettlement

and alleviating the labour shortage situation in Hong Kong. Nevertheless, as the Vietnamese refugees come from different social and cultural background, they will easily come into conflicts with the local people and cause problems in law and order. Furthermore, the allocation of resources and adequacy of community facilities will be affected in areas with open camps. I therefore urge the Government to make sure that sufficient community facilities and manpower are available before open camps are set up in any districts in order to ensure that these camps are not liberalized at the expense of the rights and privileges of the local people.

Drug abuse

Recently, the police has been successful in cracking a series of drug trafficking cases and seized a great quantity of drugs. It has dealt a heavy blow to drug traffickers and we must give our applause to our police force for their efficiency and effectiveness. However, behind all the successes, we cannot help but wonder whether the recent operations of our police force, which has always been highly efficient, reveals that drug trafficking in Hong Kong is on the increase and whether Hong Kong has become a transit centre of the international drug syndicates.

As to the damage done by drugs, I am more concerned about the problem of drug addiction of youths.

Sir, you disclosed in your policy address that the number of new addicts reported to the Central Registry has again declined in the past year. We are glad to hear this welcoming news. Regrettably, we also learn from the Central Registry that in four consecutive years after 1985, the number of young people under 21 who are newly taken to soft drugs still accounts for more than 80% of the new soft drug addicts. The information also reveals that drug addicts tend to come from younger age groups. Another issue that warrants our concern is the taking of soft drugs by secondary school students. According to the findings of a survey conducted earlier by the Action Committee Against Narcotics, 1.1% of secondary students and 2.8% of those in technical institutes have taken drugs. The situation is indeed very serious.

Although the Government has done much in containing the problem of dangerous drugs, the number of youth taking soft drugs has not yet decreased. I hope the Government will put in more efforts in this respect and provide more guidance, publicity and education for the young people.

With these remarks, Sir, I support the motion.

MR. DAVID CHEUNG: Sir, I fully appreciate what has been outlined in your policy speech. I also appreciate the positive attitude the Administration adopts in dealing with the problems we have to face. You said, Sir, in your speech and I quote: "No society is without them (meaning problems), but we are prepared to face them honestly and tackle them realistically." It is my sincere hope and belief that in the years ahead the Administration will energetically bring the plans to fruition, especially those aimed at solving the problems of Vietnamese refugees. Overseas, the United Kingdom Government has the moral obligation to take in more refugees from Hong Kong as an exemplary gesture to encourage other countries to follow suit. Locally, while I support the open-camp policy, I must urge the Administration to take every possible step to allay the fears of the local people, for such fears are not unfounded.

Now, I wish to touch on one rather important aspect — our youth problems and the ways to deal with them.

It is a fact that Hong Kong is without natural resources. Our one big resource is our people — our young people in particular. As such, society at large should make painstaking efforts to groom our youth and to prepare them to face the new challenges of the future. It is neither right nor appropriate to simply leave the task to teachers and social workers. We cannot afford to neglect this vital area despite our many other commitments.

It is difficult to talk about youth without mentioning education. However, I do not wish to dwell on the subject now as my honourable colleague Mrs. Rita FAN has so eloquently presented her remarks in her speech yesterday. I could not agree with her more, especially on the part of the Code of Aids, and wish to just mention three points. In my view, these three points vitally relate to the basic problems in our educational system. To our young people who are academically comparable to, if not better than, their counterparts in other parts of the world, the main set-back in our system is the lack of opportunities for higher education and the fact that students have to learn their subjects in a language in which they are not proficient. I hope that all concerned will do whatever possible to increase tertiary places and to reappraise our language strategy. I am fully aware of the fact that as of now, society in general sees no virtue and no value in mother tongue education. In fact, for the majority of our youth, mother tongue education is exactly what they need. Let us ask ourselves honestly whether we can expect most children in any country to be educated in a foreign language. No one, myself included, would challenge the importance of English to a city like Hong Kong, but is it not axiomatic that learning English is vastly different from learning in English. With the introduction of nine years of compulsory education, we have adopted the wrong language strategy. We seem to believe, and parents have been led to believe, that by putting children in English schools, they start to gain in education — this is simply not true unless the children themselves are proficient in the language. While maintaining the

freedom of choice and thus allowing our more capable children to choose to study in English, while every effort should be made to make every child learn as much English as possible and strive to maintain a reasonably high overall standard of English, we must simultaneously create an atmosphere in which children who choose to be educated in the mother tongue in other subjects and fulfil requirements in the subject of English, should not be unduly handicapped in terms of employment prospects and further education. The choice would then be genuine. To have to learn in a foreign language one is neither proficient in nor familiar with is a misery and such misery has gone on for far too long. To me, this is the single most significant pitfall in the compulsory education programme and therefore needs re-appraisal.

Incidentally, I also hope that the pace of conversion of half-day primary schools to whole-day could be quickened. Half-day primary school is educationally undesirable especially to children in the upper primary level.

Turning to other aspects, I must say that having been in day-to-day contact with young people for more than two decades, I have witnessed very distinct changes in the value system of our youth. Sad to say, the changes have been for the worse, not for the better. Who is to blame? This is a very intricate matter, but no one should shirk his or her responsibility.

In 1967 riots broke out and society was aghastly taken aback. After the storm had been weathered, people started searching for remedies. Amidst the many proposed remedies for the deficiencies in our community, those to tackle the problem of our youth seemed to occupy the limelight. Everything possible was planned and done to cater to the needs of our younger generations. The overriding tone was that they were a lost group, drowned or crushed in the sea of pressure and therefore require attention. Youth centres were set up, week-end fun parties were organized and sympathy towards their plight was strikingly expressed all over the mass media. As years go by, Sir, I cannot help feeling that maybe our young generations have been pampered and the pendulum is swinging to the other side.

During Lord MACLEHOSE's governorship, Hong Kong enjoyed unprecedented economic prosperity. Lifestyle in Hong Kong began to change. It began to ground itself on materialism. Materialistic pursuits and sensory stimulation have become the in-things. The easy accessibility and availability of material objects have whetted people's appetite for such objects to such an extent that even the virtues of hard work were no longer virtues but avenues for making more money to buy more objects and to indulge in more forms of pleasure. Sadly, such appetite is like a bottomless insatiable pit. Failing to get what they want, some would resort to improper ways and means, thus the increase in crimes.

The legalization of gambling, the daily report of how fast money could be made through the various financial channels including the Mark Six lottery have put into form and shape the speculative psychology of making the least efforts for the biggest gain in the shortest time. Such mentality is very obviously reflected in the adult world; it is equally effective and influential in shaping the young minds. Sadly, virtues like tenacity, perseverance, responsibility, honesty, so on and so forth, are gradually replaced by escapism, the search for shortcuts, easy ways out and all sorts of other gimmicks. People, especially young people, cry pressure whenever they are given hard work or work to do. Even in academic pursuits, tactics in the same psychological vein have been adopted. Examinations are tackled by question-spotting. Students pour over the so-called heavenly books" instead of spending time doing their homework and reviewing their lessons. The search for the essence of knowledge tends to be superficial; reading becomes a rare habit of a small minority; tedious assignments are shunned; and side jobs are very common indeed among our upper secondary school and university students, very often for the wrong reasons and purposes.

The mass media is of no help either. If my honourable colleague Mrs. Selina CHOW were here, I would have to ask her to bear with me. The media, especially the television, has become "the culture" of our young people. Fortunately or unfortunately, young people spend an average of four to five hours a day watching television. Beauty pageants which depict glamour, sophistication and vanity appear on television screens one after another; long soap operas which intrigue the audience, young and old, come on every day; programmes in which money is given away draw large crowds eagerly anticipating easy gain; the idols and new idols contests entice the hearts of the youth. Television, Sir, has so bewitched our youth that watching it has become a deeply entrenched way of life and TV stars, artists and songsters become heroes and heroines for their worship. Furthermore, the easy availability of pornographic magazines, comic books and video tapes, the accessibility to sex-oriented movies, electronic games parlours, billiard rooms, discotheques with radiant beams and loud-beat music, alcoholic drinks and fast food shops, and so on contributed to a fast lifestyle of material pursuits, physical and sensuous satisfaction and the fulfilment of vanity.

At this point, Sir, I wish to ask a question in a rather sad tone, "What has happened to our sports talents?" We have witnessed a decline in the performance of our school boys and girls and our national teams in sports — be they football, basketball, volley ball or athletics. Hong Kong used to reign in south-east Asian soccer tournaments, and ball games used to draw capacity crowds. But now our stadia are near empty. Players quite matching the calibre of retired footballers such as YIU Cheuk-yin, CHEUNG Chi-doy and WU Kwok-hung are nowhere to be found. But are we really short of such talents today? Many people, and I for one, do not think so. In my view, the reason for the decline is our young people's lack of interest in and devotion to outdoor sports and recreation.

Instead, there is evidence that our youths' interest in electronic games, billiards, disco-dancing and pop-song concerts, has grown quite out of proportion. I suggest, for a more balanced development of the young, that we should think of ways and means to bring our young people back to the sports fields and gymnasia.

Sir, I hope I have not painted too gloomy a picture; I am simply trying to be down-to-earth and realistic. Neither am I blind to the many admirable qualities of our young people. I must once again say that our youth are smart, bright, very adaptable and have good potentials. What I have described relates to their sense of value and philosophy of life, a reality which I, as an educator, often feel so helpless to tackle.

Sir, I do not pretend that I have the solution. Nor will solutions come easy. Nevertheless, I believe that all in the leadership positions in Hong Kong have the inevitable yet unenviable task of working together diligently, doing what we have to do, however painstakingly, to create a society and a social atmosphere in which our young people can grow up feeling secure, happy, somewhat worthy and yet, at the same time, inculcated with such virtues as diligence, self-respect, decency, honesty, courtesy, integrity, and forbearance when and where necessary to face the future in whatever capacities they feel confident. Such an atmosphere can also help shift the main concern of life away from gaudiness, lavishness, creature comforts and materialistic pursuits.

Sir, my heart cries out for them not because they are unable to learn and achieve, but because they are so engrossed in the pursuit and maintenance of such a lifestyle that their priorities are often set topsy-turvy. I would urge the Administration and all concerned to seriously find out what we in the adult world can do to transform our social atmosphere and inclinations, our aspirations and values, and to show our young people by example how we should live. We must also accurately assess the real situation our youths are in so that we can come up with a sensible and workable youth policy soon. Whoever is finally given the task of formulating the policy must not simply seek to address the needs of the youth, for such needs are rather obvious. The policy must matter-of-factly pin-point the shortcomings and inadequacies of their seemingly misconceived way of life, and their responsibilities towards themselves, their families and society at large. The policy should be so designed that the potentials, the abilities, and the other admirable qualities of our youths are channelled into the right paths for proper development. We need our young people for the future of Hong Kong. All sectors of society must put their hearts and hands together. There is definitely an urgent task on hand. Let us act right. And let us act now.

With these words, Sir, I support the motion.

4.28 pm

HIS EXCELLENCY THE PRESIDENT: There are still many Members of this Council who wish to speak. Members might like to take a short break at this point.

4.54 pm

HIS EXCELLENCY THE PRESIDENT: The Council will resume.

DR. LEONG: Sir, the medical profession expresses their appreciation to Your Excellency for your concern of the health care problem of the people of Hong Kong, and your understanding of the need of the profession to perform heavy duties while keeping abreast of the forefront of the science of medicine.

Your Excellency in your policy address has devoted some six paragraphs in relation to medical and health services pertaining mainly to the establishment of a new hospital system and the improvement of the service of the public doctors. No doubt, these have allayed a lot of frustrations felt by parties concerned. But we are all too aware of the inertia of government bureaucracy and would be most concerned with the time frame of implementation. Furthermore, there are many more problems in the medical and health system of Hong Kong that regrettably have not been deliberated.

I would like therefore to take this opportunity to share with the Administration the views of the medical profession on some of the more potent problems. In doing so, we have but one thing in mind, that is, to share and co-operate with the Administration in providing an even better health care system for the community.

Hong Kong holds an impressive record in the provision of health care. We have one of the lowest infant mortality rates in the world; we have no epidemics for many years in spite of the fact that we are in such a crowded and close environment, always susceptible to the influx of disease from elsewhere. We now have a ratio of 4.5 beds per 1 000 population in the hospitals, and we are told that there will be another 13 000 beds over the next decade. The budget for medical and health has increased six-fold in the last 10 years to \$4.5 billion by 1987, although it is still within about 10% of our annual Budget.

For the ordinary man in the street, he can obtain every possible modality of medical care and surgical operation and up-to-date investigations for a token sum of \$26 per day. If he is proven financially incapable, even this nominal fee is waived. Of course, he has to tolerate a very crowded hospital environment where the total number of patients are normally twice the intended number. Also, he feels the lack of personal attention as he cannot choose his own doctor

and there is a long waiting time before treatment if he happens to be in the less urgent and lower priority list.

As it befits a free enterprising society as ours, he can pay for his own medical bill and be treated in a private institute with all the trimmings that a government institute does not provide. This system was workable when the Government was faced with an extensive social problem in a huge population where the aim was to provide as best a standard of medical service for as many as possible in the least expensive way.

This system, therefore provides quantity but not quality. It is inflexible as it is under the constraint of government bureaucracy. At a recent convention on the Hospital Authority, organized by the Hong Kong Medical Association and attended by some 200 doctors and members of the Provisional Hospital Authority, most of the 10 speakers agreed that the Hong Kong hospital system was "in a mess". With the change in the pattern of diseases; the rapid rise in the cost of medical care; the increase in demand from patients who are more aware of medical advancement; and the quest of the medical profession for better quality service, the lack of vision by the Administration in developing the ever enlarging public medical sector begins to show and the inadequacy of the current medical system is exposed. Furthermore, it is indeed difficult to apprehend how it would be possible to provide adequate revenue for medical services when only \$26 per day is being charged for a hospital bed which costs over \$1,000. This cost will surely increase more rapidly in the years to come. In short, Sir, the medical system of Hong Kong has served its time.

No doubt, the medical and health system has expanded tremendously but it has expanded without a workable medical and health policy. The outgoing Director of Medical and Health Services in his parting words said: "I think I have already met the crisis and given a good base for the service to expand." But, ironically, Sir, it was this blind expansion of the public hospital system that resulted in the present sorry state.

There is therefore a dire need to revamp the medical services for all concerned. Perhaps, it was Government's wisdom that a consultancy team was commissioned to identify the problems causing the structural inadequacies of the current hospital system. Subsequently, the idea of an independent body — the Hospital Authority — was entertained to provide a more flexible structure outside the constraint of Civil Service Regulations. Unfortunately, the formation of this Hospital Authority has been perceived by the public and many of the existing staff as a means of Government to shirk its responsibility. The comparison of the Hospital Authority with the soon to be privatized Kowloon-Canton Railway Corporation was inappropriate. I believe that Government has no such intention. In this context, I am glad to note that in Your Excellency's

policy address, you confirmed that the Government's commitment to maintain public health will not in any way be reduced. And for this we are grateful.

Medical services must be considered as an essential service like education and housing. I see the Hospital Authority more as a "corporatization", like the Housing Authority, to achieve more flexibility and better management.

Formation of the Hospital Authority will be a mammoth task. The Provisional Hospital Authority has to come up with a plan for a new hospital service system for Hong Kong within some 18 months. The new system has to satisfy a staff of over 40 000. It also has to locate the necessary financial resources. I have mentioned earlier that medical cost is expensive and will be more so in the days to come. Therefore, unless Government is willing to increase unconditionally the budget for medical services, the present one-off payment of a token fee of some \$26 per day to include everything is not workable any more.

It is imperative therefore for the Government to define the objectives to be achieved in health care for the population of Hong Kong with the resources it would provide — a baseline must be determined as to the type and extent of service Government can shoulder for the whole community. Distinctions must be made as to which sector of the community that the future Hospital Authority will provide comprehensive service on a heavily subsidized basis. Furthermore, provisions must be made to explore possibilities of increasing resources.

It must be stressed, however, that it is Government's responsibility to ensure that the highest possible standard of medical care be afforded to the poor and indigent, and that the quality of medical services should never be compromised.

It is only with such properly defined policy that the Provisional Hospital Authority could settle down to work out its own objectives and priorities for the setting up of the future Hospital Authority.

I would like to turn to the problem of primary health care. Hospital service forms only a part of the integral structure of a total health care system. Primary health care perhaps contributes an even more important aspect. Most illnesses could easily be tackled through primary health care, and it is only in difficult and special circumstances that hospital services are called for. It thus follows that a properly run and efficient primary health care system will decrease the need for hospital services. Unfortunately and regrettably, the current primary health care system of outpatient clinics run by Government is inadequate. At best, it is a centre for monitoring epidemiology of diseases in Hong Kong. It is, I regret to say, in essence, a distribution centre for medication to the sick and a screening station for patients who need hospital services. It fails

to provide the care, the confidence and the treatment that any sufferer yearns for.

I am in no way discrediting my colleagues in the government outpatient clinics. The fact is that the amount of work load they have to endure would give them no alternative but to hastily tackle the work as it comes along. They are unhappy as there is neither job satisfaction nor an incentive to work for a career in the future. Taxpayers' money, on the other hand, is wasted for with each attendance at a government outpatient department, Government subsidizes some \$68.

Concurrently with the revamping of hospital services, it is therefore essential that the Administration should take a more realistic look at primary health care. What then are the possible solutions? Perhaps, Your Excellency's think tank" would take this up and include it in the agenda for the proposed Central Policy Unit together with other items that my honourable colleagues have so far expressed.

One such solution may be that rather than patching up the existing system, Government may do away completely with primary health care service and leave it all to the private sector. Through a system of means test, Government can determine who are the poor and the needy and undertake to pay the private doctors at the same current rate of subsidy on a pro rata basis for this defined group of population when they seek medical advice. Such a system should be beneficial to all, for one, the patients will be more satisfied as they can seek medical advice and care from doctors of their choice; for another, there is no increase in the financial burden from the Government. Needless to say, a very detailed sphere of administration and implementation has to be worked out to avoid possible abuses.

I would like to turn to some problems of the dentists who also belong to my functional constituency. Total health care is never complete without taking into consideration of the teeth. Regrettably, very little attention has been given by the Administration to dental health care and services. In spite of the fact that we now have our own Dental School providing 60 dentists every year, and here we have the knowhow and resources for treatment of complicated dental problems, Government has never taken a positive step to make the public aware of dental health and the need for preventing rather than curing dental problems. Though attempts have been made to educate students on dental health, it is only done on a half-hearted basis as the school dental service is only available for primary school students.

The Administration should therefore embark on a territory-wide education programme on the need for proper dental care and dental hygiene. Consideration should also be given to extending the school dental service by

trained dentists to kindergartens and all secondary school students, or even up to university, to ensure that our future pillars of Hong Kong will have a set of nice teeth.

The "sore tooth" of the dental profession is the problem of oversupply of manpower. According to a recent analysis by the Dental Sub-committee of the Medical Development Advisory Committee, if the rate of growth of dentists remained unchanged, there would be an excess of over 400 dentists by the year 2000. Currently, our providers of dental health care come from the Prince Philip Dental School of the University of Hong Kong, dental graduates who returned from Britain and Commonwealth countries, and dental graduates from other parts of the world who have passed the Dental Licentiate Examination conducted by the Dental Council every year.

Surveys done independently by the Hong Kong Dental Association which represents all the registered dentists, and the University of Hong Kong Dental Alumni Association which represents the dental graduates from the University of Hong Kong showed surprisingly similar data that as an average, only 60% and I repeat 60% of their working time is occupied with work in the care of patients. Stories abound that properly qualified dentists are seeking other jobs such as joining the police force and there are instances where they are taking part-time jobs of driving taxi. Whilst it is true that it is not Government's aim to make every practising provider of dental health care a millionaire, it is Government's responsibility to plan properly to provide enough jobs for our dental graduates so as not to pour taxpayers' money down the drain as over a quarter of a million dollars is needed for the "production" of a fully qualified dentist. This lack of a career prospect is further testified by the extremely low rate of application for entrance to the Dental School in the last two years.

Where does the problem lie and how could we mend the defect? The Administration together with the planners of the Dental School must take the blame for not adequately studying the actual need of dental care in Hong Kong. They failed to take into consideration the indifference in dental care needs of our population. Furthermore, there has never been an organized territory-wide education programme on dental health care to arouse the public's interest in the importance of this aspect of health care. The problem is compounded by the fact that a good percentage of dental work is performed by illegal "dentists" with uncontrollable standards who frequently produce sources of harm. In this context, I must echo the alarm sounded by my honourable colleague, Dr. Henrietta IP, yesterday on the need to have an in-depth look into the control and promulgation of standards of traditional Chinese herbalists, medical and dental practices alike.

The stage is thus set that something has to be done with extreme urgency. A good and effective control of people practising illegal dentistry must be

installed. The Dental School has to face the reality that an effective reduction in dental student intake is a necessity. The school resources could well be channelled to promote postgraduate training. What is more effective, with immediate and long-term effect, is for Government to make the public aware of the need for proper dental health care through a system of well organized dental education. Special consideration of course should be given to the suggestion of expanding the school dental service as mentioned.

All these are aimed not only at providing adequate work for our dentists, but more so in promoting proper dental hygiene in keeping with the high standard of medical care this community strives to provide.

I shall turn to the problem of my medical colleagues — the problem of medical manpower. Though not as imminent as the dental manpower over-supply, the possibility of an excess of doctors in future should be considered. The Government should therefore look into the supply of medical manpower. There should not be any further increase in the intake of medical students for our two medical schools, and their resources could be diverted to postgraduate sub-specialty and specialty training. It should be remembered that there is no overall shortage of doctors in Hong Kong at all. The shortfall is in doctors working in public institutes and in other words — a problem of maldistribution. The mistake of the oversupply of dentists must not be repeated.

I would like to say a few words on the Academy of Medicine of which the final report of the working party has been distributed today. In line with the development of postgraduate specialty training, Hong Kong has an urgent need to establish its own body (an academy of medicine) to formulate its own training programme and award its own postgraduate qualification. The work of setting up such a body has been entrusted to the Working Party on Postgraduate Medical Education and Training. It has taken some time but, as I have just mentioned now, their final report, as I am told, will be released today. It is imperative that the Administration should without further delay establish a steering committee to see to it that the recommendations are promptly implemented concurrently with consultation to the medical profession so that such an academy could be set up without further setback.

I would like to say a few words on the Medical Registration Ordinance. The need to amend the Medical Registration Ordinance governing the practice of doctors is mainly prompted by the approach of 1997. It is extremely important for the affairs of the profession to remain in the hands of the profession. Standards of practice must not be influenced by political expediency.

I believe that there should be one standard and one licensing examination for all future candidates to practise medicine in Hong Kong. Such uniformity

would avoid allegations of favouritism. This is an urgent issue. A "Hong Kong system" must be well entrenched in the hands of the profession well before 1997.

What then, Sir, should be our vision of the "way ahead"? Benjamin FRANKLIN once said "public health is public wealth". The well-being of our society depends considerably on the standard of health care that we can provide. Hong Kong, therefore, cannot remain complacent just because we have a statistically good health record. We must look forward and plan ahead.

At present, attention is all focused on the Provisional Hospital Authority — but this is certainly not all, for the public hospitals are only one facet of our health care system.

In the previous context, some of the most obvious problems have been outlined and solutions suggested. Much more, however, needs to be done. There is still the integration of public and private sectors in relation to the total provision of health care that needs to be solved. Furthermore, as the health care system enlarges, there is a definite call for the need of medically qualified, properly trained health system administrators. At present, regrettably, such expertise is extremely lacking. Measures should therefore be taken without delay to stimulate the interest of the members of the medical profession to pursue medical management as a career.

Finally, but most importantly, is the consideration of financial resources. Maximum resources should be provided by Government to maintain a defined objective in the provision of health care. Possibilities of resources from the community, one way or the other, would also have to be considered. If medical insurance is to be enlarged, there must be adequate regulations to control the insurance industry to safeguard the public.

In the end, Sir, it requires a long and wide vision of the Administration coupled with a better co-operation between the profession and the Government to ensure that our society will not only be stable and prosperous, but also healthy!

With these remarks, Sir, I support the motion.

MR. PETER WONG: Sir, I would like to thank the honourable Members for allowing me to speak out of turn. Sir, when I first heard section (h) of your opening address, I was very pleasantly surprised at the similarity of the policies set out to those submitted by the economy sub-group of the Basic Law Consultative Committee and subsequently taken up by the Drafting Committee. I therefore foresee very few problems relating to convergence so far as economic policies are concerned.

However, there are some issues on which I would like to comment and points I should like to raise.

In paragraph 38, you said that expansion or improvement in services should be within the parameter of the underlying growth rate and you quoted 6% as the current rate. Yet in paragraph 9, you said that the average annual growth rate in real terms over three years was 10%. I suggest that this 10% is a more realistic benchmark to apply, being a moving average and not subject to the distortion that spot figures give.

In paragraph 39, you stated that the public sector should not undermine the whole economy by too rapid a growth thereby depriving the private sector of those resources it needs for steady growth. This suggests non-competition between the public and private sectors for any one commodity or service. I would welcome some policy guideline as to how and when the public sector should enter into competition with the private sector or the conditions under which the private sector can compete against public monopoly.

Further, I would welcome a policy guideline on how Mainland state-owned suppliers of commodities, who have set up branches or subsidiaries in Hong Kong and are in a position to monopolize the supply of those commodities, can operate on a fair basis.

In paragraph 40, you mentioned that we will have to spend increasingly more to keep up our infrastructure. In addition, we have to pay for past neglect to our environment to the tune of \$10 billion over the next 10 years. This figure alone tells us little unless we can see the long-term plans for the coming decade and perhaps even the decade after that. Only then can we consider whether it is sufficient and how this spending will be funded.

In paragraph 41, you were not unduly worried about the 1.7% per annum increase in the number of civil servants. However this figure is meaningless to us unless we know if it includes all civil servants including those who have been spun off into independent authorities and corporations and unless we know that the cost of the increase comes within your 6% annual growth rate. I know there is a great deal of pressure especially in the health and welfare sectors for more and better services. You have stated that there should be no increase in the number of civil servants unless absolutely necessary; I trust that the cost of any further increase will still be within that 6%.

Before we measure the performance of the public sector, it is only fair that we give the civil servants the best tools available so we can get value for money. I welcome the rather belated recognition given to advances in office automation and computer technology. Now that the decision has been taken, how long will it

take before word processors and fax machines become commonplace in government offices?

The Government accounts on a cash basis. Whilst this may be appropriate for an overview of government finances, it can provide a highly distorted picture at the level of the individual entity.

Commercial enterprises account on an accrual basis. That is to say, they take into account items paid for but not used up and also expenditure incurred but not yet paid for.

There is a matching of the revenue income against the related expenditure. This is what shows the true and fair picture of the finances which enables us to make meaningful comparisons between one year and the next, and between one entity and another. Obviously not all government activities are capable of measurement such as a profit or loss, but we can subject many more of those services to quantitative measurements in an effort to get better value for money. I appreciate that the Audit Department does do value for money audits, but many more should be done.

I would also like to ask whether the Administration really thinks that each budget allocation will be fully spent within the allocated year. Slippage occurs regularly because vacant posts cannot be filled immediately and capital projects tend to be late. We should allow our plans to be expanded by the slippage margin so that we can ensure a fuller and better utilization of funds. I would like to think that this money can be used to provide a few more needed beds in our hospitals or additional services can be provided for the handicapped instead of languishing in some bank account as an unintended surplus.

I would here like to make two points on current taxation matters.

Firstly, I fully support the budget submission of the Hong Kong Society of Accountants in their call for a return to the traditional tax rate of 15%. I also echo the call to abolish the 1.5% differential between the corporate and individual rates. This came about when our financial prospects were not bright. Now that we have had a number of years of surpluses, we should revert to our simple single low rate.

Secondly, I would like to urge a speedy completion of the discussions over a double tax agreement with China. Hong Kong is the main investor in China and it is not unreasonable for us to expect the most favourable tax treatment. Yet, I find that a Singapore resident can stay in China for up to 180 days a year without incurring tax whilst a Hong Kong person will become liable after 90

days. Even if we do not get a full treaty, we should try to obtain better terms for our people working there.

Lastly, I have three suggested tasks for the "think tank".

First, can it take a long hard look at how it expects our economy to develop? That is, what encouragement does it need in the form of research and infrastructure to prime the pump? What controls are needed? How will the Government get its revenue and what sort of taxes can be levied and at what yield? Against this, they have to gauge the services that the average citizen will be receiving from cradle to grave. They should be truthful and realistic about the cost of the services that we are to receive. We need to know what lies ahead.

Second, can it ensure that all the necessary information and statistics are available and are used for planning purposes? I respectfully say that our present available statistics are woefully inadequate in many areas. The "think tank" will have to rethink our whole data needs applying the latest in computer technology. The data are needed not only at the very basic level such as a data bank with your blood group that is readily accessible to all the emergency units so that you will get the right blood for a transfusion, but also to provide the statistics to be used to plan the type of medical facility that is needed in 10 or 20 years' time. We need to have the facts.

Third, can it find a mechanism to get through the government red tape so that future advances in technology can be speedily recognized as useful and deployed much more quickly in government establishments.

Sir, with these remarks, I support the motion.

MR. CHOW (in Cantonese): Sir, may I thank you on behalf of my voters for your excellent address. Your performance as demonstrated is exactly what we would expect from a brilliant and competent leader. As the representative of the health care sector, my first and foremost attention to the policy address would naturally be centred on the part concerning medical and health services. However, the content of the seven paragraphs on the subject can hardly be satisfying to those who are concerned about the medical service of the territory.

In the address you reiterated the Government's commitment to medical care, the establishment of the Hospital Authority, the number of new hospital beds to be made available in the near future and, in particular, you emphasized the problems faced by the government doctors. In this respect, we are told that urgent advice was being sought from the Provisional Hospital Authority on the

well-being of these doctors. In these seven short paragraphs biased generalization appears time and again.

The Government has constantly been stressing its commitment to the medical service since the proposal of establishing a Hospital Authority is accepted. But is such emphasis effective? If we look over the summary of recommendations in the Report on the Delivery of Medical Services in Hospitals 1987, we would find a strong appeal, both from the proponents and opponents of the proposed establishment, for the Government not to relinquish its commitment to medical service. From this, we can see that these are the worries of the general public and yet, up to now, the Government has not honoured its promises with concrete action. In particular, the appointment of the members of the Provisional Hospital Authority can in no way give confidence to the lower strata of our society and the staff concerned. How many members of the 27-strong membership come from the grass roots level? How many of them have profound experience and understanding of the problems encountered by the front-line workers in the territory's medical service? Just to urge the residents to believe in Government's commitment to medical service without concrete action to manifest the will to do so is by no means meaningful.

More regrettably, working staff's effort to strive for a seat on the authority is viewed by some as simply a bid to safeguard interests. Such comment is a sheer insult to the front-line medical staff and deprives them of the chance to improve the medical service with their own experiences.

In any way, action speaks louder than words! The policy address also gave prominence to the issue on the benefits of government doctors. I have deep sympathy for the unfair treatment received by government doctors. I also give full support to their demand for better working conditions. Never have I thought that the word "exploitation", which was used by Karl Marx to describe the state of capitalism in the 19th century, would become the subject of accusation levelled by the government doctors against their employer. In the address, however, the authority's scope of work was confined to tackling the above problem only, neglecting the direction towards which the authority should move. The well-being of the patients is in fact dependent on the care of various professionals in different departments under the whole system of medical service. These include doctors, nurses, radiographers, medical laboratory technologists, physiotherapists, occupational therapists, pharmacists, nutritionists, optometrists, clinical psychologists, orthopaedists and speech therapists. In fact, the process of diagnosis, treatment and rehabilitation depends entirely on the service of these professionals. They form a co-operative unit, enabling a smooth running of the medical and health service. We should not overlook the proposals on the improvement of other medical services, nor should we ignore the discontent staff members experienced in the process of their actual work.

Attention should also be devoted to all problems existing in the profession, otherwise, imbalance would appear within the service and may thus lead to a total collapse of the system.

The completion of the Tuen Mun Hospital in early 1989 will surely alleviate the severe overcrowding in hospitals. Nevertheless, the provision ratio of 4.46 beds per 1 000 people falls far short of the target of 5.5 beds per 1 000 people as set in the 1974 White Paper. More importantly, no mention was made about the adequacy of medical staff such as doctors, nurses and other paramedics to be employed for the new hospital. We would not want to see that certain beds of the new hospital have to be left vacant due to the shortage of manpower, or the pressure on the medical staff unreasonably increased. As far as I know, the shortfall of government doctors has amounted to 600 to 700, and the shortage of medical care workers, the problem of which has all along been overlooked, is fairly serious too. The wastage rate of nurses in the first half of 1988 is equivalent to that for the whole year of 1985-86, while the enrolment of student nurses has markedly decreased. As far as I know, the wastage rate of the newly graduated batch of student nurses in psychiatry in Kwai Chung Hospital is as high as 30%. With serving nurses leaving their posts and young people shrinking from joining the service, it is doubtful if the numerous vacancies for para-medical staff created by the new hospital can be filled.

The problem of the provision of manpower against the number of hospital beds is just the tip of an iceberg, from which many more problems will emerge. On the surface, the medical service of Hong Kong seems to be very satisfactory — the mortality rate of babies is low, many kinds of diseases have been stamped out in the territory and so on. But is it a true picture? I believe not many of you sitting here have ever had the experience of queuing up for out-patient treatment, waiting for up to half a year for a specialist appointment or sleeping in a camp bed in the third class general ward of a public hospital — and in shabby clothing into the bargain!

Only those who are not familiar with the Hong Kong situation would treat the problem of medical service as a mere hospital management problem. Unfortunately, this is what the medical report has done. I do not deny that our hospitals require better management, but an overhaul of the territory's medical services is indeed necessary. Since the release of the White Paper in 1974, our medical service has only been progressing on a piecemeal basis, with an approach similar to "taking a painkiller for the head when it aches and one for the feet when they hurt." Should such a situation be allowed to go on, I suggest that the Medical and Health Department be renamed as the "Medical and Illness Department" since the department itself is rife with diseases.

Sir, I think our medical policy is really one-sided. The direction set out in your address seems to focus mainly on medical service. To reduce the attendance rate of out-patient clinics and hospitals, the urgent task before us is to attach importance to and expand our health service such as central health education and occupational health education. We must promote through education the knowledge of disease prevention, health and other medical information among the old and the young alike. A society with a healthy population would not only enhance production, it would also reduce the incidence of diseases and thus the attendance rate at hospitals. It is in the economic interest of our society as a whole in the long run.

Hence, a comprehensive review of our medical service is indeed necessary now. Does the Government require additional medical grant? Is there a need to develop primary health care service such as out-patient service, health education and health service, to replace the existing over-hospital-oriented strategy? Do we need an overall review of our nurse training programme? We must realize that nurses play a very crucial role throughout the process of treatment and rehabilitation. They have to provide patients with services like counselling, diagnosis, observation, treatment and care. All these require professional skills of a certain standard in order to keep pace with the technological advancement of medical and health care worldwide. Nurses, doctors and other medical staff work closely together in the treatment of illnesses. Any decline in nursing standard may upset the system and delay the recovery of patients. Worst of all, it may result in a loss of lives. Needless to say, medical expenditure will rise correspondingly. Is it then to the interest of the society or the public? I will not attempt to cite developed countries as examples. But just have a look at the southeast Asian states like Philippines, Taiwan and China: they all have nurse training programmes offered in universities. Knowledge in medical care and treatment should be universal. Is it because lives are not so valuable in a dependent territory like Hong Kong that there is an absence of nurse training programmes in our universities? Should nurse training free itself of the outdated hospital-based programmes of training? I do hope that the Government can have a review on it. Ten years ago, I raised the nurse shortage problem with the Government. I mentioned also the root of the matter. But now the problem still remains to be solved. A Chinese proverb says, "The tree falls not at the first stroke." Solutions like lowering the minimum age of student nurses or extending the working hours of nurses are not practicable. The public will only suffer if shortage of nurses is to be relieved by providing services of inferior quality. In fact, staffing problems are very common in our constituency. Just take pharmacists as an example. According to a survey recently conducted by the Institute of Pharmacists, there are about 500 registered pharmacists in Hong Kong, but over 100 have emigrated between 1986 and 1988. Pharmacists, drug synthesis, legislation and subsequent implementation of registration, monitoring and administration of drugs all play a very important role in safeguarding public

health. The abuse of soft drugs has become a serious youth problem nowadays. Could it be closely related to the shortage of pharmacists in Hong Kong? To strike a balance between the demand and supply of pharmacists in future, is it necessary to introduce pharmacy courses locally? The solutions to all these and many other problems are to be expected from an overall review of the service. We should absolutely not examine our medical service by parts, for such a fragmented approach would just create a risk that may lead to the collapse of the whole medical system. How can you have your left side of hair cut at one time, leaving the other side to be trimmed a couple of years later? Sir, I earnestly request the Government to conduct right now a comprehensive review on health services. I also hope that an ad hoc group can be set up to examine and tackle the problems of the health care sector.

The trend of gradual privatization of government departments and hiving-off from the Civil Service as reflected by the setting up of the Hospital Authority is worthy of our attention. Amidst the vociferous claims for market-orientation and free economy, there seems to be not much room for negotiations in respect of privatization and hiving-off. But is the situation really that simple? Have we given full consideration to the characteristics of individual markets? Who are the two parties dealing in the medical service market and education market? Is it feasible to let the market mechanism take the ultimate control? What are the pre-requisites for complete market-orientation? All these questions call for prompt and in-depth discussions. On the other hand, the attendant effects of hiving-off from the Civil Service as a result of the privatization of some government departments should not be overlooked either. Undeniably, the prosperity and stability of Hong Kong in future hinges on a sound Civil Service. The present move would bring anxiety to the civil servants who already feel uncertain of the future of Hong Kong, causing them additional worries about their own career prospects. This will certainly not help in maintaining the confidence of either the civil servants or the public at large in the 1997 handover.

Another constitutional implication of the establishment of the Hospital Authority is the question of how the Government can exercise its influence on the hived-off department? More importantly, how can it be monitored? How is the authority made accountable to the Legislative Council within the political structure? In the light of the appointment of the members of the Provisional Hospital Authority, the hope of having members of the general public sitting on the future Hospital Authority seems to be a wild wish. Even if the general public are represented, in what way will they be selected? How are they going to represent the public? Are these so-called representatives absorbed just for the sake of strengthening the acceptability of government policy, instead of playing the monitoring role for the people? What is the accountability of the authority? Can the Legislative Council query these bodies which, despite their non-government nature, discharges duties which affect millions of people? When

members of the authority who are department heads are being questioned, will there be a situation similar to the one which arose when the officials cum directors of the Nuclear Power Joint Venture Company were challenged? There is apparently the need to link the Hospital Authority to a certain extent to the Legislative Council.

It is disappointing that the policy address did not touch on the democratization of Hong Kong at all when speaking of the system of government. As I have said, the establishment of the Hospital Authority in itself may put at risk the monitoring of the executive organs by the legislature. Only when our system of government progresses further towards democracy will we be acting in compliance with the provisions of the Joint Declaration that "the legislature shall be constituted by elections" and "the executive authorities shall be accountable to the legislature". Only by so doing can we really establish a legislature and an executive body that are subjected to public scrutiny and put into effect "a high degree of autonomy" and "Hong Kong people ruling Hong Kong". However, not a word was given in the address to the development of democracy in Hong Kong. Does it mean that the Hong Kong Government deviates from the wishes of the people in this respect and abandons the objective of helping to build a democratic society which serves the interests of both China and Hong Kong?

Another subject of great concern is the setting up of a Central Policy Unit within the government structure. Many people cherish great expectations in such a set-up and express strong support of it. However, if we study carefully the think tank" set-ups in various Western countries, we will find that the kind of think tank proposed by the Hong Kong Government is different in nature from the "External Relationship Association" (literal translation) and the "Brookings Institute" in the United States and the "Japan Federation of Economic Organizations" in Japan. To expect it to serve similar purposes would therefore be unreasonable and unnecessary.

The proposed think tank is more similar to the British Central Policy Review Staff (CPRS) set up in 1970 by the then Prime Minister Edward HEATH within the Cabinet Office, which was later disbanded in 1983 after the general election by Mrs. Margaret THATCHER. An in-depth study of this set-up would be inspiring to Hong Kong when establishing a similar set-up, as experience can be shown therefrom.

The argument advanced by our Government in justifying a think tank is more or less the same as that put forth by the then Prime Minister Mr. HEATH when setting up the CPRS, that is, to involve full-time members from within and outside the Government in a comprehensive review of government strategy to tackle thorny issues common to different departments. It was stressed that the

CPRS was a neutral body comprising officials, who should serve and be directly accountable to the Cabinet. The body was headed by a well-known academic, who might sit in on cabinet meetings and converse with the Prime Minister face to face from time to time. When the idea of such a CPRS was first mooted it was conceived that through such a set-up, outside expertise could be called upon for independent and overall thinking in respect of long-term strategy and inter-departmental issues. More importantly, due to its independence, the CPRS meetings were of a different nature from those held among the heads of different departments in that the latter often became forums for compromise among various departments, instead of tackling their common problems in the best way.

This body functioned until 1974 when its role began to weaken. Unlike the policy unit set up by the then Prime Minister Mr. WILSON to render services solely for himself, what the CPRS handled were not highly political issues on which, as its head stated at the very beginning, the views of political advisers should be sought. The subjects under study include energy policy, ship building, computer industry, nuclear reactors, population, racial problems, and so on. In the later stage of its operation, as individual prime ministers did not show much interest in long-term strategy and Britain was faced with an economic crisis, the CPRS was charged with the main task of solving problems concerning only short-term policies.

The decline and final disbandment of the CPRS may serve as a kind of enlightenment to Hong Kong. As Lord ROTHSCHILD, the first head of the CPRS once said, "I don't think the government is better run as a result of our work. I suppose the highest compliment I ever got was from a Cabinet minister who said, 'you make us think from time to time.'" As the CPRS was shrouded in secrecy, at the beginning some Members of Parliament expressed discontent and demanded an investigation of the body by a special committee. Another issue that evoked criticism was a certain speech delivered by Lord ROTHSCHILD in public, which irked the then Prime Minister. Consequently, the body's political neutrality and its reliability to keep national secrets aroused public attention. The reports of the CPRS in the late 1970s were always highly controversial. The Government's repeated refusal to accept its proposals had undermined its credibility. This might have something to do with the contradiction between the CPRS and other policy making bodies such as the policy unit as well as other members of the Cabinet.

In this respect, what Sir Geoffrey HOWE said in 1985 is noteworthy for our reference: "The head of the CPRS had a seat at the table of ministers and ministerial committees, which is a very significant thing. And he was always there and really was another voice, not a bad role actually. But, of course, if you're going to be another voice you really need to know what you're talking about and you need to have vast access to information at least as good as all the

departments who are putting forward their voices, and you need to have the time and the staff and I don't think they always had that. So as a result paper would fly round of, I'm afraid, rather a shallow kind — a last minute dash by some bright brain on a subject which very able people in departments and outside advisers might have worked on for months and months and months."

In summing up, to set a Central Policy Unit in Hong Kong we should first of all free the unit of any mystery. As it will comprise non-government members, the political neutrality and the trustworthiness of the unit in keeping secrets should also be a matter of concern. What will the relationship be between the unit and the other government departments, especially the officials of the policy-making branches? All these call for our exploration. On the other hand, sufficient manpower and ample time should be given to the unit to do research. It should be noted that in terms of number, the 16-member composition of the CPRS was still considered inadequate, and the quality of their proposals was always subjected to criticism. I also believe that the pressure on the unit will be alleviated to a certain extent if the focus of study is placed on long-term strategy rather than short-term political issues. It must be borne in mind that we should not pin too high an expectation on the unit, or else undue pressure would be imposed on it, thus hindering its work.

Lastly, I would like to talk about human rights. Sir, human rights has once again become a hot topic recently. At a press conference in Geneva, a spokesman for the United Nations Human Rights Committee criticized Britain for its indifference to the recognition of the human rights of over 5 million Hong Kong residents. He pointed out that Britain had been too early in considering Hong Kong affairs to be Chinese matters. This attitude is in tune with our government officials' view on human rights legislation. We are told that decision on such legislation can be made only after promulgation of the Basic Law. But if every change is to rely on China to make the start, Hong Kong will come to a standstill. Confidence can never be restored particularly when we know that we have never been given full guarantee of our human rights. It is regrettable that Government still has not the intention to rectify the situation and free us from the exploitation of such outdated and unreasonable legislation. It does not only give a bad image to the Government but also invite foreign suspicion on the effectiveness of British rule in Hong Kong for the remaining nine years. This will surely be a direct blow to the reputation of Hong Kong. Therefore, I hope the Government can take the matter seriously and assume full responsibility of upholding our human rights as soon as possible.

Sir, with these remarks, I support the motion.

MRS. FONG: Sir, with respect to your policy statement for the year 1988-89, I would like to comment on two areas:

Civil Service

The first one is on Civil Service. Sir, you indicated that an examination was made of the top management structure of the Civil Service and that its findings were that the basic structure remains sound. The conclusion is, therefore, that there is no need for any major reorganization. What I would like to address today are matters that I believe to be important, but which were not covered, Sir, in your policy statement. They are the approaches to review of civil service salaries and benefits and the evaluation and promotion processes within the Civil Service.

My understanding is that in a civil service environment, there is a general tendency for promotions to be made largely based on seniority and with much importance being given to whether or not the person has made mistakes. When significant weight is given to either of these factors the effect is normally to dampen initiative and reduce the staff's commitment. Systems in which these factors prevail also tend to attract mediocrity.

Mediocrity is not good anywhere in the world but it is not acceptable in a place as efficient and as demanding as Hong Kong. In our type of environment, we expect a high level of performance from our Civil Service. If we expect a lot, we must recruit the right people and we must offer them a lot. A lot does not necessarily mean a lot of money. People find satisfaction and fulfillment in many ways and I am thinking as much of those other ways as I am of money.

I am convinced that the Government should focus on the need to assure a continued supply of dedicated and outstanding young men and women for the Civil Service. To do this, it must provide a comfortable salary scale; a fair and efficient method of evaluation; a process which gives recognition to contribution; a reward system commensurate with achievement; a basis for a sense of pride and achievement at being part of the Civil Service; and a satisfactory retirement package to relieve possible anxieties.

In the years to come, Hong Kong will need a strong civil service to carry on the administration tasks. We must have dedicated people who are proud to be part of the Civil Service, who are willing and are encouraged to contribute their talents and ideas to improving the various aspects of the Hong Kong Government's operations and who feel secure about their eventual retirement. To keep such a force intact is hard even in normal times. To do so in a period of transition, such as we will be going through in the next nine years, requires

more thought and more action. We cannot retain these people unless performances are recognized and efforts rewarded.

I urge the Government to focus on the salaries and benefits as well as the housing arrangements and retirement provisions for the Civil Service, but I urge them even more forcefully to look into the system used to identify people eligible for taking on increased responsibilities. I also urge attention to the provision of extra training as part of a career development programme for people who show the ability, enthusiasm and commitment which indicate the desirability of extra reward, by selecting them and grooming them for fast tracks. Success breeds success and I am convinced that the opening of opportunities for fast careers and the resultant success stories will not only encourage the people concerned, but will encourage and motivate also those who progress normally and who constitute the backbone of the service.

China dimension

The second area I would like to talk about is the China dimension. Hong Kong and China are in a very unique relationship, not to mention that Hong Kong will become part of China in 1997. They are each other's largest trading partners. Hong Kong is very dependent on China for daily necessities such as its fresh water and basic foodstuffs in turn, it provides about 40% of China's total foreign exchange earnings.

China is the biggest investor in Hong Kong, but from 1979 to 1987, total foreign investments in China amounted to about US\$8.5 billion and of this, about two-thirds is estimated to have come from Hong Kong. In the nearby Guangdong Province, as much as 80% of the total foreign investments is estimated to have come from Hong Kong. Sir, you also mentioned in your policy statement that an estimate of as many as 1.5 million to 2 million workers in Guangdong Province are engaged in activities either directly or indirectly dependent upon Hong Kong businesses.

The above are known statistics. In the future, there are many indications that there will be an increasing involvement between Hong Kong and China. However, the two places are very different. China has massive land space, has over 1 billion people and is very rich in natural resources. Hong Kong, on the other hand, is a tiny dot of about 1 000 sq km with 5.7 million people and no natural resources. China does not have the administrative, managerial, marketing and financial abilities that Hong Kong people possess and it does not have the external contacts or the infrastructure that has permitted Hong Kong to thrive.

The extent to which Hong Kong can best complement China in the implementation of its open policy is the key for the continued prosperity of Hong Kong. Hong Kong must not just maintain its present skills and infrastructure, but must, in fact, move ahead. The Government must play a role in this regard. There must be far-sightedness in our Government to provide and encourage an effective education system, to assure that the most appropriate infrastructure is always available, and to encourage trade and industry to be innovative. In the early days of China's opening it would have been possible for Hong Kong to play a role as a low-tech bridge to the outside world, since things like English language skills and business contacts in the West were of great importance. However, these days are going. As China develops we must continuously develop and upgrade our skills and services if we are to have the strength necessary to have a say in our own destiny.

Sir, we have had very capable administrators who have administered Hong Kong well for many years. The future does however present a greater challenge. In the coming years, we need leadership that can inspire, and an administration that can plan and be creative. I believe the "think tank" can be an important factor in helping to generate creative ideas to assist our leadership. I am pleased to hear of the idea and I trust that our leadership will implement it by getting the most creative and practical talent enlisted to participate in it.

Sir, with these remarks, I support the motion.

6.02 pm

HIS EXCELLENCY THE PRESIDENT: It is now six o'clock. Under Standing Order 8(2) the Council should now adjourn.

ATTORNEY GENERAL: With your consent, Sir, I move that Standing Order 8(2) should be suspended so as to allow the Council's business this afternoon to be concluded.

Question proposed, put and agreed to.

MRS. LAM (in Cantonese): Sir, your second policy address, being extremely comprehensive, has examined in great depth the Government's policies in various aspects. You have sincerely and thoroughly expounded the many problems confronted in tens of policies as well as the effective measures to be adopted. The address not only shows the people of Hong Kong our Government's determination in maintaining prosperity and stability and in improving the quality of life of its people, but further promises that the Government would

continue to respond to public opinion. At the same time, it has been pointed out that the successful implementation of the policies depends very much on the efforts made by the Administration and this Council.

Such a pragmatic and positive attitude is what a responsible government should have. I am much honoured to be able to take part in the work of this Council, and with you at the helm, Sir, we will all work in concert for the well-being of the people of Hong Kong.

The policy address puts forward a great number of salient points and original suggestions, such as the organizing of a central "think tank" to help solve certain difficult problems, the setting up of two new policy branches specifically responsible for planning and environmental protection and for recreation and culture, and to expedite the development of infrastructure. All these enlightened policies are praiseworthy. As many of my colleagues have already touched upon these policies in their speeches delivered yesterday and this afternoon, I would like to concentrate on a few points that have to do with the daily life of people in general.

Environmental protection

In last year's policy address, you also mentioned about the problem of environmental pollution in Hong Kong. This time you spend six pages of the text to point out the seriousness of the problem. Since Hong Kong is extremely densely populated, environmental pollution would have direct effects on the health of everyone in the territory. The public are much concerned about the increasingly deteriorating living environment. As soon as you get onto the streets, the seaside or the countryside, you can see and feel the pollution of the air, as well as that caused by noise, rubbish, sewage and manure, tarnishing the Pearl of the Orient.

The supply of land is limited in Hong Kong, yet our population is ever increasing. Many out-of-date four-storeyed buildings have therefore been redeveloped into high-rise ones. The sewage system devised in those days is no longer adequate under present circumstances. Hence, drains in the older residential areas are often choked, with sewage spilt everywhere and the air filled with a stinking odour. Piecemeal maintenance works cannot solve the problem, but bring the residents and pedestrians in the vicinity inconvenience instead by digging up the thoroughfare here and there. This is a situation which you, Sir, have detected. In this respect, the policy address has brought us good news in that a new drainage services department will be set up next year, to be responsible for co-ordinating and tackling these problems. This is very encouraging news to both myself and the people of Hong Kong. However, this is an arduous job which, I hope, would be well co-ordinated when implemented. I

also hope that the laying of new pipes as well as the reinstatement of road surface would be promptly dealt with so as to avoid causing nuisance. Notwithstanding this, I am aware that such works would cause great inconvenience to the residents nearby. The Government is therefore advised that before going ahead with the maintenance works, there should be thorough planning and the setting of a completion date for the information of residents in the neighbourhood as soon as possible, so that they will be well-prepared and the number of complaints could be cut down. When planning for the new towns, the lessons learned now should be made use of. In other words, allowance should be made for any expansion necessary for drainage and related facilities which may be required as a result of further population growth.

Family services

This year sees the 30th anniversary of the Social Welfare Department. As the Analects say, "At thirty, one stands firm." May I congratulate the department for the success achieved during the past years. The contribution made by the department towards those people in need of services is obvious. In recent years, in particular, the department has spared no efforts in rendering and subsidizing services for the aged.

Some families in Hong Kong have been subjected to ever mounting pressure during the recent years. Take last month for instance, tragedies occurred in several families. The policy address makes no mention of the expansion of family services, at which I feel very disappointed. The statistics of the 1986 census reveals that there were 36 541 families in Hong Kong with only one parent, and divorce figures have increased from 839 cases in 1974 to 5 753 in 1987, a growth rate well above six times. The number of cases in connection with ill-treatment of wives and children amounts to over 1 000 every year. The number of patients that call for psychiatric treatment is on the increase. The number of mental patients who have received treatment in hospitals or clinics run by the Government alone was close to 9 000 in 1987. Statistics show that nearly 500 000 immigrants had arrived in Hong Kong from China during the past 10 years. A survey recently conducted by the United Hospital indicates that out of every 10 mentally ill patients, two or three are new immigrants from China.

The above astonishing figures carry one message, that is, many families in Hong Kong urgently need counselling services in order to help solve certain perplexing problems, some examples of which are: the change in the concept of value, the consequences faced by couples being separated by emigration prompted by the "1997" question, the communication gap arising from discrepancies in the ways of life for families newly moved into a new town, and

the tension which the immigrants from China cannot early adapt to. All these are immediate causes for family crises.

Sir, I therefore suggest that both the Government and the voluntary agencies should step up family counselling services, expand the establishment of social workers for outreach and family services, reduce the present ratio of one social worker to 70-90 cases, and encourage more voluntary agencies to play a more significant role in family counselling services.

Education

Your Excellency pointed out in your policy address that education held the key to the upward mobility which was an important feature of Hong Kong society. I think such an impetus should be cultured during childhood as early as in primary school, in order to have the foundation soundly and firmly laid. Thus, apart from the provision of adequate school places, our greater concern is the enhancement of the quality of education. Starting from the early 1950s bisessionalism has been introduced due to the lack of school premises. Since then, educators and parents have all been longing for the resumption of unisessionalism. They think that the latter system can minimize the chances of students loitering in the streets after school and thus the danger of mixing with bad guys. Moreover, it will allow the teachers more time to teach, contact, provide counselling for and understand their students. On the part of the school authority, they can spare more time to arrange extra-curricular activities. With their children staying in school for longer hours, the parents can feel relieved and keep their minds on their work. Furthermore, it can spare the students of the need to grope in the dark for school at the crack of dawn and to go home for dinner at dusk in winter.

I am glad to know that bisessionalism will gradually be phased out. I ardently hope that the Government would take the positive and practical action of setting a target date for the total cessation of bisessionalism in primary schools. I am looking forward to seeing this greatly-cherished hope of many realized as early as possible.

Guest houses

Guest houses established amidst residential dwellings not only pose fire hazards, structural problem, environmental pollution and hygiene problem, but also affect seriously the daily lives of the residents as a result of a sudden upsurge in demand for and an excessive use of various facilities such as lifts, water and electricity supplies. Security is also a problem to be addressed. I therefore suggest that guest houses should only be allowed in commercial buildings or the commercial part of residential-commercial buildings. This kind

of tourist accommodation must be segregated from the local residents' dwellings. In this regard, the residents of the buildings concerned should be consulted before licences for the operation of guest houses are issued. If objections arise, the Government should try to find a solution to the satisfaction of both parties after giving careful consideration to the views of the residents.

Vietnamese refugees

Sir, before I close, I must make a point on the Vietnamese refugee problem, which has been perplexing every member of our society. I fully support what some of my honourable colleagues said yesterday, to the effect that Britain, as a sovereign state, should take the lead by agreeing to increase its intake of refugees by many times, instead of taking just a total of less than 1 000 as in the past five years.

According to the statistics, since 1975, 133 000 boat people have arrived in Hong Kong, which has been offering them first asylum. Of these arrivals, about 118 000 have resettled in other countries while Britain has accepted 13 000 only, accounting for 9% of the total. The resettlement rate in Britain is indeed very low when compared with those of the United States, Canada and Australia. It is hoped that the Hong Kong Government will urge the British Government to honour their moral obligation and increase substantially the quota of intake in the forthcoming years. This will, on the one hand, set a good example for the other countries to follow and, on the other, alleviate the heavy burden being borne by the people of Hong Kong.

Finally, I welcome with gratification the policy initiatives as given in your address, including the short-term, medium-term and long-term ones and even those that straddle 1997 right into the 21st century. Sir, you have once assured us of a government which would give an energetic lead to the efforts of the people of Hong Kong to improve their living. Should the Government succeed in doing so, I am sure all the people of Hong Kong will not hesitate in pledging their support.

Sir, with these remarks, I support the motion.

MR. LAM (in Cantonese): Sir, on issues that concern the interests of the community as a whole, we must try to ensure that the diversity of views remains a driving force in seeking the introduction of constructive changes. Likewise, the Government must also remain responsive to the wishes of the people. It is consoling to see that this is the situation prevailing in the local political arena during recent years.

On rural planning as outlined in your policy address, the Government has recognized the need to work out a comprehensive development strategy. The underlying criteria of formulating the strategy is that social resources must be allocated on a fair basis. Under the strategy, the Government should co-ordinate and take into account the needs of each district in the allocation of resources required for rural planning. For many years, rural planning has been carried out through the Local Public Works Programme of the City and New Territories Administration and the Urban Fringe Improvement Programme of the Territory Development Department, with the assistance of the Civil Engineering Services Department and the Highways Department. Yet, it seems that the Government has acted against the principle of fairness in respect of developments in outlying islands.

The scope covered by the comprehensive development strategy will invariably exceed those of the Local Public Works Programme and the Urban Fringe Improvement Programme. I therefore hope that Government will invite local participation in the formulation and monitoring of the strategy.

The construction of rural public housing has played an important role in improving the living condition of the occupants of stilted structures. In comparison with Cheung Kwai Estate in Cheung Chau and Lung Tin Estate in Tai O which were built earlier, the second generation of rural public housing provides more spacious units of modern design. Although plans are still in hand to build more rural public housing in Tai O, Cheung Chau and Peng Chau in the next few years, I feel that similar projects should be extended to other rural areas as well. Due consideration should be given to this issue in the comprehensive development strategy.

Concerning the studies on the territory-wide development strategy, they should include studies on the developments of metropolitan areas, new towns and rural areas. The Government had overlooked the need to carry out studies on rural development and hence no efforts had been made to encourage the manufacturers to decentralize job opportunities. This has indirectly aggravated the problems of providing public transport.

The outlying islands and Sai Kung are still low-density population zones, and adaptable measures should therefore be taken for these areas. For example, the recent proposal to build a sports complex for the islands represents a breakthrough in the policy of demographic planning standards. I hope that all public facilities should be provided in line with the above construction programme in order to meet local needs.

On transport policy, the Government has incorporated into the Second Comprehensive Transport Study the feasibility studies on the construction of a

light rail system linking Ma On Shan New Town with Shatin. Meanwhile, consideration has also been given to extending the system to east Kowloon. It is expected that the Green Paper on Internal Transport Policy will be published in April 1989. In studying the comprehensive transport policy from the overall development strategy point of view, I think that it is necessary to extend the light rail system from Tuen Mun to Tsuen Wan. As such, this issue should also be covered by the Second Comprehensive Transport Study.

Regarding the policy address's proposal on the construction of a replacement airport, it is noted that the Government commissioned the United States RMP ENCON (HK) Ltd in May 1988 to update the Chek Lap Kok airport plan. For this purpose the latest technological development will be made use of to reassess the operating requirements of the runway and airspace for aircraft, meteorological conditions, aviation equipment and airport facilities. The consultant agency is also commissioned to redraft the cost estimates and the construction schedule. It is envisaged that the six-month updating exercise has already been completed.

The new airport project requires the construction of roads and transport system to tie in with its development. At the same time, it would attract industrial and residential development in the vicinity of the airport. The sooner the Government's decision and the plan for the new airport are announced, the better it would be in attracting investments and maintaining people's confidence in Hong Kong.

As regards the port facilities mentioned in your policy address, it would be most desirable to develop a deep water container port in the western harbour if the new airport is to be built at Chek Lap Kok. If only a new trunk road could be built at the port, the roads and transport network in north-western New Territories can be linked up, leading to Tsuen Wan, Kwai Chung, Tsing Yi and Kowloon in the south and Shenzhen in the north.

The implementation of town planning and land use will necessitate the Government's interference in our society. Such being the case, the interests of all parties concerned should be taken into account in the course of planning. In the past, there were cases in which no definite timing for development was scheduled for layout areas, hence restraining the right of using the land concerned. On the other hand, land use outside layout zones was also restricted, making free development impossible. It is suggested that the comprehensive development strategy should provide a reasonable and legal guideline to iron out the long existing obstacles to the right of land use.

Sir, I fully agree to your view in this year's policy address that the import of substantial numbers of workers from outside Hong Kong should be

disallowed. Nevertheless, labour shortage has become a latent problem in recent years and also one that cannot be taken lightly. It accounted for the delay of many current engineering projects. I therefore believe that the limited importation of labour would help boost the prosperity of Hong Kong.

The plan to build a third industrial estate in Junk Bay will definitely be beneficial to the future development of science and technology in Hong Kong. It can raise not only the production standard of medium-size undertakings as well as those applying advanced technology, but also bring about a balanced industrial development in the New Territories.

Lastly, I hope that the Government will accept the views which Members of this Council expressed on the policy address and do its utmost to implement the proposals. In this manner the common objectives of maintaining stability and prosperity in Hong Kong and improving the quality of life of its people can be attained.

Sir, with these remarks, I support the motion.

MRS. LAU: Sir, in your policy address, you have made a firm commitment to promote long-term improvements for Hong Kong and to maintain Hong Kong as a prosperous international centre of commerce. The long-range programmes for infrastructural development, the comprehensive and far-reaching plans for combating environmental pollution, the proposals for advancement of science and technology, the long-term plans to provide more opportunities for higher education all demonstrate that Government is responding positively and constructively to the needs of Hong Kong. These policy initiatives have no doubt been carefully thought out and meticulously designed to increase the well-being of the people. They project Government's confidence in the future of the territory and hopefully would serve to instill similar confidence in the people of Hong Kong. I welcome these policy initiatives and I am sure that they will receive the approbation of the general public.

Sir, if I may, I would now wish to comment on a number of specific areas in your address.

On the subject of environmental pollution, I am very pleased that Government is responding to the urgent need for application of sound environmental policies and is prepared to invest heavily in a comprehensive programme for environmental improvements extending over the next decade. Under the present arrangements, the planning and enforcement of environmental protection measures are undertaken by a number of different government departments previously under the Secretary for Health and Welfare and now

under the Secretary for Lands and Works. Although the Environmental Protection Department plays a central role in the execution of environmental protection works and the making of policy proposals, the actual formulation of policies rests with the Secretary who unfortunately has many other priorities loaded on his plate. In the absence of a direct centralized motivating force behind the various works, the implementation of any integrated programme to improve the environment must necessarily be handicapped. The creation of a new policy branch specifically responsible for planning and environmental protection coupled with regrouping of functions presently carried out by the Secretary for Lands and Works would facilitate more expedient formulation and implementation of policies and programmes as well as better co-ordination of the functions of the various departments. The up-grading of environmental protection to the rank of a policy branch shows the importance which Government attaches to our pollution problem and the determination of Government to counter it with full force. In my view, it is certainly the correct approach to combine planning with environmental protection under one policy branch because if environmental implications are seriously considered in all areas and at all stages of planning, I believe that a great deal of our future environmental problems can be avoided.

Sir, the lesson which Hong Kong has learnt, and has learnt bitterly, is that unless timely measures are taken to combat pollution at an early stage, the price to pay is high. In the past, reliance has been placed to a large extent on statutory controls. The enforcement of statutory measures is of course important, but as we have seen in the case of water pollution, legislation alone is insufficient. We have had the Water Pollution Control Ordinance since 1980 but water qualities continue to deteriorate resulting in many of our streams and nullahs being heavily polluted and several of our most valuable bathing beaches having to be closed down. One of the reasons for our present predicament is that Government has in the past been slow coming around to the pollution problem, and even when it has come around to it, Government has not been able to sufficiently plan ahead. In view of the colossal amount which we will expend on the programme for construction of our territory-wide sewerage infrastructure, I urge Government to bear in mind two important factors, firstly forward planning and secondly flexibility. Hong Kong is a fast moving and rapidly developing society. Programmes, particularly those extending over the next decade, must be designed with foresight and flexibility so that they would be capable of meeting the ever changing and ever increasing needs of this society. This is particularly important in view of the continuing development of new towns in the New Territories resulting in continuous shift of population density and opening up of new industrial estates. I certainly would not wish to see Government embark on an expensive 10-year programme only to find at the completion thereof that the facilities are outdated and inadequate to cope with the then requirements of Hong Kong.

As regards air and noise pollution, again I must emphasize that Government should not rely solely on legislative measures. We have had the Air Pollution Control Ordinance since 1983. I agree that there has been a certain degree of improvement in the control of air pollution since introduction of the legislation, but we still frequently hear about complaints of polluting emissions affecting nearby residential accommodation and we are also aware that members of the public have from time to time been attacked by noxious or offensive emissions. This tends to show that our current measures of control may not be adequate or sufficient. In regard to the Noise Pollution Control Ordinance, this has only been enacted in the middle of this year and it is too early to gauge its efficacy as a pollution controlling measure. In any event, in dealing with any form of pollution, whether water, air or noise, I am of the opinion that prevention is always better than cure. Public awareness of the pollution problem is very important and should be increased. There should be widespread consultation on anti-pollution measures to be adopted and steps should be taken to canvass understanding, acceptance and cooperation from the public in the implementation of such measures. I also urge Government to undertake research into possible cost-effective methods and techniques which can be employed by individual operators to minimize, eliminate or otherwise control pollution at source. Steps should be taken to introduce such methods and techniques to factories and industrial establishments and such establishments should be encouraged, advised and assisted to adopt and implement them. It is all very well to have laws which empower the issuance of abatement notices demanding reduction or elimination of pollution discharges, but if the recipient of such notice can be guided, advised and perhaps even taught as to the ways and means whereby he can effectively comply with the notice, the chances of securing more permanent results would be much higher. I verily believe that no person would really wish to be a nuisance to his neighbours and if properly guided, advised and assisted, you may find that a large number of factories and industrial establishment, big or small would be willing, even perhaps at some expense to themselves, to undertake voluntary remedial measures with a view to eliminating pollution at source.

Sir, although I appreciate that it would be impossible to include all governmental policies in a single address and that only salient parts of the multifarious policies can be covered, it would seem from your address that Government is placing great emphasis on measures to fulfil the material needs of Hong Kong and that less tangible needs appear to be slighted. Whilst it is very important to improve the quality of life of the people of Hong Kong, it is equally important to improve the quality of the people themselves, particularly in these vital years leading up to 1997. The prosperity of Hong Kong depends on development of its human resources and Government is correct in focusing attention on improving its education policy to offset the effects of the "brain drain" problem which Hong Kong is confronting. The plans to provide more

opportunities for higher education, technical education and industrial training are all very commendable. But there is no mention of how the people of Hong Kong would be educated, guided and prepared for 1997. It is clear that if Hong Kong is to give effect to the high degree of autonomy conferred on it after 1997, efforts will have to be made to prepare the people to assume that responsibility and face that challenge. If the people of Hong Kong are to be able to adapt to the social and political environment after 1997 and usefully partake in the functioning of an autonomous self-government in less than nine years' time, measures must be taken now to get them ready for the day. I believe that this Government has the moral duty and responsibility to see that this is done. I am therefore disappointed that the aspect of civic education appears to have been totally omitted in your address. The need for this is particularly urgent bearing in mind that by virtue of their traditional political culture, most of the people of Hong Kong tend to shy away from politics and their concern about public affairs is generally lacking. This state of affairs is totally undesirable and could be disastrous when the time comes for Hong Kong people to rule themselves. I am aware that some efforts are being made to promote civic education within the school system but progress appears to be slow. I am also aware of the existence of the Committee on the Promotion of Civil Education which was set up in 1986 under the chairmanship of our learned colleague Dr. Daniel TSE. The committee has since its inception worked very hard indeed to promote civic education programmes in Hong Kong outside the school system, but perhaps due to budgetary constraints and other difficulties, what it has been capable of achieving so far does not appear to be very significant. As I understand it, for the year 1988-89, the committee has only a budget of less than \$1.9 million to work within and that is already a 47% increase over that of the preceding year. Within such a small budget, the committee has actually done a great deal and ought to be congratulated. What I do not understand is why only such a small annual sum is allocated to the committee. If Government can spend \$10 billion on building Hong Kong's sewerage infrastructure, it can certainly afford to spend much more on developing Hong Kong's human infrastructure. Furthermore, I do not think that in all fairness such a herculean task should be left entirely to the committee. After all, it is Government's responsibility to provide for the well-being of the people. Would it not be much better if the committee were just to study and advise on proposals as to how civic education can most effectively be promoted among the general public and Government takes on the task of carrying such proposals into effect? I sincerely hope that Government can take the initiative to give impetus to the promotion of civic education instead of leaving it to somebody else. I also sincerely wish to see this item being placed much higher up on Government's list of priorities. The fast approach of 1997 certainly calls for much more to be done, and done quickly, in this area.

Closely related to education is the problem relating to youth which does not seem to be touched on at any length in your address, the only mention being made in the context of rehabilitation of young offenders. Again rehabilitation is a method of cure and hopefully with sufficient preventive measures, the need for rehabilitation could be minimized. The process of consultation on the Report on Youth Policy compiled by the Central Committee on Youth headed by our learned colleague Mrs. Rosanna TAM has just been completed. I support the findings contained in that report relating to the problems and needs of our young people. With more women being called on to join the labour force to alleviate the pressures of labour shortage, most parents who both work tend to find that neither of them has any time for their children. The rapid increase in divorce rate over recent years has resulted in many broken families. This certainly aggravates the position. More and more of our young people who are victims of these social changes find themselves lacking in any sense of conviction or belonging and many of them will find relief in teaming up with undesirables or resorting to drugs. They could be a source of Hong Kong's future social problems, if they are not one already. I therefore cannot sufficiently emphasize the importance and urgent necessity of having a comprehensive youth policy. Furthermore I believe that this Government has the responsibility of nurturing the young people of today to be responsible citizens of tomorrow. Government should assist and guide these young people to face up to the changes and challenges of this society, to assume responsibility and to play an active role in the self-government which is promised to Hong Kong after 1997. I urge Government to carefully consider all views gathered during the consultative process of this report and to take active measures to formulate a comprehensive youth policy without delay.

Lastly, I wish to speak briefly about the proposed Central Policy Unit or think tank". This unit is expected to examine complex policy issues, evaluate alternative policy options and come forth with practical solutions to difficult problems. This sounds very simple but in my view, this is a most unenviable and onerous task. The members of this unit should be, and indeed must be, experts from many fields. As to how and where to find these wise men and upon what criteria to select them remains a big problem. These wise men, or better still wise women, must not only be experts but they must be prepared to devote their time, impart their wisdom and dedicate themselves selflessly to furtherance of the interests of Hong Kong. They must not only know well about Hong Kong, but they must also be conversant with the structure and functions of government. I wish Government the best of luck in recruiting these talents. Despite foreseeable difficulties, the proposal is an innovative one and I welcome it because in such a dynamic and advanced society as Hong Kong, there is certainly the need to give a wider perspective to Government's policy making process and to enhance the efficiency of central policy making. As our learned colleague Mr. Ronald CHOW has pointed out the proposed Central Policy Unit is

probably somewhat similar to the Central Policy Review Staff (CPRS) in the United Kingdom which existed between 1970 and 1983. Apparently that unit did not attain much popularity and was eventually abolished in 1983. Bearing this in mind, I urge Government to examine the shortcomings of the CPRS which lead to its eventual abolition and the reasons for its unpopularity and to make sure that our own Central Policy Unit would not suffer the same pitfalls. It is always useful to draw on the experience of similar set-ups in other jurisdictions to improve our own functionary bodies. Furthermore, in my view it is very important to clearly identify and specify the roles and functions of the unit to ensure that there will be no duplication of responsibilities within the structure of Government. Since I expect that the unit may be called on from time to time to correlate the policies of the different policy branches to the main objectives of central Government, it is possible that difference of opinion may result in conflicts between the policy branch Secretaries and members of the unit. Caution should be taken to prevent this happening. At the same time, in view of the weight which the advice of this unit will carry, careful consideration must be given to the composition and qualifications of the members of the unit to ensure that the unit will be capable of functioning as it was intended to function.

Sir, with these remarks, I support the motion.

6.37 pm

HIS EXCELLENCY THE PRESIDENT: There are still nine Members of this Council who wish to speak. Members might appreciate another short break at this point. I myself have to leave shortly for an official function, so after the break I shall ask the Chief Secretary to take the chair and keep an eye on the proceedings. (laughter)

7.11 pm

The Chief Secretary presided at the sitting during the absence of the President.

MR. LAU WAH-SUM: Sir, your long-term development plan has given us confidence in the Government's commitment to improve the quality of life for us as well as for our future generations. It will also give overseas investors confidence to invest here in the longer term. These long-term development projects are crucial to Hong Kong's continuing growth as an international city.

In our future planning we should be more aggressive. Keeping it close in line with our immediate needs will make it inadequate when we face up to the challenge of the technological advance in the next decades. We must schedule

our programme to such a magnitude and time scale that Hong Kong will become an invaluable asset to China in her progress to the four modernizations.

But where and how can we find the resources, both human and financial, to carry out this ambitious plan bearing in mind the ever-increasing demand on our existing resources?

Human resources

Let us first look at our human resources. On the managerial and professional level, even without the migration wave, we are already in need of many more experienced personnel after several consecutive years of double-digit growth in our trade and industry. In the long term, I strongly support the Government's policy of devoting our resources to increase the number of students entering tertiary education each year. Here again I urge the Government to adopt the Education Commission's recommendation to retain the present 5+2+3 system and concentrate on expanding degree courses on both quantity and diversity. To do otherwise, we will not only suffer time losses in disrupting the system, but also result in reduction in tertiary education places at a time when we badly need to expand.

But this policy will take time to bear fruit. It will take some years for students to become graduates and for graduates to gain working experience for more responsible positions.

To solve our problem, in my opinion, attracting expatriate managers and professionals of all nationalities and races to Hong Kong is more than a liberal thought. It will be an instant injection of talents to the vacancies created by emigrants. The infusion of new blood will also be a source of new ideas and valuable experiences which will enable us to function better as an international city, and as a point of transfer of new technology. It will speed up our development as a sophisticated industrial, commercial and financial centre on the South China coast.

Sir, we should create an environment and opportunities for expatriates of all nationalities and races to come here for the career prospects on offer. I welcome the recent move to allow lawyers of foreign countries to come and practise in Hong Kong in partnership with local lawyers. I congratulate the Government for its open-mindedness demonstrated in this case. Sir, localization should have a limit and should not be overdone. A closed-shop policy will deprive us of many highly competent people who are willing to work with us during this critical moment. In my opinion, Hong Kong's door should be kept open to lawyers, accountants, engineers and doctors, irrespective of where they have obtained their qualifications. They will be a source of strength for our

future development. Hong Kong stands to profit from an inflow of talents, whose contributions cannot be over-estimated. The word expatriate may not be appropriate. In here, I include also those Chinese managers and professionals with foreign citizenship who have confidence in Hong Kong and those Hong Kong students who have been trained abroad and are willing to return to build their career here.

We are also in short supply at the other end of the human resource market. We need more technicians, craftsmen, and general labourers. Sir, I agree with you that we should allow the workforce to share the benefit in good years as they have shared the difficulties in lean years. But this is only fair and true if our supply can respond to our demand as elastically as previous cycles. Increasing wages alone cannot solve our problem. If we do not increase labour supply, it will result in higher labour costs without commensurate rises in productivity, as the workers become more complacent.

Recent Housing Authority statistics show the labour cost accounted for 25% increase in tender prices in the past 12 months, when the overall increase was around 30% to 35%. Such increases do not bring about improved products. On the contrary, the quality and finishes was found to have deteriorated. If we were not already behind schedule, we could have rejected them as we had done in the past.

Tight labour supplies have forced factories to move their production lines across the border to mainland China. Current statistics show that Hong Kong businessmen employ between 1.5 million to 2 million people across the border, which are more than the total number employed here in the manufacturing sector. In my opinion, it makes perfect commercial sense for them to move their production lines to China in order to lower labour costs, which will in turn help them maintain a competitive edge in world markets. It is not for us to discourage this movement. In any case, Hong Kong is still their research, managerial and marketing base, and we shall devote our efforts to keep it so. In the coming years we would prefer capital-intensive and high technology industries to be developed in Hong Kong while labour-intensive industries transplanted in Chinese soil.

But there are industries which cannot afford such physical movement across the border, for example, industries which require labour of high calibre, the building industry which the workers have to perform the work in situ, and the garment industry which is under quota restrictions. We must find a solution for these industries. If we import labour from other parts of the world, it appears to me that it will create jealousy in our neighbouring provinces where the workforce is not fully employed. I suggest that we should study the ways and means of using labour from China provided that:

- (a) it will not add to the burden of our social and economic facilities such as housing, medical and other services; and
- (b) workers will be imported in controlled manner through labour service bureaus in China and that with their full co-operation workers will be repatriated on completion of their duties.

With the completion of the road link with China at Lok Ma Chau and the improvement of Man Kam To Road, it will be possible for manufacturers to transport workers from Shenzhen for a good day's work and send them back home at the end of the working day. The workers will spend all their time-off and holidays in their home country without burdening our social service system.

I therefore urge that a working party be set up to work out the fine details of a plan for the importation of Chinese labour on daily basis. The working party should comprise not only civil servants but also industrialists of those industries in need of workers.

In the coming years we shall spend much more than before on these massive programmes. The Government should review its attitude of spending. Our premise should be to get the best value for our money spent. All controlling officers should be alerted to this essential principle.

To this end, we should take another look at our financial and accounting procedures which are guided by government regulations.

Many of these regulations are legacies of the outdated colonial regulations which are no longer applicable to the situation of Hong Kong today. It is time to review our procedures and systems to suit this essential principle. It is only through the co-operation effort of the Treasury and the controlling officer that the government machinery can achieve greater financial efficiency.

Financial resources

Now, let us examine the financial resources for the development plan.

Over the past decade, our open economy and low tax policy has attracted considerable foreign investments into Hong Kong.

To finance our ambitious programme, we should first enlist the participation of the private sector. We have already had highly successful examples such as the cross harbour tunnel and the container terminals.

We should select from the programme all projects which are commercially viable for private enterprise to participate. This will not only avoid dipping into our general revenue but also create new source of recurrent income by retaining some share equity as a carry interest.

Take the second airport as an example. The passenger and freight services are potentially lucrative operation. The Government may well privatize these operations on profit sharing basis, holding back only the air traffic control, customs and immigration services.

Secondly we should consider privatizing those completed government projects which are commercially viable and operating successfully such as the Mass Transit Railway and Kowloon-Canton Railway. The proceeds from this source may then be utilized to finance those projects which are non-revenue generating such as roads, sewage disposal and so on.

Given that our public spending is geared to our gross domestic product and its projected growth and after we have fully realized all privatization possibilities, we should consider financing the balance of capital spending by issue of public debts.

It is often argued that public debts will impose on future generations repayment of debts committed by their predecessors. But after all, the facilities we plan to build will be used by many generations to come. It is fair and just that our children help with some of the cost.

Over the years, Hong Kong has established excellent credit ratings. Our creditworthiness is one of our unexplored resources.

Today, Hong Kong is a major focal point in the global financial market. We must develop a strong capital market, which is made up of an equity market and a debt market.

I congratulate the Government for the efforts to reform our securities industry. After a complete re-organization of the Hong Kong Stock Exchange, we can now expect to have a strong equity market.

In comparison with the equity market, our debt market is still in its infancy. Despite the effort of our merchant bankers and enthusiastic issuers, the secondary market for commercial papers and bonds trading still remain inactive.

Market professionals blame this inertia on:

- (a) no government bonds and bills issued to set benchmark prices for debt instruments in the secondary market, which has resulted in poor liquidity and limited range of issuers; and
- (b) the levy of withholding tax on individuals.

By issuing government bills and bonds, we could raise capital to finance our infrastructure on the one hand, and create stimulation on the local debt market on the other.

Lastly I would urge that the Government should try its best to maintain the present simple and low tax level and consider seriously the use of private participation and public debt to finance our ambitious programme in the infrastructure in Hong Kong.

Sir, with these remarks, I support the motion.

MISS LEUNG (in Cantonese): Sir, Your Excellency's policy address delivered on 12 October can be described as pragmatic, with emphasis being laid on economic development and improvement of the people's livelihood. It was reiterated in the policy address that the Government would take the initiative to find a solution to various problems, particularly problems relating to economics and people's livelihood. It made special mention of the intention of the Government to carry out massive infrastructural developments, by pooling together manpower, financial and technical resources, to meet future challenge, pursue continued economic growth, increase our domestic wealth, and improve the quality of life and the environment. It is certainly the hope of the residents of Hong Kong that such challenging commitment will be brought to realization expeditiously.

Sir, I would like to state some of my views on infrastructural development today. I am pleased to note that Your Excellency well understands, and has confirmed, the importance and necessity of future infrastructural development projects, particularly the expansion of Kai Tak Airport, the building of a new international airport, further development of existing and construction of next-generation harbour facilities, and the complementary construction of road network and basic transport facilities. Such projects and associated problems have already been explicitly dealt with in the policy address, and I shall not go again into these at this point. I only want to state here that not a few of these projects have been long awaited, though for a variety of reasons, such as financial, technical and political constraints, they are as yet not quite past the

planning stage. It would now seem that a relatively more specific development timetable is forthcoming, and I am glad to see that.

We understand from the policy address that a decision will be taken on the building of a new international airport by the end of next year, on the locations of Container Terminals 8 and 9 by the end of this year, on the mode of provision of the next generation port facilities by the end of next year, on a railway link connecting north-west New Territories and the urban areas by early next year, and on an extension of the goods depot of the Kowloon-Canton Railway Terminal at Hung Hom by the end of this year. In addition, it was also stated in the policy address that a detailed study is being conducted by the Government on Route 3 connecting north-west New Territories and Hong Kong Island, and that negotiations will be underway between the Government and the Mass Transit Railway Corporation about problems relating to the extension of the Mass Transit Railway line to Junk Bay. I have quoted again the projects enumerated in the policy address because all these projects are essential and that the Government should stick to its schedule of decision making, or even advancing it a little bit earlier. Given the vast number of projects being carried out in the 1990s, it is going to be a big strain on our manpower, financial and technological resources, as well as on other community development. Caution must be taken and judicious arrangement made by the Government, in this respect.

Sir, it is stated under *Management of Public Finances* in the policy address that the Administration continues actively to look for opportunities to provide services through bodies outside the Government where there are clear advantages in terms of cost-effectiveness and management flexibility. It is not known, however, whether these bodies refer to private or statutory organizations or a mixture of both. In any case, the private sector has been increasingly used by the Government to make infrastructural investments in recent years. The policy address says that both the Eastern Harbour Crossing and the Tate's Cairn Tunnel are financed, constructed and managed by private corporations. I think that wherever possible consideration should continue to be given to letting organizations outside the Government build the infrastructure. This will lessen reliance on public money and avoid bureaucratic red tape on the one hand, and provide investment opportunities for private capital and bring about greater operational flexibility on the other.

Sir, the future new international airport will cost tens of billions of dollars to build. The Government should therefore consider making it a joint venture with the private sector. In the interest of operational flexibility, the joint venture should be undertaken in a special mode of co-operation binding on the two parties. A statutory body after the fashion of the Mass Transit Railway Corporation and the Land Development Corporation can be set up for this

purpose, to be given full powers to co-ordinate, construct and later manage the new airport.

The chairman and other members of this statutory body should be appointed by the Government from inside and outside the Civil Service. Future investment capital will be provided by the private sector as far as possible. The legislation governing the setting up of the statutory body should provide sufficient powers to the body for independent and flexible operation on the one hand, and allow the Government to maintain effective control of it on the other to ensure completion of the project as scheduled and its future operation to be in line with the overall interest of the community. Statutory bodies of a similar nature can be set up for other similar substantial-scale projects, such as the new generation port facilities.

Sir, I should now turn to the housing problem. Being a member of the Housing Authority I am very glad that Your Excellency has reiterated the Government's wish to provide suitable housing for all residents of Hong Kong in the next century. It is for this reason that a long-term housing strategy has been formulated according to actual circumstances of demand and that the Housing Authority has been slightly re-organized to tie in with the implementation of strategy.

Sir, there still remain some public housing policies which are rather unjust and unreasonable. I shall give a few examples only, due to limited time. The most noticeable injustice is that public housing tenants continue to enjoy public housing tenancy after buying private residential property. It is everybody's knowledge that public housing tenants are heavily subsidized and need only pay a very low rent. The Government's aim of building public rental housing is to provide affordable housing to the needy and low-income households who cannot solve their own housing problem by their own means. It is never the Government's aim to benefit the affluent tenant-turned-owners who use the public housing unit as a store room, or even a mahjong room. Such unscrupulous occupation of public housing is tolerated by the existing housing policy, to the deprivation of the needy and the poor in the housing queue. What a waste of social resources!

The Home Ownership Scheme and the Home Purchase Loan Scheme are equally unjust and unreasonable in certain respects. Property-owning public housing tenants are actually allowed to purchase Home Ownership scheme flats which are on offer only to prospective buyers of moderate means and at a price substantially lower than the prevailing market price. Or, they are entitled to benefit under the Home Purchase Loan Scheme. The Home Ownership Scheme and Home Purchase Loan Scheme of the Housing Authority should aim to help low-to-middle income households to purchase their own flats, rather than

subsidizing the households who already own properties. The existing housing policy actually tolerates such undermining of the true objectives of the Housing Authority. Though the Housing Authority and the Housing Department could contend that the tenants will surrender their rented housing once they buy the Home Ownership Scheme flat or acquire the Home Purchase Loan, the principle of fairness has been sacrificed, not to mention the injustice suffered by eligible households who have had their housing opportunity withheld from them because of such unfairness. It is precisely because of such indulgence of the housing policy that the public tenants intending to give up their housing units originally upon purchasing private property will now change their mind in order to be eligible later to purchase the low-priced Home Ownership Scheme flats.

If the above-mentioned injustices can be rectified, a large supply of vacated public housing units will be available to meet the demand of the needy households, and an equitable solution found to put an end to this unreasonable phenomenon. It is my firm belief that property-owning households should not receive any form of housing assistance at the expense of the community. Public rental housing, the Home Ownership Scheme and the Home Purchase Loan Scheme should only serve the real needy households.

Sir, I want to stress here that the Government should continue its commitment to provide suitable housing for all needy households. Being the statutory body put in charge of solving the territory-wide housing problem, it would not be appropriate for the Housing Authority to become further independent. Its operation calls for government support and should be directly monitored by the Executive Council, Legislative Council, and the public at large.

Sir, lastly, I would like to talk briefly about some problems relating to the overall development of Hong Kong. Last year's policy address made the point that planning of the new towns is an important aspect of the development strategy of Hong Kong. But I fail to understand why there is no mention of new towns in the current policy address. I hope the Government will continue to give priority to the development of new towns, and deal squarely with problems faced by new town residents, such as employment, unsatisfactory schooling opportunity, imperfect public transport arrangement and inadequate provision of medical, child care and community facilities. It is imperative that we endeavour to solve these problems.

Sir, as a result of intensive development of new towns in the New Territories which have helped provide a better living environment for over 2 million people over the past 15 years, not a few old urban and rural areas have been neglected leading to environmental degeneration. I am pleased that this problem has finally received attention in the policy address. A development strategy is being mapped out for metropolitan and village areas, and I hope that

this will lead to some environmental improvement. I think that such a strategy is correct and necessary. Meanwhile, the recently set-up Land Development Corporation will redevelop and give a facelift to the old urban areas and improve the poor living conditions. Being a member of the Land Development Corporation, I sincerely hope that redevelopment plans will not only look at plot ratios and cost-effectiveness, but will also bring about tangible environmental improvement in the shape of rest and recreation grounds and community facilities.

Sir, I support the motion.

MR. MCGREGOR: Sir, I apologize for speaking through a cold which may distort a fine Scottish accent. (laughter) I should like to begin, Sir, by congratulating you and your Government on achieving a remarkable record of growth and progress in the development of Hong Kong's economy and society as set out in your address to this Council on 12 October. The programmes to which you referred, both in terms of the matters already concluded or in hand and those planned for the future, represent the kind of development which, considered in macro-economic terms, must be the envy of many territories and many governments around the world. It is certainly not the record of a lame-duck government, but more like a road-roller or perhaps a wagtail.

Your message to the Council and to Hong Kong people seems clear. We are a vibrant, successful and increasingly sophisticated entity, a prime example to the world of what can be achieved when a government has the right system, the experience, the will and the support of the people it governs. It can then take every opportunity to advance the real interests of the community and to seek to maintain the structure and the institutions which have provided the basis of our economic success for so many years.

Whilst the Government, indeed, is invested with these responsibilities and, like all governments, must do its best to discharge them, I believe that the vast majority of Hong Kong people will agree that the Hong Kong Government has, over the years and increasingly in recent years, faced problems with confidence and a deep sense of purpose, working with the institutions, including this Council, to resolve them. Hong Kong's success has been the result of a happy partnership between those who govern and those who are governed.

It is clear from your address, Sir, that our remarkable progress will continue, with a planned programme of construction and development which would not be out of place in developed territories many times our size. We have a great deal of which we can be proud. I think Hong Kong people are proud of their city.

Progress demands change, however, and change can be disruptive. Hong Kong has moved at such a pace during the last three or four decades that change and various forms of disruption have become part of our daily life.

Infrastructural development is conceded as essential to our future and therefore, despite legitimate complaints and great discomfort, the public generally accepts that massive building projects and the disruption they cause are part and parcel of our daily lives. There is however an increasing public awareness of the need, among all this bustle, clamour and redevelopment, for care to be taken in protecting and in many cases re-establishing the quality standards of the environment in which we live. For many years, indeed decades, there were priorities other than environmental protection. Economic progress with its need for infrastructure won every argument put up by those who saw the danger to the environment, not only in immediate terms such as, for example, the continual assault on our ears from the noise of piledrivers and jack hammers, but more importantly the longer-term danger to the quality of our lives from being unable to swim in clean coastal waters or to eat shellfish and other crustacean from those same waters. Commercial and industrial interests were of paramount importance in our early days of development. They are still of very great importance but the needs of commerce and industry must now be balanced against the needs of the population of Hong Kong as a whole and those of future generations. Every industrialized country in the world faces this problem. Enlightened countries, often as a result of heavy pressure from environmental experts supported by the people, have introduced substantial long-term programmes designed to establish and maintain environmental standards which will generate a heritage of clean air, clean water, and clean earth.

We are now embarked upon a similar journey and you, Sir, have outlined the many measures now being taken to rectify past mistakes, and to prevent further serious mistakes being made. It is very late in the day for such measures as we are now taking. The damage is already severe and the cost to correct it will be great. I believe that this Council, whatever our personal backgrounds and affiliations may be, must enthusiastically and determinedly advise and support the Government in this most essential task.

I apologize for moving from policy to project but I was surprised to learn from your speech, Sir, that a major toxic waste disposal plant is planned to be built on Tsing Yi Island. Tsing Yi has been in the news many times as a result of complaints by residents that polluting industries have been planned cheek by jowl with housing estates. There are chemical plants, a major power station and other potentially hazardous industries located there. If my memory serves me correctly, the site apparently proposed for the toxic waste disposal plant was originally designed and built as a cattle lairage in the 1970s. It was never used as such and I therefore wonder if the siting of the toxic waste disposal plant is more

a matter of convenience than one of environmental safety and protection. Sir, I intend to follow this development closely so will say no more about it today.

I was also surprised to learn that treated sewage unfit for disposal in Tolo Harbour can be pumped into the Kai Tak nullah and improve its condition in a project which you described as "imaginative". My own imagination has boggled a bit.

As a final comment on this important subject, I would suggest that the policy towards environmental protection should be one of education and persuasion with persuasion taking legal form backed by action against the many offenders, from picnickers to ship captains.

As I mentioned earlier, I believe the Government has done a very good job in maintaining economic progress. That has been assisted through vigorous defence of our GATT rights and our MFN access to the markets of the world together with strong promotion of our trade and industry by the Government and by highly effective institutions, working within a government committee system which is surely unparalleled in the world in its depth and breadth. This permits experienced people in the private sector to advise the Government directly on a huge range of important subjects and issues, often with dramatic results. Whilst I believe that this system of consultation works very well, I must ask the Government to make what I believe will be a particular improvement to it, at least as far as commerce and industry are concerned.

This is that a more democratic principle be applied to the construction of the membership of the Industrial Development Board and the Trade Advisory Board to allow the principal trade and industrial organizations said to be represented on these boards, to nominate their own representatives and to have the right to see the many important papers which are put to both boards for consideration.

Before I left the Government in 1975, the then Commerce and Industry Department was sending copies of all TIAB (Trade and Industry Advisory Board) papers to the Federation of Hong Kong Industries and the General Chamber of Commerce for consideration, on a restricted circulation basis, and for comments through the then chief executives. The system worked well, as committees of these organizations could be given sight of the papers and their combined experience could be put to the matters in question.

When I left the department to join the chamber, the service ceased. I have spent the 13 years since then in urging that it be restarted and that the right of nominated representation be granted to a number of major organizations. I have argued without success in regard to these two boards. However, there was a

successful, although separate, outcome with the Labour Advisory Board which operates very well under precisely the system I have advocated for so long for the other two boards. I hope serious consideration can be given to this issue and I would be pleased to elaborate on it.

Sir, I turn now to another matter of great concern to the business community and also to the continued expansion of our economy. I refer to the present labour shortage.

There has been, in fact, a shortage of certain classes of labour in Hong Kong for many years as will be seen from the published records of the Census and Statistics Department. This shortage has compelled employers, quite rightly, to improve plant and worker productivity with new equipment, higher automation, computerized systems, better training and by moving up market. Demand for Hong Kong products has however remained high and in recent years manufacturers have obtained relief by moving lower end production into China. This has been most helpful to many industries but not particularly to the garment industry which, because of the export quota rules of origin, must produce in Hong Kong.

Other essential industries cannot move to China or anywhere else. These include the construction industry where the problem is very large and already seriously delaying major and much needed projects and the tourist or hotel industries where many categories of workers are seriously understaffed.

Sir, you indicated in your policy speech that the Government does not feel that it can relax its present policy on imported contract labour. With respect, I believe that a very strong case exists and will continue to exist for this policy to be modified in the best interests of the Hong Kong economy. At the very least, a start could be made with contract labour for the construction industry where many thousands of workers may be needed. These are jobs which Hong Kong's own workforce, better educated and with many more options available, does not seem to find attractive. I do not think a trial scheme would seriously prejudice our excellent labour or management relations despite union disagreement and, in fact, the unions could also participate in the arrangements through debate on the Labour Advisory Board.

If a trial scheme with the construction industry was successful, other scheme could follow in those areas of activity most seriously affected.

Whilst on the subject of immigration of contract labour, I should like to suggest some reconsideration by Government of its policy towards the issue of visas for east European nationals wishing to visit Hong Kong for business purposes. For many years, and obviously because People's Republic of China

sensitivities were involved, the Hong Kong authorities have applied an extremely strict policy towards businessmen from east Europe. This has undoubtedly reduced greatly our ability to trade with these countries since reciprocity is the normal rule for international trade and market access. As far as I am aware, under 1% of our export trade in domestic products went to the entire East European bloc, including Russia, last year. Many east European businessmen including experts in, for example, leather trading and countertrade, have been denied entry to Hong Kong or have had conditions of entry made so strict as to discourage them from coming at all.

I understand the overriding security criteria but, with China and Russia expanding their connections and trade and with 1997 coming nearer, is it not now time to reassess this situation carefully with the intention of opening up our trading connections with east Europe?

The very substantial growth of our economy in recent years and particularly the growth of the service industries in Hong Kong has resulted in a large demand for commercial accommodation. Quite clearly, the building programme, although massive, is not yet producing the amount of commercial space which our service industries require and this is having quite a serious effect on the movement of rentals. We are gradually pushing ourselves in a situation similar to that in 1980-81 when rentals went through the roof. The private sector is already reacting to the demand but it may take several years before demand is met by supply and, in the meantime, a great deal of discomfort will be caused to our expanding commercial sector. It is also the case that, with the movement of manufacturing industry into China, there has been a relative reduction in growth of our manufacturing industry as a contributor to the GDP. In these circumstances and because the need is really very great, I would suggest that the Government should now consider relaxing the lease conditions for industrial buildings to allow a higher percentage of the space available to be used for commercial activities and not necessarily those connected with industrial operations in the building. I think a measure of this kind would help to alleviate the present problem. In fact I am advised that the Government has taken rather strong action during the last year or two to push commercial operations out of industrial buildings. This has caused additional problems for commercial companies and what I am suggesting is almost exactly the reverse policy which I believe has much merit.

Sir, you referred in your speech to the concept of the "think tank" and you described it as a "central policy unit". With all respect, Sir, I believe that you already have available to you, through an extremely extensive and inter-linked system of boards, councils and committees, access to the most professional opinion you could possibly seek over the wide range of subjects which fall to the Government to consider. It seems to me that a so-called "think tank" could be

established to consider special problems but in such cases, the members of the think tank" would be assembled into a committee and disbanded when their thoughts had been conveyed. A permanent committee of thinkers may pose considerable problems with membership, the subject matters it would be asked to consider, and its relationship with other established senior councils and boards including this Council. I would press the Government therefore to consider most carefully how the "think tank" will operate and how it should fit into the present advisory system which seems to me to be working well.

Sir, I believe the time has come for the Government to consider becoming more involved in the financing and administration of the system which supports the development of sporting activities in Hong Kong and especially the development of young Hong Kong athletes who have the potential to become championship material. I feel that Hong Kong has never been able to reach its full potential as a sporting community and as a contributor to Asian and world sports partly because the Government has been reluctant to become centrally involved.

I think that we have the talent over a wide range of sports and we are increasingly endowed with the facilities needed to produce athletes of whom Hong Kong can be proud. There seems to be, however, a lack of policy direction and effective co-ordination between the various sporting bodies. This may well be holding Hong Kong back. Our performances at the national level are poor, to say the least, despite a great deal of money spent on coaching and facilities in recent years. I think that we can do much better and that this would be good for Hong Kong morale and confidence in our own future. Everybody loves a winner and Hong Kong people are no exception. It seems rather sad that with our present excellent economic situation we have been unable to produce even regional champions let alone any international ones in the sporting field. We used, Sir, to do much better when I was playing with YIU Cheuk-yin and MOK Chun-wah all these years ago, and HO Ying-fun as well. We compare badly with other small countries which take national sporting prestige seriously.

There is of course an important exception and that is the consistent and quite incredible performance recorded by our disabled athletes who set an example for others to follow. One might ask whether our disabled athletes are more dedicated than their able-bodied colleagues. Or could it be that those who organize their training, selection and competition do not have to worry about conflicting arguments between competing associations and can therefore single mindedly approach the task at hand. They have done a very fine job for their athletes and for Hong Kong.

The Council for Recreation and Sport has an annual grant amounting to \$10 million in 1987 but is responsible for assisting the development of over 50

sports through 48 separate bodies and in three categories of financial disbursement. This seems to me to be asking far too much of the council.

I found a great deal of good advice in the consultancy report by Mr. E.B. JONES on sport in Hong Kong entitled "The Way Ahead" issued earlier this year. His final comments are worth repeating. I quote,

There is no reason why the success which Hong Kong has achieved in the economic field should not be repeated in sport. The potential talent and enthusiasm are there, the facilities available must surely be the envy of most cities in the world, the necessary funding is potentially available from the public and private sectors, the rough edges can be rubbed off and the gaps in the master plan filled with co-operative effort.

Yet in spite of it all, the question still remains — is there the will to succeed in sport as in business in Hong Kong?"

Sir, I hope this Council will encourage the Government to help our sporting organizations and our sportsmen and sportswomen with more generous funding, better direction, closer co-ordination and stronger commitment. Expenditure on sports will also have the effect of directing the energies of our young people into healthy activity and away from the pernicious influence of the triads.

My colleagues have spoken at length on the further political development of Hong Kong. I will therefore keep my remarks brief and to the point. The concept of one country two systems, whilst brilliant, has a high degree of risk. It depends for its success upon the continued expansion of the Hong Kong economy, the continued participation in the economy of a wide variety of foreign interests and an unflagging growth of investment into our infrastructure and business by both local people and external investors. At the centre of this activity, there must be a high degree of confidence here and elsewhere that the experiment will succeed. Anything less than full confidence will have a depressing effect on investment and therefore on business. We must therefore work quickly towards a system of internal government which will create an environment within which business and investor confidence will remain high. We cannot afford to make mistakes because there will be no time for corrections.

I believe, personally, that the best answer for Hong Kong lies in a system of government which includes the highest possible degree of political and administrative autonomy free from interference, intervention and even undue influence in policy matters by China. It is a great deal to ask of a sovereign country and especially a country with such a different system to our own. But that, surely, explains the need. China does not have the experience nor even the

necessary ideological conviction to run a capitalist territory successfully. It is in China's interests that Hong Kong shall be able to very largely run itself. That in turn means that we all should be working together to find the magic formula for success. I believe that we can do so with goodwill and by ensuring that the people of Hong Kong have as large a stake as possible in administering their own affairs. I do not accept that such a system can only work on an elitist basis or that there is some danger in democracy. It is in fact the other way round. We must seek the most democratic system of government which China can tolerate and accept.

Sir, we are passing through unique and momentous times. The constituency I represent has always wholeheartedly supported the Government of Hong Kong and contributed greatly to economic and social development. I came here therefore to help the Government to do a difficult job not to bombard it with unreasonable and unfair criticism and complaint.

Sir, with these remarks, I support the motion.

MR. SIT (in Cantonese): Sir, a Chinese saying has it that the longer the night, the more dreams one will have. According to the Order Paper, my speech is the 30th dream. This is not a bad dream and it may last two minutes or one hour. Hong Kong people also have a dream of having a smooth transitional period during which prosperity can be enjoyed in the run-up to 1997. Could this dream come true? The Governor's policy address of 12 October told us that we have the ability and confidence and, given smooth implementation of the plans that we have for Hong Kong, we should have full confidence in the territory's future. In commenting on the policy address, I would like to start my debate by quoting the conclusion in paragraph 184 of the Governor's speech. It said, "What matters is not that we have problems — no society is without them — but that we are prepared to face them honestly and tackle them realistically." I share the Governor's pragmatic attitude.

Joining the Tuen Mun District Board and working in Yau Ma Tei, Tsim Sha Tsui and Mong Kok has enabled me to grasp a deeper understanding of district administration. Therefore I would like to explore what bearing the address might have at the district level. In terms of district demarcation, South Kowloon covers Yau Ma Tei, Tsim Sha Tsui and Mong Kok, that is, the area extending from Kowloon-Canton Railway in the east to the Yau Ma Tei reclamation in the west, and extending from the south of Boundary Street to cover the whole of Kowloon Peninsula. South Kowloon has a population of over 300 000. According to the last census, in the next 10 years, there will be a slight decrease of about 10% in the population. But even so, the mobile population of the district are several times its residential population. The population density of

Mong Kok, in particular, is the highest in the world. Ever since the 1970s, in order to relieve pressure on the urban population, the Government has been extensively developing new towns. Today, the infrastructure in those new towns has been completed and new town dwellers are having more space for various kinds of activities. They can enjoy the use of community hall, library, large-scale and multi-purpose cultural and recreational venues. The facilities provided for the residents in the old districts such as Yau Ma Tei, Tsim Sha Tsui and Mong Kok compare poorly with those of the new towns. Therefore, in the year before last, the Government announced the Metroplan and the establishment of the Land Development Corporation. Those engaged in commercial activities in South Kowloon were glad to hear of it because the Government has re-affirmed the importance of redeveloping old urban districts in tandem with the development of new towns as part of the overall planning strategy for the territory. The residents in South Kowloon hope that the Metroplan can be implemented at an earlier date and the Land Development Corporation can include the redevelopment programmes of some old districts in South Kowloon in its schedule of works as soon as possible. South Kowloon is not only a tourist and shopping centre in Hong Kong, it is also a favourite "hangout" for Hong Kong's "night birds". In addition to the numerous restaurants and catering establishments, the district also has the greatest number of guesthouses of various sizes, apartment houses and motels. (Hence the proliferation of objectionable signs). Furthermore, it is also the only district without public housing and Home Ownership Scheme estates. It is the place where we can find the greatest number of private buildings and hence private building management and maintenance are also matters of keen concern to the residents. Disputes arising from the right of management and deed of mutual covenant of private buildings and private streets have slowed down the environmental improvement works which have so far achieved but very little. Therefore, the residents do welcome the recently-established Advisory Committee on Private Building Management. They also hope that an early amendment can be made to the Multi-Storey Building Management Ordinance as multi-story buildings are in urgent need of better management and this cannot be delayed any longer. As Yau Ma Tei, Tsim Sha Tsui and Mong Kok are commercial areas and have a huge mobile population, they are posing a big attraction and lure to itinerant hawkers plying their various trades. Hawkers from various districts are swarming into South Kowloon. Illegal hawking has aroused concern of the South Kowloon District Board as problems of pedestrian safety, traffic congestion, amenities and hygiene have thus arisen. Except for the newly reclaimed area along coastal Tsim Sha Tsui East, South Kowloon is basically an old district. The sewerage and underground drainage system previously built are now found to be inadequate to cope with the brisk development of commerce and the catering industry. Reprovisioning of the sewerage and drainage systems is needed.

As we all know, the two fires at Chungking Mansions and Mirador Mansion have unveiled the safety problem of guesthouses and apartment houses inside multi-storey buildings. It is because once a fire breaks out, it will not only endanger the occupants' safety and cause loss of property, it will also pose a serious threat to the landlord and the residents of the whole building. Therefore those guesthouses, boarding houses and apartment houses falling short of the safety standard should be controlled by legislation. Though in principle it is in the public interest to so legislate, I would suggest that the Government should consult the relevant trades and listen to the views of district boards on this issue when setting up legislative controls or licensing standards. For example, a deadline be given to the business operators and an appeal system be set up. Even if they are not given the licence, they will still have the opportunity to express their views.

Sir, the Vietnamese refugee problem has long been a matter of grave concern to Members of this Council and the public. Here I would like to point out another problem. There are "cage-houses" in Mong Kok district, currently estimated to number 30, which are housing over 1 000 people. Their living conditions, when compared with that in the Vietnamese refugee camps, are by no means better. Besides, in Mong Kok district there are 1 900 buildings comprising 42 000 living units, apparently a most densely populated area. With a total area of 146 hectares, the space available for activities and recreational facilities in Mong Kok only amounts to 5.2 hectares, which is less than 3%. This falls short of the requirement stipulated by Hong Kong's overall planning standard by a wide margin.

Recently Mr. David LAN mentioned about the Yau Ma Tei reclamation project. In my opinion it will take six or seven or even up to 10 years to implement the project. Yet this shortage in provision of recreation facilities in Yau Ma Tei and Mong Kok districts should not be put up with indefinitely. We hope the Government will achieve something before too long.

Now turning back to the policies on Vietnamese refugees and boat people, I appreciate what Mrs. Rita FAN and MR. HUI Yin-fat have accomplished in these aspects. But I fail to grasp an aspect in the development of this Vietnamese refugee problem. This was initially an international problem which the international community are under an obligation to help Hong Kong solve. However since the adoption of the screening policy in mid-June some of the Vietnamese boat people arriving here would no longer be granted refugee status, and when this happens, other countries such as the United Kingdom, the United States and Sweden would no longer undertake international responsibilities in offering resettlement. In other words, why have we of our own accord turned this problem, initially an international problem, into an issue solely between Hong Kong Government and the Vietnamese Government? Furthermore, why

are we turning Vietnamese refugees into an illegal immigrant problem? We have definitely contemplated opening up closed camps. It is said that Vietnamese refugees live in a very congested condition in closed camps. They have my sympathy. Yet, after implementation of the screening policy we are nevertheless still locking up some of these boat people. If we are that humanitarian as we claim, why are they locked up instead of being granted freedom of movement within our territory? What kind of humanitarian principle is that? I therefore urge Government to clarify the reasons behind all this: why are we turning an international issue into a territory issue; and worse still, through the policy of liberalization of closed camps, why is the problem further confined solely to the district of Tuen Mun? In so doing, international countries initially with obligation will gradually and comfortably shirk their responsibilities.

Now I would turn to constitutional development. Sir, you mentioned in paragraph 4 of your policy address that, "As our society develops, our increasingly more educated and prosperous population both seek, and deserve, to play a greater part in public affairs and have more say in the decisions that affect their own lives." Sir, I believe the brilliant master plan outlined by you would no doubt be realized step by step. With the enhancement of our quality of life I believe our people would become more interested in getting better informed about political development, structure of upper strata of society and so on, which should not be neglected.

In the aspect of constitutional development we note that with effect from 1991, the relation between district boards and the Legislative Council will sever; there will be no more district board representatives on the Legislative Council. Hence what does Government expect district boards to do in the next three years or in the longer term? Should district boards take a review on what they could do for society within the consultative framework for district administration? Let us for one moment refrain from asking such a question but rather, let us ask for clearly spelt out guidelines from Government. Judging from what we have observed recently in the handling of different matters, in particular in the policy on opening up Vietnamese refugee camps, a dangerous trend is emerging: government policies are implemented without adequate consultation with relevant district boards and local bodies. As a result considerable amount of resistance came from our people during implementation. Some people and also some district board members are losing confidence in district administration. They even feel that the Government will only present them with *fait accompli* rather than genuinely consulting them. I hope that this situation will be rectified in future.

Sir, since I am a newcomer to this Council, I miss the last Session when Ms. Lydia DUNN was the Senior Member. I am nevertheless aware that Ms. DUNN spoke a lot as an advocate of consensus politics. I believe it is a genuine

fact. I also believe that consensus politics will be beneficial to our society as a whole. But there is a crucial point about it that is at stake. When speaking of consensus politics in this Council or in other political forums in Hong Kong, should we mean one is to seek common ground while preserving differences, or rather should we mean one is to seek common ground while eliminating differences? If it is the latter that we mean, I raise my hand in full support. I would even tip my hat to whoever does it. But then I dread the trend that in many forums people tend to refer to consensus politics as seeking common ground while eliminating differences: They are all ears wherever they find others' opinion agreeable but would turn a deaf ear wherever they do not. Besides they always resort to a very effective mechanism: views that are found disagreeable are very often ruled out through a show of hands, whereby they could rest assured that the majority always rule. However in a democratic society, in particular, considering the kind of prosperity our society has achieved because we tolerate the co-existence of different opinions, we would not survive by stifling opposing viewpoints. Sir, I hope, in future, in this Council as well as in all other forums in Hong Kong, the spirit of seeking common ground while preserving differences and an awareness of being in the same boat could be instilled into the heart of us all whenever we hold debates and reviews of issues.

Finally, Sir, I have promised those of my colleagues who will be speaking after me that I will not take more than one hour. We are fully aware that in the development of Hong Kong in the run-up to 1997 we inevitably have to face enormous hardship; we are well aware that the way ahead of us is full of twists and turns. Nevertheless I have every reason to believe that my colleagues will share my view that we are going to have a bright future. That we will be confronted with problems should not baffle us. Sir, you pointed out in your policy address (if I may once more quote from the conclusion) that, "What matters is not that we have problems — no society is without them — but that we are prepared to face them honestly and tackle them realistically." In addition, as I said, we must cherish the spirit of seeking common ground while preserving differences so that the public and Members of this Council will, under your dynamic leadership, make a concerted effort to work towards a peaceful transition in the run-up to 1997.

With these remarks, I support the motion.

MRS. SO (in Cantonese): Sir, in your policy address for 1988-89, you have, in an open and frank manner, commented and made forecasts on several selected issues of public concern, such as the brain drain problem, importation of labour and future planning for major infrastructure projects. This is indeed a welcoming sign to the general public because it is indicative of Government's willingness to face those problems squarely. However, in mentioning some other

important proposals including the proposed changes to the top level structure of the Civil Service, the policy address has, on the other hand, gone no farther than just giving a very rough outline of its ideas. There is no provision of any specific plans. It is therefore my hope that details can be made available by the Government as soon as possible. Prompt disclosure is necessary if we hope to allay public anxiety. It is fully understandable that such issues are particularly sensitive in arousing emotional reaction among the general public.

Firstly, the brain drain problem has now become a social phenomenon which does not only have a disturbing psychological effect on the whole community but also has begun to cause real wastage to the development of our economy. It is estimated in the policy address that there will be about 45 000 people emigrating from Hong Kong in the year 1988 and that over 10 000 of these emigrants are expected to be managers, professionals and technicians at the middle management level with relatively better education and working experience. The findings of the survey recently conducted by the Hong Kong Institute of Personnel Management indicate that about 6.5% of our professionals in the wage bracket of \$14,000 or above have already emigrated from Hong Kong. This figure indeed bears strong evidence to the seriousness of the problem.

The fact that our Government has shown its intent to relieve the pressure generated by this brain drain problem is worthy of our praises. However, the proposals put forth in the policy address are, to our regret, not directed at tackling the root of the problem. Instead, they are likely to bring about some undesirable sequelae.

At present, the outflow of our professionals is mainly confined to a few trades. Hence, even if there is a general increase in the number of graduates from our tertiary institutions in the immediate future, we are in no position to expect that there would be sufficient graduates from suitable faculties to fill their vacancies. After all, good quality and well experienced professionals are no easy-made products that can be turned out in large numbers overnight.

Besides, the proposed strategy to attract those who have already left Hong Kong to return by means of offering them favourable terms and special convenience is, I am afraid, only a stop-gap measure instead of a durable solution to the problem. It may mean unfair competition for those who are determined to stay in Hong Kong if the Government is going to place undue emphasis on the need to encourage the emigrants to return. This may, if worse comes to worse, help create the illusion that the status of a returned emigrant is a qualification for extra pay in the job market. And as an indirect result, more people would be encouraged to leave Hong Kong in the hope that they may return one day with a value-added status.

What we must do now is to stay calm and restrain ourselves from over reacting to this emigration fever. As a matter of fact, individual officials of the Australian and Canadian governments have earlier revealed on separate occasions that in view of the abrupt increase of emigrants to their countries in recent years, their governments are contemplating a certain reduction of their quotas for accepting emigrants. It seems that emigration is a complementary and mutual issue which is subject to the control of certain regulating mechanism.

Such being the case, we must, in formulating our solutions to the brain drain problem, give priority to those who have decided, out of their own willingness or under the dictate of circumstance, to remain here and continue to make their contribution to Hong Kong. Our solutions should aim at retaining our talents by building up their confidence in and their sense of belonging to Hong Kong. As the largest employer in Hong Kong the Government should take a leading role in striving for this goal — to follow the course of developing our human resources by taking an active part in training up people at the middle management level.

We are, however, fully aware that if we fail to rectify the situation from where it has gone wrong, our training programmes will only have the negative effect of helping the unqualified to qualify themselves for emigration.

Confidence" is the key to the problem.

To describe the problem more specifically, many professionals are beginning to worry about the changing political situation which, they fear, may eventually affect the prospect of their careers. The substantial drain of nursing staff and social workers recently and the dispute over the policy of allowing American lawyers to apply for permission to practise in Hong Kong have, to a certain degree, highlighted this underlying worry.

In viewing the problem from a wider angle, we find it necessary to recognize that the brain drain issue and the worry about Hong Kong's future are like two mirrors reflecting each other's image. It is therefore my belief that the greatest aspiration of the Hong Kong people is to see that the Chinese, British and Hong Kong governments jointly commit their greatest efforts to bringing about an open and democratic political system in Hong Kong. To gain the trust of the people and to maintain a high degree of continuity in the implementation of policies is an undertaking of great political wisdom in removing possible causes of unrest in different sectors.

Regarding the policy, on developing our human resources, the Government's initiative to prepare for the establishment of a technology centre is praiseworthy. As described in the policy address, it is different from our

previous technology research units which were designed to cater for the exclusive needs of individual trades. The proposed technology centre aims at achieving a general objective of raising productivity and promoting the use of high-tech in our manufacturing processes. At a time when Hong Kong industry is changing into a new pattern of production, the Government has indeed taken a more active role and shown greater initiative than it ever did before in providing the industrial sector with supporting services.

For the sake of promoting technology-intensive industries and in view of the fact that the actual needs of the trades affected by the labour shortage problem have yet to be identified as to whether they need more workers or our labour force should be reinforced in terms of quality, I consider it reasonable and advisable to maintain our established policy on the importation of "non-skilled" workers.

While the Government has acknowledged serious constraints in labour supply in the construction sector in its feasibility report on Expo 1997 Hong Kong, the policy address has, to our surprise, indicated that decisions on several super-scale infrastructure projects are to be made by next year. I wonder whether the parties concerned are aware of any causes for alarm as regards how our labour resources can be best deployed to meet the demand of these mammoth projects.

On the development of economy in Hong Kong, I regret to point out that despite the mention of a general principle to "expand our trades with the outside world", the policy address has failed to suggest any intermediate objective and specific development plans. With the growing trend that more and more Hong Kong manufacturers are shifting the bases of their labour-intensive industries to Mainland China and in the face of increasing inflow of foreign capitals to China through Hong Kong, our contacts with China in relation to mutual trading activities and in areas of technology and law have been closer and more frequent than any time in the past. In order to ensure steady development of Hong Kong's relationship with its biggest trading partner and for the sake of safeguarding the interests of both parties, the Government should strive for a mutual understanding in the nearest possible future on various administrative matters covering ordinances on protection of employees and proper control on the movement of capital. These matters should be looked into without delay.

Lastly, I think the decision to set up two new policy branches and a Central Policy Unit as disclosed in the policy address will have far-reaching effect on the administrative structure of the Civil Service. I believe that the general public would welcome such an idea which basically indicates that the Government is concerned about the quality of our cultural activities as well as our quality of life and actually makes endeavour to bring about improvements in these areas.

Furthermore, the widely discussed "Central Policy Unit" is a new idea which, I believe, requires clarification on its intended terms of reference and functions. Before such information is available, all public comments on its advantages and disadvantages will have to be made on assumptions. It will not be meaningful to carry on with a debate on the subjects this way. Hence, I urge the Government to provide the general public with all relevant information for comments.

Sir, with these remarks, I support the motion.

MR. TIEN: Sir, the policy speech contains many encouraging messages. They include new developments in education, health, and the social services — which are welcome. I am glad to hear that a new airport is being considered and that a decision will be taken before the end of next year. I am glad to hear of the continuing fight against crime and drug abuse. It is important to prevent drug traffickers from using Hong Kong to recycle their ill-gotten profits into the drug trade.

It is also important to be aware of heavy burdens placed on those government departments who deal with the Vietnamese boat people. In spite of criticism, they and the voluntary agencies have, on the whole, performed admirably. New schemes for strengthening the Civil Service are very timely. I firmly believe that a confident Civil Service in tandem with industry and commerce is a vital prerequisite for the health of our society.

After reading the 186 paragraphs of the speech, no one can be in any doubt that Hong Kong is alive and well. We have been given a fully comprehensive picture of our city — "warts and all". I am however going to consider a number of issues only.

The policy speech has correctly identified a most serious problem. This is loosely politely described as a labour shortage. But it is no mere shortage, like a shortage of, say, water. There is no tap which allows us to turn on or off the supply of workers.

Sir, your policy speech set out the measures already taken. These include, for example, relaxing restrictions on overtime work by women. Another would examine ways of persuading more people to enter the labour market. A third measure relates to expanding the advisory and consultancy services of the Productivity Council.

So far we have not solved the problem. On their own, these measures, though worthy, are inadequate. More positive action is required.

The labour supply situation is extremely tight in general. In the case of the construction industry, it is acute. Most economists would argue that a shortage of workers fuels and worsens inflation. In turn, inflation distorts the supply of labour.

Without workers we cannot produce. Without workers we cannot man the hotels. Without workers we cannot distribute goods. And without workers, no new airport can be built.

The private sector has done its best. But the shortage of labour is a critical problem.

Vacancies are up by 62% in the manufacturing area, by 122% in distribution and catering, and by 108% in finance and real estate.

Unemployment is down virtually to nothing. You indicated that about 2 million people work for us in Guangdong. Government statistics indicate that we have around 850 000 in the manufacturing sector here. In any case we could conclude that more than twice as many workers are working for Hong Kong in China than in Hong Kong itself.

I now wish to discuss the labour shortage problems of the garment industry and its role in Hong Kong's future.

Firstly, consider the nature of the garment industry. We are in competition with neighbouring countries in the region. We operate not at the bottom end of the market, but rather at the top. Labour here, though skilled, is not cheap. The current labour shortage has already pushed wage levels up to such an extent, that Hong Kong garment manufacturers are no longer competitive.

So, the Administration has argued, why not automate? Well, the answer is that we are already highly automated. But consider further the nature of our industry, which depends on a fast-turn-around time often involving relatively small quantities. If we have 60 to 90 day deadlines, then we cannot rely upon rigidly automated production lines. There are limits to automation. There are changes in fashion and designs which vary almost on a monthly basis. Total automation is just not flexible enough for our needs.

The second dilemma facing the garment industry relates to the so-called "country of origin" rules. Under the Multi-Fibre Agreement (MFA), quotas are given to Hong Kong. The MFA recognizes a territory for the purpose of defining the country-of-origin rule. The MFA is about geography, not about citizenship. It does not take into account the nationality of the workers. Hence,

garment manufacturers cannot simply move into Shenzhen, as perhaps the manufacturers of, say, plastics or electrical goods.

Given these restraints, Hong Kong garments really are made in Hong Kong. However if foreign labour were to come to Hong Kong it would not contravene the rules of the MFA.

I can refer to the situation in Singapore and Macau, and others too which have actually imported labour, and yet remain in the rules of the MFA.

My third comment relates to the future role of the garment industry here in Hong Kong. As an industry we are rooted to Hong Kong. We cannot relocate anywhere. But consider our position. In the last three years we have lost 50 000 workers. Only 250 000 workers are currently employed in the garment industries.

The Japanese export garment trade which, in the 1960s was so dominant had virtually disappeared. Because of wage increase, inflation and a labour shortage, production in Japan has shifted from garments to electronics, car manufacturing and other heavy industries.

Now, one might ask, what happens in a period of mild recession? When recession comes, the service industries such as financial, shipping, tourism, could be affected. In a period of recession, displaced unemployed workers might well be expected to seek employment in manufacturing.

However, unlike Japan, all our other industries such as electronics, toys and plastics, have moved permanently to Guangdong. The rapid decline of the garment industry caused by the severe labour shortage indicates that it is a sunset industry. When a recession comes, we will be quite unable to help re-absorb labour from the service industries because we will not exist. Now is the time to change the present policy of not allowing imported labour. For, the garment industry is, and potentially remains, the bedrock of Hong Kong. It is one which can cushion the effects of a slump as well as hold up the economy where necessary.

I would like to stress that what we are facing in the garment industry is not a labour shortage, but rather a labour famine.

Sir, going on to a different subject, I congratulate the Administration on its introduction of the Central Policy Unit. After all, the idea is over 35 years old and, in the United States, there are well-established and respected "think tanks" in that country such as the Brookings Institution and the Rand Corporation. Very specific tasks should be given to the Central Policy Unit.

Not a day goes by without some new idea coming up which requires full investigation in an imaginative way. A "think tank" must be here in Hong Kong as everywhere else, a centre of excellence.

Of course such a centre should operate in as independent a spirit as possible and should explore chosen areas of investigation as required. But a "think tank" is not a committee. It concerns itself with policy research, design and analysis. It is not just a unit engaged in strengthening the management aspects of government policy. I personally think that the task of the "think tank" should be seen as having a strong research element, free of external pressures.

Above all, it must be careful not to be associated with particular pressure groups or social causes. It fails if it loses its neutrality. Without neutrality, it will lose credibility. One of the first projects which the Central Policy Unit should examine is the question of the importation of labour.

Sir, I am impressed by the amount of space devoted in your policy address to the environment. However, I hope to clear up one misconception. From time to time, industrialists are portrayed as unconcerned about polluting the environment. The truth is somewhat different.

Pollution is not the object of business enterprise. In some circumstances it may just be a by-product. Many of our industrial concerns are small-scale enterprises. Their problems should be better understood.

This Council should appreciate that entrepreneurs are not specialists in the technology of pollution control. That field is highly specialized and highly expensive for the average small industrialist.

Under the circumstances I believe it is wrong for entrepreneurs to be punished by heavy fines only. Such a fine should not be seen as an operating expense. A fine should not be perceived in the same way as the payment of rent or insurance, yet failing to remove the actual pollutants.

Such a cost will merely be passed on to the consumer. Surely this is no sensible way to eliminate pollution? Unfortunately, the Chinese saying, 有心無力 — "the spirit is willing, but the flesh is weak" — applies here.

There is, I believe, another approach, one based on education rather than punishment. Let us help, not penalize industry, in trying to clean up the environment.

I suggest that the Environmental Protection Department and the Productivity Council should share the responsibility of pollution control. The

Environment Protection Department should, through its inspectorate, identify the problem. Then, the Productivity Council should advise on the appropriate methods and latest techniques to reduce pollution.

Now, rather than pay fines, industrialists should be asked to cover the costs of such installations deemed necessary. Fines should only be imposed on unco-operative polluters as a last resort. What is required is a good working relationship between the Environmental Protection Department, Productivity Council and industrialists. In this way we can co-operate towards a better environment. We do not want a war, we want co-operation over the eradication of pollutants.

Sir, many of my colleagues on this Council have considered the various items in the policy address. I have, of course, mentioned only a few of the various areas of concern in our public life.

However, I am compelled to address the question of the so-called "brain drain" once again. I am compelled to say this because for some, this subject is irresistible.

Attempt was made yesterday to score debating points on the serious subject of the so-called "brain drain". Unfortunately, some of the arguments strain belief. It was suggested that our best brains are leaving Hong Kong because direct elections have been slow in being introduced to this Council.

The strange logic of this argument, in my personal view, borders on the ridiculous. Hypothetically this Council were, as from tomorrow, to be constituted totally by one-man-one-vote directly elected members, there is no reason to believe that the "brain drain" would dry up. There is certainly no reason to believe that the departing brains would reverse their decision to leave and flood back here.

People will continue to emigrate as long as immigration quotas are readily available. Confidence in Hong Kong is not a function of the way in which this Council is formed. Confidence in Hong Kong is a product of many factors, social, economical, cultural and political.

The crux of the "brain drain" problem rests with the receiving countries. There are certain countries which have derived considerable benefits from our human and financial resources. There is of course a "brain drain". But, let me remind this Council that there is also a money drain. Some countries see Hong Kong as an orange to be squeezed dry, or perhaps as a cow to be milked.

Until the early '80s, tight quotas were placed by most receiving countries on the immigration of Hong Kong people. They then woke up to discover that apart from the talents of our professionals, there was hard cash to be made.

The quotas were expanded and extended to take in larger numbers of would-be immigrants. Certain categories allowed immigrants in on the basis of investment introduced. Hong Kong's precious talents have been, and are being, drawn away. But so has much capital. These tactics amount to highway robbery.

Of course I fully agree that we should not interfere with the rights of people freely to come and to go.

However, I must deplore the methods used by some of the receiving countries. Unfortunately however, our hands are tied. The Joint Declaration is clear on the point of free entry and exit into Hong Kong of those qualified. This is referred to in the policy address. We cannot ask the receiving countries to reduce their quotas. But can we not ask them to play fair?

If they want more people as people, they are very welcomed to take thousands of Vietnamese refugees from us. I doubt if we will have many takers.

Domestic exports are up by 23%. Re-exports are up by 35%. By world standards we are flying high. Our industrial, commercial and manufacturing sectors are on course and on form.

Let me say that there are now good expectations that the smooth transfer of power from Britain to China can be achieved with the minimum of disruption. The Basic Law is to be promulgated in less than two years, and, the Joint Liaison Group (JLG) is making impressive progress. I am well aware of the difficult and complex constitutional operations which lie ahead. Many of these touch on the very nature of this Council.

Sir, I agree wholeheartedly with your view and I quote, "As a society, and as a government, our horizons are not limited by 1997: they extend well into the next century." (paragraph 183)

With these remarks, Sir, I support the motion.

MRS. TU: Sir, many of the subjects mentioned in the policy speech were of interest to me.

I have already expressed my views on education in the motion debate on 26 October. So I shall merely sum up what I said then, that the whole system of education needs to be overhauled so that educational opportunities are not only open to all but also equal for all.

I support what my colleague, the Honourable David CHEUNG, said about education in a mother tongue which I consider to be a fundamental human right.

My own constituency, the Urban Council, will be the main subject to which I shall address myself today. It was proposed by the Government that a new policy branch for sports, recreation and culture would be created, to provide additional support for cultural and recreational pursuits, and that this new branch would work closely with the two municipal councils.

A government white paper in 1971 proposed to give the Urban Council financial autonomy but to confine its jurisdiction to public health, recreation, amenities and certain cultural activities. From the time that this financial autonomy was introduced in 1973, the Urban Council has made a large contribution towards dragging Hong Kong out of a cultural desert into the mainstream of cities with a real cultural life. And in fact it was the Urban Council itself that proposed the funding of the Hong Kong Philharmonic Orchestra to allow its artists to concentrate on their art and not live on the precipice of financial collapse.

There are however a few areas in recent developments which cause concern. Firstly, whether the new policy branch, when created, would encroach upon the jurisdiction of the two municipal councils. One of the fears is that if the Council for the Performing Arts, in co-ordination with the new policy branch, is going to move forward on the arts front, it may only be able to do so at the expense of work already being done by the municipal councils.

Secondly, there is a question concerning recreation and sports. Some of the proposals made by Mr. E.B. JONES in his recent report entitled "The Way Ahead : A Consultancy Report on Sport in Hong Kong" might well lead to unhealthy competition between the municipal councils and the proposed government statutory body. Again this might result in the reduction of the councils' jurisdiction and surely competition of this kind should be avoided.

At this juncture, I wish to point out that the Urban Council is committed to sports for the millions, and is only marginally involved in what my colleague talked about in providing for athletes wishing to reach international standards of excellence. The Urban Council would be happy to provide facilities for the

attainment of better standards for the talented, on condition that this does not conflict with our duty to the public at large.

Another area of concern relates to private sponsorship. It has been known for some time that sponsorship from the private sector, although available, is not unlimited. But if several bodies (including the proposed new ones) set out to tap the same resources of funding, they would be set in competition against one another. That would not be in the interests of service to the public.

Finally on this subject, I would like to sound a general warning on the growth of statutory appointed bodies. Whilst the Government claims to be promoting greater democracy on the one hand, the growth of statutory appointed bodies on the other hand appears likely to undermine the powers of the largely elected municipal councils. This trend must be viewed with some alarm and unless the municipal councils are consulted at all stages by the Government concerning new proposals related to culture, recreation and sports, I am afraid that unnecessary confrontation between the Government and the municipal councils may arise. Co-operation is surely what is required.

Among our duties on the Urban Council is the ward office system which brings us into contact with the public. And among the most pitiful cases I have to deal with are elderly people no longer able to work, but frequently unwanted, sick, and suffering from feelings of rejection. In the policy speech, Sir, I was happy to hear that the Government aims at allowing the workforce to share the benefits in the good years as they share the difficulties in the lean years. The people I am now talking about shared all the hardships of the 1950s and 1960s and made a significant contribution to the prosperity of this present generation. Only those who lived here at that time know how difficult those years were. But now these senior citizens are old, and they face all the difficulties alone. Public assistance even after a recent increase is still meagre, and it is sometimes granted with bad grace. However, housing is the greatest need, because the system requires two or three old people to share a flat in public housing estates. Old people sometimes find it hard to share living accommodation with others, but there is very little provision for singletons. Worst of all is the treatment of those in need of care and attention. Promises made to provide for the infirm have been repeatedly and repeatedly broken. The number of such people is small, and I find it hard to believe that Hong Kong cannot take care of those who cannot take care of themselves.

And while we are on the subject of showing our care for those who worked so hard to build up our economy, may I mention, as Remembrance Day approaches on Sunday, that we also owe a debt to the elderly prisoners of war, lest we forget the living while honouring the dead of World War II.

Sir, I should like to express my thanks for the frankness of your speech, and I look forward to seeing the proposals put into operation, subject to adjustments after hearing the views of this Council and of the public.

Sir, I support the motion.

MR. POON CHI-FAI (in Cantonese): Sir, in paragraph 130 of the policy address you mentioned that "we are doing this (to the Vietnamese boat people) to the best of our ability in the difficult circumstances of a greatly increased inflow!" Forgive me if I have to make the bold and unseemly remark that I do not concur with your views on this issue. In fact you have pointed out in paragraph 123 that, "our community has found it increasingly hard to accept" the continued influx of Vietnamese boat people.

During the early arrivals of the Vietnamese refugees, our community wholeheartedly lent support in looking after them magnanimously on humanitarian grounds. However, with the passage of time, the majority of those who arrived in Hong Kong in recent years were not the helpless refugees who escaped by sea from the alleged political persecution. They are only a bunch of boat people who hope to find a better place to live in. Under these circumstances, the 1979 Geneva Convention that has ranked all boat people leaving Vietnam as refugees no longer holds good because the background of these refugees has changed. With the other resettlement countries failing to honour their obligation to take in large number of refugees, the first asylum concept as pronounced in the said convention is no longer practicable.

At present, there are people who live in even more distressed conditions than the Vietnamese boat people. For example, there are the skinny Africans who are on the verge of dying because of hunger; their need for help is more urgent than that of the Vietnamese boat people. If the huge exodus of boat people is occasioned by poor living conditions in their homeland and aimed at soliciting international economic assistance, or used as a device to blackmail other countries which have requested for the repatriation of these boat people, then this act of extortion should not be encouraged or tolerated. Those boat people who wish to emigrate overseas to have a better life should apply and wait for their turn for entry in accordance with proper procedures. Sir, if we carry on accepting these Vietnamese boat people and assist them in getting resettlement overseas, our help will only strengthen the desire of more Vietnamese to leave their country by boat in search of their "dreamland" and encourage them to take chances in the hope that they will be given refugee status after screening and that their dream of getting resettlement overseas will be realized. If Vietnam fails to improve its economy, resulting in incessant outflow of boat people from the country, will the Hong Kong Government be able to let them in endlessly?

There is not much difference between the Vietnamese boat people newly arrived and the illegal immigrants who come from China in that they are all after a better life. If the Government continues to accept those Vietnamese boat people who are not genuine refugees and spend considerable sum of public funds to look after them, but on the other hand arrest and repatriate those illegal immigrants from China who earn their own living by working industriously although secretly, how can this be considered fair to the illegal immigrants from China? As for those "boat brides" who have husbands and children in Hong Kong, they still have to be separated from their families because of government regulations and repatriated to their homeland to apply for entry to Hong Kong by proper procedures. Moreover, there are also the illegal immigrant mothers whose illegal status is exposed when they are admitted to hospital to give birth. They have to be repatriated as well. How can such action be considered fair to them, as they have already taken up residence in Hong Kong for many years? With the generous treatment given to the Vietnamese boat people, how can the Government convince and explain to those Hong Kong people who are waiting for the approval of their applications for family reunion in Hong Kong with their loved ones from China? Sir, both you and I hope that Hong Kong may adhere to a fair principle in handling illegal immigrant cases. In the light of the policy on Vietnamese boat people, we would like to know why the Government should have prejudice against our Chinese compatriots who have family connections in Hong Kong.

Sir, it is still in our fresh memory that two tragedies took place in Hong Kong in recent months: a sick mother who killed herself after hanging her mentally retarded son; and a three-year-old girl found beside the body of her mother who had been dead for three days. The inadequacies of social services and appropriate resources have direct bearing on the occurrence of these tragedies. These tragedies may be just the tip of an iceberg. It is believed that a lot of family tragedies of similar nature have not been exposed or reported. In fact, every day many sick people fail to get medical treatment because of long queues at out-patient departments of government hospitals or clinics. There are also those helpless elderly people who live in loneliness and perplexity. There are also many mentally retarded or physically handicapped children idle at home because the places in special schools are insufficient. There are families who live in crowded living conditions in a cubicle or in one of those wooden structures on a dangerous slope, hoping that the Government will allocate more resources to help them out of their difficulties, improve their living environment and keep them away from danger. Today we still have to resolve many urgent problems. If the Government still allocates our scarce resources to support the illegal Vietnamese immigrants, this is surely a departure from our extensively publicized objectives of striving for the benefits as well as improving the quality of life of the local residents and of doing things in the interest of Hong Kong people.

Sir, despite the screening process, the influx of Vietnamese boat people into Hong Kong still continues. The number of Vietnamese stranded in Hong Kong has grown considerably when compared to the figures before the implementation of the screening process. As regards the boat people who have been screened out, they have lost their refugee status and become illegal immigrants in Hong Kong. Thus Hong Kong will not be able to ask the resettlement countries to accept them. If these illegal immigrants and those refugees who have been refused by the resettlement countries because of their inadequate qualifications or their criminal records are unwilling to return to Vietnam, or Vietnam is unwilling to take them back unconditionally, does it mean that Hong Kong has to take up the burden of supporting their living till their death? Does it mean that Hong Kong has been caught in its own trap because of the screening policy? Has the Government given careful consideration before launching the screening policy? Or does the screening policy serve some other purpose so that Hong Kong's sovereign state, that is, the United Kingdom (who has made Hong Kong the first asylum of the Vietnamese boat people) can shirk its responsibility of tackling the Vietnamese boat people problem in Hong Kong? Some Hong Kong people do express their grave concern about this issue and are skeptical about the usefulness of the screening policy. Sir, before we are further bogged down in this issue, I earnestly hope that the Government will reconsider the case of rejecting the Vietnamese boat people. In fact, the results of the recent screening show that the majority of the Vietnamese boat people are illegal immigrants not eligible for refugee status. From the point of law, Hong Kong Government has the right to determine the ways of handling these illegal immigrants at its own discretion.

Sir, under pressure from Britain, Hong Kong cannot abandon its role as the place of first asylum. It cannot be denied that this is rather unfortunate to Hong Kong. Being Hong Kong's sovereign state that compels Hong Kong to take on the Vietnamese boat people endlessly, Britain only gives empty talk "that she is very concerned about the Vietnamese boat people issue in Hong Kong". In fact she prevaricates and cuts down her intake of Vietnamese boat people. Hong Kong is disappointed and feels that Britain has not done her part and has betrayed Hong Kong. By doing this Britain has left a black mark in Hong Kong's history. Sir, to give economic assistance to Vietnam who seeks expansion by invasion and demands gold from her people who leave the country in the hope that she may take back her own people will be something difficult for Hong Kong to accept. This will encourage aggressive countries who are not intended to improve themselves economically to export even larger numbers of boat people at the time of economic downturn as a means of blackmailing. They may even finance their invasion of other countries with money in aid from donor countries. Sir, regarding the Vietnamese boat people, many members of the public wish to know whether Britain will accept all those Vietnamese boat people whom Hong Kong will not be able to repatriate or whether the livelihood of

these Vietnamese boat people will be the responsibility of the future Hong Kong Special Administrative Region.

Medical services

With the establishment of the Provisional Hospital Authority and the Government's decision to formally set up a Hospital Authority in April 1990, the management of all government and subvented hospitals in Hong Kong and the system of medical services will undergo major changes. Sir, at this stage, you make it clear in paragraph 135 of the policy address that the Government's commitment to maintaining public health will not in any way be reduced. This can surely remove some people's doubts about the proposed Hospital Authority.

However, nursing staff are still worried about the future changes in this field. They are concerned that the existing benefit entitlements may not be maintained because of the proposed changes in the system of medical services, and wonder if their working environment will be improved. They are also concerned about the disparity in fringe benefits between government and subvented hospital nursing staffs, and doubt if the problems can be properly solved. In recent months, through group discussions and the forum provided by the Government Medical Officers' Association, government doctors have made suggestions on improving their prospects of promotion and further training, improvements of hospital facilities and on issues of overtime work and salaries. Owing to the low doctor to patient ratio, inadequate medical equipment, insufficient hospital beds and overcrowding in hospital wards, doctors cannot perform duties in the way they consider appropriate and they suffer from severe mental stress. Such working conditions coupled with the marked difference in pay between government medical officers and those in private practice have resulted in large wastage of doctors in government hospitals. Facing such problems, the Government should immediately give consideration to the proposals made by government doctors and make reasonable improvements so as to reduce the wastage of government doctors which may result in the deterioration of medical services. Besides, the Government should not refrain from taking action to tackle the problems of working environment, pay and welfare of the nursing staff just because they have been less outspoken in voicing their grievances. In fact, the problems of the nursing staff and their wastage are no less severe than those of the doctors. While tackling the doctors' problems, the Government should also find solutions to the problems encountered by nursing staff. It is better to come up with solutions before the matter becomes worse than to take remedial action after things have gone wrong.

Sir, in the budget debate held in April this year I pointed out that the qualifications and the job nature of the existing medical and nursing staff in government hospitals and those of their counterparts in subvented hospitals are

almost the same, yet the benefits and the welfare enjoyed by the medical and the nursing staff in subvented hospitals differ greatly from those enjoyed by their counterparts in the Civil Service. Therefore, subvented hospitals face even more acute problems in recruitment exercises and staff wastage. As government hospitals and subvented hospitals are operated on two different systems at present, the staff in subvented hospitals tolerate such unreasonable situation. In future when all hospitals are under an independent hospital authority, if common pay structure and benefits are not awarded to medical staff doing the same kind of job, dissatisfaction and confusion will result. Sir, in paragraph 136 of your policy address, you mentioned that the Medical and Health Department staff's terms and conditions of employment under the new Hospital Authority will be no less favourable than at present". But in referring to subvented hospital sector you only said that "their separate traditions and characteristics will not be jeopardized". Nothing has been mentioned about the pay and the benefits of the medical and the nursing staff in subvented hospitals. Does this indicate that the authorities will continue to let their pay and benefits be inferior to those of their counterparts in government hospitals? It is hoped that the Government will make clarifications at an early date in order to allay the fear and the dissatisfaction of the staff in subvented hospitals. Sir, in paragraph 139 of your policy address you mentioned a series of hospital expansion programmes. However, if the wastage of medical and nursing staff continues resulting in manpower shortage, then deficiencies in medical services will not be remedied even if additional hospitals are built.

Sir, in providing medical services the government should ensure that the medical services received by residents in each district are the same and that medical fees are charged according to the same fee structure. However, so far as equipment and Government's subsidy are concerned, subvented hospitals are far more inferior than government hospitals at present. Besides, patients in government hospitals do not have to pay extra fee for the medicine and for the medical examination they get. However, patients at subvented hospitals have to pay for some of the medicine and medical examination services due to insufficient funds in the subvented hospitals. Consequently, those residents living near government hospitals can get better and cheaper medical services than those living in areas where there are only subvented hospitals. Take the United Christian Hospital in Kwun Tong as an example, the residents in Kwun Tong district and the nearby areas served by this hospital are generally poor working class people from the public housing estates. They have to pay for some of the more expensive medicine or for the use of the ultra-sonic scanner for medical examination due to insufficient resources in the said hospital. When compared to the free medical services provided by government hospitals, such arrangement is unfair to the residents in Kwun Tong district. The less affluent members of the public are saddled with extra burden. The Government should quickly rectify this unreasonable situation and the shortfalls in the allocation of resources.

Town planning and environmental improvement

Because of the scarcity of land in our city teeming with people, town planning plays an important role in the development of Hong Kong. But all along Hong Kong has been deprived of a dynamic town planning department to carry out overall town planning for our city. At present town planners responsible for this kind of work are deployed to work in the Town Planning Office, the Territory Development Department and the Development Strategy Unit. Such diffused posting arrangements not only results in duplication of some of the town planning duties and the lack of close co-ordination, but also leads to a drop in efficiency. Moreover, the existing Town Planning Ordinance in Hong Kong is not only too simple and outdated, but also confers no actual authority on the town planners to ensure that town planning can be effectively carried out. Under these circumstances it is difficult to expect any satisfactory results in town planning. In fact, residential buildings and factories are located side by side, thus giving rise to noise and air pollution problems. Workshops are often found operating illegally in residential buildings. Billiard saloons, bathing parlours, buddhist temples and clubs that may pose nuisances to residents are also found in multi-storey buildings. The water courses, rivers and beaches are polluted. All these irregularities are to some extent the result of the lack of a powerful town planning department to enforce suitable town planning policy with authority. Sir, I concur with your views about the importance of town planning upon environmental improvement. In last year's policy debate and budget debate and on various other occasions I reiterated the seriousness of environmental pollution problem. Take the worst polluted Kwun Tong for example, I have pointed out the seriousness of the environmental problem and asked the Government to step up its efforts in making improvement. However, in the field of environmental protection, the Government usually takes action to improve the situation after the environmental problem has come to light. Such remedy is usually patchy in nature. It serves as a stop-gap measure, and not permanent solution, let alone to make Hong Kong a better place to live in. As a practicable solution to the problem, it is essential to set up a powerful and full-fledged town planning department so that at the initial stage of infrastructure construction, a comprehensive scheme (including such elements as transportation, environment and so on) in town planning can be drawn up. At the same time the Government should expedite amendments to the outdated town planning legislation and confer town planners with authority to give effect to town planning proposals so that thorough improvements can be made on Hong Kong's environment and that Hong Kong can become a city with good town planning.

Transportation

Sir, your policy address has apparently attached great importance to road construction, and a number of large-scale road work projects have been

mentioned. However, due to our limited land reserve and population density, Hong Kong cannot keep on building road to solve traffic problems. Active consideration therefore should be given to other alternatives such as regulating the demands for the usage of the roads by good town planning; co-ordinating road-works and road maintenance projects; enforcing proper road traffic management; introducing the flexi-time system to schools and offices; expanding school bus and factory bus services and strengthening public transport services. The foregoing measures may be more economical and more easily carried out than the construction of roads. Improvement cannot depend entirely on road construction. But if the above measures can be taken to complement road construction projects, I trust that better results can be achieved in road traffic improvement.

Sir, public transport is always a major mode of transport of the Hong Kong community. Therefore to provide citizens with adequate and cheap public transport services is always a major objective of the Administration. The Light Rail Transit System in Tuen Mun is a new mode of public transport in Hong Kong and has recently commenced its operation. Regrettably, it has been a subject of criticism among Tuen Mun residents and improvements in many aspects are indeed required. The Government should carry out an overall review of the Light Rail Transit System soonest as appropriate.

With these remarks, Sir, I support the motion.

MR. TAM (in Cantonese): Sir, my brief trip to Japan to study labour relations there prevented me from attending yesterday's sitting of the Council. Yet I still think the trip worthwhile as there is a lot to learn from Japan's labour relations that could give us some enlightenment as to our own labour importation policy.

Sir, you have pointed out in the conclusion of your policy address that "..... our horizons are not limited by 1997; they extend well into the next century." You also promise that "..... Government is determined to think long-term and give an energetic lead to the efforts of the people of Hong Kong to improve the life of this community." In addition to these assurances, you have also put forward a set of guidelines and programmes for resolving problems in every specific aspect, for example, the Government will build infrastructures and provide manpower resources to promote economic development; our workforce should share the benefits of Hong Kong's economic prosperity and the Government will step up its efforts in resolving Hong Kong's increasingly serious environmental pollution problems. It can be said that your policy address contains a package of well-balanced and comprehensive policy initiatives which appeal readily to all walks of life in Hong Kong. I think that in order to maintain effective administration in Hong Kong during the transitional period, the

Government should come to grips with the issue on two fronts: first, the Government should formulate public policy with vision and insight and long-term social planning should be based on social development as a whole; the Government should also encourage public participation so that rational policy can be drawn up in the interest of the people. Secondly, government departments should improve their effectiveness and efficiency in discharging their functions with a view to providing the public with quality social services. Only by doing so will the Government be able to win the confidence and support of the masses and to iron out the problems emerging from a rapidly changing society during the transitional period, whereby the life of the public can be improved and the goal of promoting economic development be attained.

As a representative from the labour constituency, I am most concerned about the remark in your policy address that the Government does "not at present plan to change existing policy (relating to imported labour) and allow the import of substantial numbers of workers from outside Hong Kong". This is a wise decision made in line with the wishes of the labour sector. As correctly pointed out in the policy address, "such a scheme — would interfere with the normal adjustment process within the economy. It would also conflict with our aim of allowing the workforce to share the benefits in good years as they share the difficulties in lean years." I support the decision made by the Government on this occasion that the adjustment process within the labour market should not be upset by administrative measures introduced artificially. But I must point out that in reviewing the current policy on imported labour, the Government should refer to the lesson learnt from the issue of the imported quarry workers from South Korea in the Tate's Cairn Tunnel project, and should not deprive local workers of their job opportunities.

In encouraging local workers to take up employment, in promoting productivity and in producing a workforce that will meet the demand at a time when Hong Kong's economic structure is undergoing transformation, the Government should draw up a systematic and well co-ordinated labour policy to cover aspects on (1) conditions of employment and labour protection, (2) industrial safety and health, (3) trade union and labour relations, (4) social security and job security and (5) labour education and training. On basis of the existing labour legislation, the Government should come up with a comprehensive policy for our workforce designed to meet the needs of the working class and Hong Kong's economic development.

Opinions of the working class should be sought in the course of formulating reasonable labour policy. As you have said, "As our society develops, our increasingly well educated and prosperous population both seek, and deserve, to play a greater part in public affairs and have more say in the decisions that affect their own lives". This is a natural social development. As the

majority of people in Hong Kong are workers, they should be given appropriate recognition in our political system and they should have a say in the formulation of social policy. On labour issues and on social policies affecting our workforce, workers' views are often useful in getting a true picture of the situation and in ironing out problems. However, at present whether it be in the Legislative Council, or on any advisory committee on labour or social policy, our workers have been unduly overlooked in terms of their membership and representation in these committees and councils. The Government should, as you have said, continue to respond" to public opinion and rectify the present unreasonable situation.

In order to sustain Hong Kong's dynamic economic growth, the Government should provide infrastructure that works well and in particular attach great importance to strengthening the airport facilities — Hong Kong's link with the outside world. The Government is aware of the existing constraints and problems of Kai Tak Airport and has undertaken to make a decision on the construction of the new airport before the end of next year. This is an urgent decision that should not be further delayed. Because of heavy passenger traffic and strong demands for air freight capacity resulting from Hong Kong's rapid growth, the existing runway of the Kai Tak Airport as well as the cargo handling and passenger services facilities cannot cope with demands. Besides, the noise impact of the air traffic during the landing and taking off and also the noise from aircraft repair works have adversely affected the daily lives of those living near the Kai Tak Airport. The only solution is to relocate the airport to a new site which will make development possible to cater to the future needs of cargo and passenger transportation. It will also help in alleviating the environmental impact on the public.

A detailed account of improving our environment has been given in your policy address for the coming year, signifying the Government's attention to this issue. You mentioned a wide range of environmental improvement projects to be carried out, showing that the Government is making strenuous efforts in improving our environment and that the first step has been taken in this direction. If we have planned well ahead and have taken preventive measures before environmental pollution problems become intractable, we will not have to resort to urgent remedial measures to patch up the damages that have been done. Regrettably the measures now put forward by the Government to improve our environment are just like "fire-fighting" remedial measures. There is indeed much room for improvement in this kind of passive approach. First of all, the Government should formulate an overall environmental protection policy to conserve our environment. Despite Government's recognition that "more comprehensive and far-reaching plans are now required" and that a new policy branch will be set up to co-ordinate our environmental protection efforts, no mention has been made of the details of the overall environmental protection

policy and the terms of reference of the proposed new policy branch. I think this policy branch should be responsible for setting the objectives of the Government's overall environmental protection policy, making research and analysis, laying down the environmental protection standards, making the necessary preparation and planning as well as initiating preventive work. In addition, it should be responsible for inter-departmental co-ordination in the carrying out of environmental protection policy. Secondly, the Government should step up its efforts in publicity campaigns and education on environmental protection with a view to providing a stop-gap as well as a durable solution to the problem. Apart from introducing punitive measures as a deterrent in the prevention of environmental pollution, what is more important is to make the younger generation and the manufacturers aware of the adverse effects of pollution on our natural environment and health and to build up a right attitude towards environmental protection and establish a code of practice so that members of the public can understand the Government's implementation of related policy on environmental protection and their co-operation can also be sought. Thirdly, in formulating environmental protection policy the Government should encourage public involvement and discussions because the policy has a bearing on the quality of the environment in which our next generation will grow up.

The successful implementation and provision of the above-mentioned policies and facilities proposed in your policy address depend largely on the efforts of the entire Civil Service and the adequacy of the machinery through which social services are provided. I think the Government has not paid appropriate attention to this aspect. The policy address has confirmed the trend of privatization of social services and stated that the Government "continues actively to look for opportunities to provide services through bodies outside the Government where there are clear advantages in terms of cost-effectiveness and management flexibility." I take the view that the privatization policy should not be carried out too quickly in the provisioning of social services. Whether social services can meet the basic requirements of the community should not be ascertained in terms of cost-effectiveness and management flexibility, because the unique features of privatization, namely its profit-oriented approach and the principle of getting the services at one's own expenses, will give rise to many social problems. First, those citizens who are badly in need of social services cannot afford the cost of services provided by the private sector, nor can they solve the problem on their own. If the Government cuts down its commitments in providing social services, how can the needy citizens' basic needs be met? Secondly, since the public sector is involved in the provision of services in a large scale, it can provide the public with social services at a lower cost. If private sector takes over the management of public sector in providing social services, the services market will easily be monopolized due to the lack of competition, thereby the quality of service will be adversely affected. If services

are managed separately by a number of private bodies, there may be an overlapping of services and wastage will result, or even unhealthy competition will set in. If private bodies take over the management of social services, they may not be so keen on taking the preventive approach as the Government does, because the more social problems ensue, the more needs there will be for social services and it follows that there will be more customers! Therefore I am worried that the promotion of privatization policy in the realm of public services will lead to a drop in quality of social services and this may adversely affect our living standard.

Your policy address has also mentioned that the Government continues actively to look for opportunities to provide services through bodies outside the Government. I think we need to take a closer look at this issue. First, such a structural change in the management will affect the status of those civil servants who serve in government departments and dampen their morale. Secondly, we also need to know how these bodies outside the Government are made accountable to the public and how they respond properly to the public needs. Such management bodies, including the financially independent Housing Authority and the Provisional Hospital Authority, should be made properly accountable to the public: first, the members of such bodies should have adequate and broad representation from different social sectors so that the views of the community and the interested groups can be properly reflected. Secondly, these bodies should maintain proper link with the Legislative Council so that Council Members, as representatives of the community, can be given the chance of monitoring the operation of these bodies. Summing up, I think the Government should not rush to implement the privatization policy, but ought to take account of the overall social implications, to study the policy impact and to properly consult public opinion before carefully coming to a final decision.

We are all aware that to maintain and enhance the efficiency of the entire Civil Service is the foundation of effective public administration. Unfortunately, in improving the civil service structure, you undertake to make changes on the management of public finance only from the controlling officers' view of point as to how expenditures are to be carefully planned and resources effectively allocated, hoping to get the best results by "giving priority to exploiting advances in office automation and computer technology." In such attitude of "bringing in technology without caring for human factor" you seem to have lost sight of most of the 184 000 civil servants and their conditions of work. In fact, in my capacity as the representative of the labour constituency in this Council, I have received a lot of complaints from civil servants, on issues concerning salaries, promotion, welfare, working hours, training and so on, as well as labour relation with the management. All these complaints indicate that the management side has failed to understand, study and resolve management problems in the Civil Service, thus dampening the morale of the civil servants as a whole. In the

past, reviews on organizational structure within the Civil Service conducted by management consultants commissioned by the Government, such as the McKinsey Report in 1974 and the recent Hay Report, only dealt with the top level structure of the Civil Service without making any recommendations on the issue of working conditions of the civil servants in general. In order to maintain good morale in the Civil Service, the Government should now embark on reviewing the personnel management system within the Civil Service, and come up with practicable recommendations in resolving existing problems.

Your recommendation of setting up a Central Policy Unit has aroused substantial speculations and discussions in the community, and the recommendation itself is something new in this year's policy address. I concur with your analysis that "in a fast developing society such as ours, complex policy issues arise which require concentrated study in order to produce the best solutions." As the proposed "think tank" will be directly answerable to you, the Chief Secretary and the Financial Secretary, the authorities and the importance of this unit are most evident. As mentioned in the policy address you "expect the unit to produce imaginative solutions to difficult problems." However, if the said unit is only formed to study isolated problems and give advice on short-term solutions, only when problems arise, I shall be disappointed. At the top level of the Administration, the unit should have farsight, engage in long-term strategic study of the trend of social development as a whole, put forward proper policy proposals to deal with different situations and co-ordinate the policies and planning of various departments. In this manner the Government will be able to change its passive approach in policy planning, but keep abreast of the rapidly changing needs of the society and make the right preparation and prevention in time.

Indeed with the complexities and the ever changing social conditions of Hong Kong during the transitional period, the Government has to maintain its effective rule in order to attain the goal of improving our standard of living and promoting economic development. On maintaining its effective rule, I would like to reiterate that the Government need to see to the following two major tasks:

1. to establish standardized procedures of social planning to enable public participation so that long-term social policy can be drawn up in the interest of the public;
2. to study and review the system of providing social services in the public sector and the system of personnel management in the Civil Service with a view to enhancing the efficiency of the Government.

Sir, with these remarks, I support the motion.

ATTORNEY GENERAL: Sir, I move that the debate on this motion be adjourned.

Question proposed, put and agreed to.

Adjournment and next sitting

HIS HONOUR THE PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 16 November 1988.

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

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