

1 HONG KONG LEGISLATIVE COUNCIL -- 4 July 1990

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OFFICIAL REPORT OF PROCEEDINGS

Wednesday, 4 July 1990

The Council met at half-past Two o'clock

PRESENT

HIS HONOUR THE DEPUTY TO THE GOVERNOR (PRESIDENT)

THE CHIEF SECRETARY

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

THE FINANCIAL SECRETARY

THE HONOURABLE SIR PIERS JACOBS, K.B.E., J.P.

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

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

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

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

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

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

THE HONOURABLE CHAN YING-LUN, O.B.E., J.P.

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

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

THE HONOURABLE CHENG HON-KWAN, O.B.E., J.P.

THE HONOURABLE CHUNG PUI-LAM, J.P.

THE HONOURABLE HO SAI-CHU, O.B.E., 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.

PROF. THE HONOURABLE POON CHUNG-KWONG, J.P.

THE HONOURABLE SZETO WAH

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING, O.B.E., J.P.

THE HONOURABLE TAM YIU-CHUNG

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

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

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

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

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

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

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

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, J.P.

THE HONOURABLE YEUNG KAI-YIN, J.P.

SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE MRS. ANSON CHAN, J.P.
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE PETER TSAO KWANG-YUNG, C.B.E., C.P.M., J.P.
SECRETARY FOR HOME AFFAIRS

THE HONOURABLE MRS. ELIZABETH WONG CHIEN CHI-LIEN, I.S.O., J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE ALISTAIR PETER ASPREY, O.B.E., A.E., J.P.
SECRETARY FOR SECURITY

ABSENT

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

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

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

THE HONOURABLE POON CHI-FAI, J.P.

THE HONOURABLE TAI CHIN-WAH, J.P.

THE HONOURABLE LAU WAH-SUM, J.P.

IN ATTENDANCE

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

Papers

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

Subject

Subsidiary Legislation

L.N. No.

Prisons Ordinance (Amendment) (No. 2) Order 1990.....	201/90	Prisons
Age of Majority (Related Provisions) Ordinance 1990 Age of Majority (Related Provisions) Ordinance 1990 (Commencement) Notice 1990.....		202/90
Road Traffic Ordinance (Construction and Maintenance of Vehicles) (Amendment) (No. 3) Regulations 1990.....		Road Traffic 203/90
Securities and Futures Commission Ordinance 1989 Securities and Futures Commission (Corporate Finance Fees) Rules 1990.....		204/90
Registration of Persons Ordinance Registration of Persons (Application for New Identity Cards) (No. 11) Order 1990.....		206/90
Road Traffic Ordinance Ordinance (Amendment of Eighth Schedule) Order 1990.....		Road Traffic 207/90
Road Traffic (Amendment) Ordinance 1990 Traffic (Amendment) Ordinance 1990 (Commencement) Notice 1990.....		Road 208/90

Antiquities and Monuments Ordinance
Antiquities and Monuments (Declaration of
Monument) (No. 2) Notice 1990..... 209/90

Banking Ordinance
Banking Ordinance (Amendment of Third Schedule)
Notice
1990..... 210/90

Public Health and Municipal Services Ordinance
Hawker (Permitted Place) (Cessation)
Declaration 1990.....
211/90

Sessional Paper 1989-90

No. 78 -- Report of changes to the approved estimates of expenditure
approved during the final quarter of 1989-90
Public Finance Ordinance: Section 8

Address by Member

Report of changes to the approved estimates of expenditure approved during the final
quarter of 1989-90
Public Finance Ordinance: Section 8

FINANCIAL SECRETARY: Sir, in accordance with section 8(8)(b) of the Public Finance
Ordinance, I now table for Members' information a summary of all changes made to the
approved estimates of expenditure for the final quarter of the financial year 1989-90.

Supplementary provision of \$3,876.9 million was approved. This included
\$2,668.9 million for the 1989 pay adjustment and the directorate salary structure
review in respect of the Civil Service and government subvented organizations. Of
the amount of \$3,876.9 million, \$3,037.5 million was offset by savings under the same
or other heads of expenditure or by the deletion of funds under the Additional
Commitments subheads. The remaining \$839.4 million was net supplementary provision.

Approved non-recurrent commitments were increased by \$123.1 million during the period, and new non-recurrent commitments of \$68.3 million were also approved.

In the same period, a net decrease of 1 478 posts was approved.

Items in the summary have been approved either by Finance Committee or under delegated authority. The latter have been reported to the Finance Committee in accordance with section 8(8)(a) of the Public Finance Ordinance.

Oral answers to questions

Imported workers

1. DR. LEONG asked: Will the Government inform this Council:

(a) whether, to prevent the possible spread of communicable diseases from other territories to Hong Kong, imported workers are required to produce medical certificates before they are allowed to enter Hong Kong?

(b) whether there are statistics on the cost to Government in providing health and hospital services to imported workers?

SECRETARY FOR HEALTH AND WELFARE: Sir, there is at present no statutory requirement for imported workers to produce medical certificates before they are allowed to enter Hong Kong. However, as an administrative measure, medical certificates are required to be produced before the standard contracts of employment for foreign domestic helpers are attested or employment visas are issued to workers imported under the 1989 Scheme for Importation of Skilled Labour. The requirement for a medical certificate under these circumstances is for the purpose of determining the worker's fitness for employment and to meet International Labour Convention standards. It is not intended as a preventive measure against the possible spread of communicable diseases.

The World Health Organization has advised that the most effective means of preventing the spread of communicable diseases is through an epidemiological

surveillance system. Hong Kong already has such a system through its comprehensive network of out-patient clinics, accident and emergency departments and other medical facilities. The effectiveness of this system has been proven by our successful control of communicable diseases in the past.

Regarding the second part of Dr. LEONG's question, there is no data available on the utilization of government health and hospital services by imported workers. The cost to Government cannot therefore be calculated.

DR. LEONG: Sir, in view of the possible increase in imported labour, will the Secretary inform this Council of the possible effect on public health and medical services especially in the light of a rather overstretched manpower situation?

SECRETARY FOR HEALTH AND WELFARE: We have no data, Sir, on the number of notifiable diseases reported in Hong Kong which were attributable to imported workers and there has been, in fact, no report to date of any outbreak of communicable diseases caused by imported workers. There is also no evidence suggesting that imported workers pose a greater threat in the spread of communicable diseases than, say, any other group of visitors such as tourists, or indeed local residents returning from overseas visits.

DR. LEONG: Sir, imported labour would strain the services not only because of communicable diseases but because of basic illnesses that they might incur in Hong Kong. Would the Administration consider the need for some form of medical insurance for imported workers through their employers?

SECRETARY FOR HEALTH AND WELFARE: I think, Sir, the requirement of medical insurance through the employer for imported workers is an area for the Secretary for Education and Manpower to whom I would like to defer for a reply.

SECRETARY FOR EDUCATION AND MANPOWER: Sir, the standard employment contracts for foreign domestic helpers and foreign workers under the 1989 schemes for importation of skilled labour provide that:

(1) when the employee is incapacitated by a work-related injury, the employer shall pay the medical expenses involved, as well as compensation; and

(2) when the employee is ill or suffers from an injury by an accident not attributed to his employment, the employer shall provide free medical attention to the employee.

Under the 1990 importation schemes, free medical attention will include maintenance in hospitals and emergency dental treatment, in addition to the other requirements provided under the schemes.

Consultancy work for the Government

2. DR. TSE asked: Given that there is a growing pool of expert talent in the tertiary institutions which is available to carry out consultancy work for the Government, will the Government inform this Council whether it intends to make use of this talent whenever possible in order to reduce the dependence on outside consultants and to build up a local data base?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, There is indeed a growing pool of expertise in the tertiary institutions and the Administration is already making use of it when it can. Generally, however, the services available are somewhat limited so that only quite small consultancies can be handled in this way.

Academic staff in the tertiary institutions have their normal teaching and other duties to perform so that they cannot normally devote themselves full time to consultancy work, nor can they accept the same degree of responsibility for their work as commercial consultants do. These are limiting factors.

Where the tertiary institutions are particularly useful is in carrying out contract research. Projects connected with construction and environmental matters have been handled in this way since 1981 and several are at present in hand.

Another good way in which the expert talents in our tertiary institutions have been employed in government works has been through their involvement in consultancies let out to commercial consultants. I think this is an excellent way to get the tertiary institutions involved and we should encourage it whenever such arrangements

are proposed.

I would also like to mention that the Electrical and Mechanical Services Department has been very much involved in the establishment of a building services research centre at the Hong Kong Polytechnic, and it is envisaged that this will provide consultancy services to Government when it becomes operational.

DR. TSE: Sir, in view of the growing number of academic and professional staff available due to the expansion of tertiary education in the next few years, and given the fact that the tertiary institutions have already plans to form a consultancy consortium to strengthen their consultancy capability to serve the needs of the community, would the Administration be prepared to take further concrete positive steps to encourage the institutions along this line of development?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, I think that the most important step is for the Administration and all parts of it to be fully aware of what the universities are actually doing, and to see to what extent they and the government services could benefit from the institutions which are now being developed.

PROF. POON: Sir, with reference to the third paragraph of the principal answer, will the Secretary inform this Council how many projects have been referred to our local tertiary institutions for consultancy work in the last three years? And in money terms, what is the percentage that these projects represent in the total consultancy work commissioned by the Government?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, my list here is likely to be by no means comprehensive but in the geotechnical field I have about some 20 projects since 1981 through to 1990. Looking at this list, although it is not actually valued, I am quite certain that it is a very, very small percentage indeed of consultancy work.

MR. PETER WONG: Sir, would the Secretary comment on the split of the consultancy fee received between the consultant and the institution, and whether there are any

in-built incentives or disincentives as a result of such split?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, I do not fully understand the question. I am asked the "split" of the consultancy work; in what context is "split"? If the questioner could enlighten me I will be able to answer the question a little more easily.

HIS HONOUR THE PRESIDENT: Mr. WONG, can you help the Secretary?

MR. PETER WONG: Sir, it is my understanding that when a university employee receives an outside consultancy fee he is obliged to pay part or all of it back to the university concerned, and as a result, if he has to pay it all back to the university, there is very little incentive for him to carry out such work.

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, I now understand the question but I am afraid I shall have to give the answer in writing. (Annex I)

DR. TSE: Sir, I understand that the six tertiary institutions funded by the University and Polytechnic Grants Committee have taken the initiative to work on a road map project for the development of Hong Kong industry, which includes environmental technology, information technology, material science, and biotechnology. Would the Government be prepared to respond to this very welcome initiative taken by the tertiary institutions?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Sir, these are obviously important and fairly comprehensive issues and I do not think it would be appropriate for me to say at this stage that we are prepared to respond to this initiative just as it stands. It obviously is important for the relevant government authorities to have a good look at it and respond as appropriate.

Discouragement of young people from smoking

3. MR. DAVID CHEUNG asked: Given Government's decision not to legislate against the sale of tobacco to persons under the age of 18 and instead to place emphasis on education and publicity to discourage young people from starting to smoke, will the Administration inform this Council what effective measures are being taken and will be taken to discourage young people from starting to smoke and to encourage young smokers from giving up smoking?

SECRETARY FOR HEALTH AND WELFARE: Sir, the Hong Kong Council on Smoking and Health, a statutory body subvented by Government, is engaged in educating the public, especially the younger generation, on the health hazards of smoking. The Council's publicity and educational activities in the coming two years will be directed specifically towards the problem of smoking amongst young people.

As a first step, a survey on smoking prevalence and attitudes towards smoking among junior secondary school students has recently been completed. This provides basic information for the planning of activities and establishes baseline data for subsequent evaluation. A pop concert and fair were staged in Statue Square on 27 May 1990 to mark the beginning of a youth educational programme. These events will be followed by other activities to increase the awareness among young people of the adverse health consequences of smoking, to encourage young people to take action to help create a "smoke-free" environment and to help young smokers to break the habit.

The Council's efforts will be supplemented by an anti-smoking youth project to be launched later this year. This campaign is funded by a \$2 million grant from the Royal Hong Kong Jockey Club and administered by the Council, with the support of a public relations firm. Over the next few months various messages on smoking will appear in the mass media, and young people will be involved in various campaign activities.

The Council's anti-smoking activities are supported by several government departments, including the Department of Health, whose Central Health Education Unit has included the health hazards of smoking as one of the themes in the Young Health Leaders Training Course which it organizes for Form III and IV students.

MR. DAVID CHEUNG: Sir, the Secretary mentioned a survey having just been completed.

Will the Secretary kindly shed some light on the findings?

SECRETARY FOR HEALTH AND WELFARE: Yes, Sir, the council survey which was conducted with the assistance of the City Polytechnic covered some 3 000 school students from Form I to Form III. The survey adopted a self-reporting technique in which the students were asked to fill in a questionnaire. The results showed that 11.1% of 13 to 16-year-olds were regular smokers, or 13.9% of males and 8% of females. The survey also found that the prevalence of smoking amongst teenagers was significantly related to family smoking habits. Children are much more likely to be smokers if other family members at home smoke. Only 7.1% of the children of non-smoking fathers in the survey were smokers, compared to 13.8% of children of smoking fathers.

As regards motivation leading to smoking the survey found that about 75% of the respondents smoked their first cigarette out of curiosity. Another 9% smoked to imitate friends and close family members; 6.4% smoked out of being naive, and 2% because of boredom.

MR. MICHAEL CHENG (in Cantonese): Sir, in view of the increasing number of smokers among secondary school students recently, will the Government, on the one hand, include anti-smoking programmes in the junior secondary school syllabus and, on the other hand, introduce a provision to the Education Regulations prohibiting smoking by school children on school premises so as to help promote anti-smoking education in schools?

SECRETARY FOR HEALTH AND WELFARE: Apart from the general campaign against smoking, or encouraging young people not to take up this bad habit, included in our other package of anti-smoking measures are the proposals to ban smoking completely in certain public areas including cinemas and other centres frequented by young people. And we also hope to propose to replace the single health warning of "Cigarette Smoking is Hazardous to Your Health" by stronger warnings to be adopted on a rotational basis. In fact all these are measures expected to help discourage young people from smoking.

As regards Mr. CHENG's other proposal of making it much stricter and preventing students from smoking in school, I myself feel that this is a very good idea and I will relay this message to the Director of Education for action.

MRS. TAM (in Cantonese): Does the Secretary agree that publicity alone to discourage young persons from smoking is in itself not adequate? As she has mentioned earlier, the survey indicates that parents as well need education in this respect. They have to set a good example to their children. If the Secretary agrees to what I have said, will the Government plan to organize publicity and educational activities for the parents?

SECRETARY FOR HEALTH AND WELFARE: Indeed, I entirely agree that apart from the general publicity effort family members play a very important role in helping students and children to prevent them from picking up this very bad habit. So through various publicity measures, including publicity through family life education, we will portray this message and educate the parents as well. So through education and publicity we hope to achieve better influence over our young people.

MR. EDWARD HO: Sir, will the Secretary for Health and Welfare inform this Council whether smoking by young persons has increased in the last five years, and if so, by what percentages?

SECRETARY FOR HEALTH AND WELFARE: I have not got the figures for the last five years. I will see if I can give the comparative figures, in writing. (Annex II)

MR. PETER WONG: Sir, the figure of \$2 million being spent, albeit as a generous grant from the Royal Hong Kong Jockey Club, can be considered as derisory as compared with the very considerable amount spent on advertizing by tobacco companies. So is there not a case for considerably increased spending by the Government in order to combat this problem?

SECRETARY FOR HEALTH AND WELFARE: I think to combat this problem we must not think in terms of spending money alone. I think it is a general duty of every member of society to dissuade other members who are susceptible from picking up the bad habit. So we have a number of competing priorities and claims in terms of expenditure from the public purse. At the present moment I certainly feel that the generosity of the Jockey Club is very much appreciated as a first step forward.

MR. MCGREGOR: Sir, will the Secretary explain the Government's policy towards accepting money through government services, such as the Urban Council and other services, for the development of sporting activities?

SECRETARY FOR HEALTH AND WELFARE: I do not know whether I can answer on behalf of the Secretary for Recreation and Culture. But I do realize that there has been a proposal to impose a levy specifically for funding the sports and recreational activities. It would appear that the proposal flies in the face of our fiscal policy, and so it has not been accepted by the Government.

MR. ARCULLI: Since the Secretary for Health and Welfare has mentioned that it is incumbent on every member of this community to help combat this bad habit, could she perhaps tell us whether her branch, or indeed the Government, has deliberated and considered introducing laws to prohibit smoking in public places? I believe this was the subject matter, Sir, of a question by my colleague Mr. Edward HO some time last year.

SECRETARY FOR HEALTH AND WELFARE: Yes, we have made certain proposals to prohibit smoking in conference rooms in government departments and in certain offices in the Government Secretariat. As regards prohibiting smoking in public places, we have also, in our general policy move, included anti-smoking measures to ban smoking completely in certain public areas, including cinemas and video-games centres which are frequently patronized by young people in particular. These and various other measures are the subject of detailed consideration and towards the end of the year I hope to introduce an amendment Bill into this Council.

MR. CHEONG: Sir, in the full consideration of human rights nowadays, what is a bad habit to one may not necessarily be a bad habit to another. Would the Administration confirm that, having full regard to human rights, any total ban whatsoever be considered in that particular light?

SECRETARY FOR HEALTH AND WELFARE: I am a great proponent of human rights but I do believe that freedom of one individual should not interfere with the freedom of other individuals.

MR. DAVID CHEUNG: Sir, in the second paragraph of her main answer the Secretary mentioned "other activities". Will the Secretary kindly elaborate what she means by "other activities"?

SECRETARY FOR HEALTH AND WELFARE: I will probably have to provide the answer in writing because I am sure it deserves a much more detailed reply than I am capable of giving this afternoon. (Annex III)

Written answers to questions

Civil service pensions

4. MR. MCGREGOR asked: Will Government inform this Council of the level of increases in civil service pensions in real terms during the past 10 years, and whether the purchasing power of pensions has been maintained?

CHIEF SECRETARY: Sir, it has been Government's policy to maintain the purchasing power of civil service pensions against price inflation. Pension increases also cover widows' pensions payable under the Widows and Orphans Pension Scheme and the Widows' and Children's Pensions Scheme. The policy is implemented through annual pension adjustments in accordance with the upward movements of Consumer Price Index (A). There has therefore been no increase in the level of civil service pensions in real terms nor is it the policy to do so.

Civil service pensions have been increased at the following rate in the past 10 years --

Year	Pension increase awarded
1981	14%

1982	12%
1983	9%
1984	11%
1985	6%
1986	3%
Year	Pension increase awarded
1987	3%
1988	6%
1989	9%
1990	10%
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Cumulative total	120.8%

Use of carriageways by vehicles for non-transport purposes

5. MISS LEUNG asked: With regard to the widespread practice of using various types of vehicles for non-transport purposes such as carrying out commercial activities on carriageways and/or pavements, will Government inform this Council whether it will itself take effective measures to ensure that all carriageways and pavements are properly used for their intended purposes?

SECRETARY FOR TRANSPORT: Sir, carriageways and pavements are facilities built for public access, and as a general rule the non-transport use of such carriageways and pavements is to be discouraged.

Under existing legislation, the permitted uses of these facilities are normally shown by appropriate signs. Contravening the prescribed use, such as illegal parking on pavements, would be subject to a penalty under the Road Traffic Ordinance and Regulations (Cap. 374) and the Fixed Penalty (Traffic Contraventions) Ordinance (Cap. 237). Obstruction of public places caused by a vehicle other than in connection with legal parking is subject to prosecution under the Summary Offences Ordinance (Cap. 228), under which the police take enforcement action.

It is not clear from the question what non-transport uses and commercial activities have been observed on carriageways and pavements. The common forms of

misuse of road space include hawking activities based on lorries and vans parked on street, and the long-time occupation of parking spaces for storage or car repairing purposes. As regards controls, unlicensed hawking activities, whether or not operating from a vehicle, are liable to prosecution under the Public Health and Municipal Services Ordinance (Cap. 132). The Road Traffic (Parking) Regulations (Cap. 374) provide for a maximum period of parking of no more than 24 hours. It is also an offence to repair a vehicle on a road other than in an emergency.

The various authorities of the Government and the municipal councils will continue to take enforcement action whenever manpower resources permit, to ensure that carriageways and pavements are kept free for their intended purposes.

Motions

DUTIABLE COMMODITIES ORDINANCE

THE FINANCIAL SECRETARY moved the following motion:

"That with effect from 2.30 pm on 7 March 1990 the Schedule to the Dutiable Commodities Ordinance be amended as follows --

(a) in Part I --

(i) in paragraph 1 --

(A) by repealing "30%" and substituting "35%";

(B) by repealing "52.00" wherever it appears and substituting "57.00";

(C) by adding after the entry "Liqueurs, Whisky, Gin, Rum, Vodka and other spirituous liquors 57.00" --

"Champagne and other sparkling wines 35.00"; and

(D) by repealing "1.50" and substituting "1.65";

(ii) by repealing paragraph 1A and substituting --

"1A. Duty shall be payable on the following type of European-type liquor at the rate of 20% of the value of the liquor (in accordance with section 26A of the Ordinance) and, in addition, at the rate specified against that type of liquor, per litre measured at a temperature of 20o Celsius --

Type of Liquor

\$
Still wines 24.00";

(iii) in paragraph 2 --

(A) by repealing "145.00" and substituting "160.00"; and

(B) by repealing "220.00" and substituting "242.00";

(iv) in paragraph 4 --

(A) by repealing "950.00" and substituting "1,045.00";

(B) by repealing "490.00" and substituting "539.00"; and

(C) by repealing "16.35" and substituting "18.00"; and

(v) in paragraph 5 --

(A) by repealing "490.00" and substituting "539.00"; and

(B) by repealing "16.35" and substituting "18.00";

(b) in Part II --

(i) in paragraph 1 (a) by repealing "\$190.00" and substituting "\$240.00";

(ii) in paragraph 1 (b) by repealing "\$250.00/kg" and substituting "\$310.00/kg";

(iii) in paragraph 1 (c) by repealing "\$50.00/kg" and substituting "\$60.00/kg";
and

(iv) in paragraph 1 (d) by repealing "\$230.00/kg" and substituting "\$290.00/kg" ;

(c) in Part III --

(i) in paragraph 1 (a) by repealing "2.75" and substituting "3.58"; and

(ii) in paragraph 1 (b) by repealing "1.37" and substituting "1.78"; and

(d) in Part IV --

(i) by repealing "\$490.00" and substituting "\$539.00"; and

(ii) by repealing "\$16.35" and substituting "\$18.00".

He said: Sir, I move the first motion standing in my name on the Order Paper. This and the following two motions implement revenue proposals in the 1990 Budget.

The purpose of this motion is to increase the duty payable under the Dutiable Commodities Ordinance on hydrocarbon oils by about 30%; the specific duty rate on intoxicating liquor and alcohol by 10%; the ad valorem rate on champagne and sparkling wines from 20% to 35%; and the ad valorem rate on brandy, liqueurs, whisky, gin, rum, vodka and other spirituous liquors from 30% to 35%. In addition the motion seeks to merge the two categories of still wines into one, and increases the duty on tobacco by about 25%.

The total additional revenue from these measures is estimated to be approximately \$1 billion per annum. There are no staffing implications.

Sir, I beg to move.

Question on the motion proposed.

MISS TAM: Sir, on 25 April 1990, I took part in a debate on the current year's Appropriation Bill. I had at that time expressed my concern over the fact that a 30% levy of increase will be put on hydrocarbon oils and I had stated my concern in two aspects.

First of all, I think it is not a good principle to levy tax at too high a rate too suddenly, especially when it may hit the lower income earners.

Secondly, I fear that there may be a rippling effect on the cost of public transportation, in particular where there is no rebate granted to the franchised public bus companies. I fear that the recent application for fare rises has borne out the second aspect of my concern.

I had considered voting against this motion but still I think it inappropriate. The proposal has the advantage of satisfying the criteria of a tax which could be administered simply and effectively and there are some sectors of the Hong Kong community that can afford higher tax on fuel oil. Besides it has a desirable side-effect, although it was presumably not the original intention, of reducing unnecessary trips on the road, which for traffic management purposes is an advantage to the community.

Having canvassed those two sides of the argument, I can only come to a logical conclusion that I should abstain from supporting this motion.

MR. ANDREW WONG: Sir, I oppose the Financial Secretary's motion under the Dutiable Commodities Ordinance but not the motion in its entirety. Paragraphs (a), (b) and (d) have my full support. These relate to liquor, tobacco and methyl-alcohol. They have my full support despite the very fact that I do enjoy both liquor and tobacco.

My opposition is to paragraph (c) which relates to hydrocarbon oils or petrol and diesel. My reasons were stated in this Council on 25 April 1990 and I quote:

"As for the 30% increase in petrol tax, I beg to disagree and I will say that when the Financial Secretary moves a resolution in this Council to increase the petrol tax, I will vote against it. Raising the petrol tax will produce additional revenue of only about \$580 million for the public coffers but its effects on the people's livelihood, so far from being modest, will be extensive and interlocking. This is really an example of moving one tiny part and upsetting the whole. I cannot but ask: Do we really need this additional revenue of \$580 million, which is unrelated to adjustment for inflation to catch up with real value? If the Financial Secretary's specific proposal for increasing and cutting taxes are fully implemented, the

estimated \$2.4 billion deficit will be turned into \$700 million in surplus. So why can we not maintain the original level of petrol tax and settle for a modest surplus of 120 million?"

Sir, for these very logical reasons, I have to oppose the motion.

MR. SIT (in Cantonese): The motion moved by the Financial Secretary is meant to give legal backing to increases in duty on three categories of commodities, namely, tobacco, liquor and hydrocarbon oils. I will not challenge the proposed duty increases on tobacco and liquor because neither smoking nor drinking is a necessity. (I hope the Honourable Andrew WONG will agree). But hydrocarbon oils are a must for most of presentday means of conveyance. People's dependence on means of conveyance has nowadays become firmly rooted and inseverable. Patently, the hefty increases in duty on hydrocarbon oils will be passed on to the consumers, in other words, the general public. It will also provide transport utilities with an excuse to ask for fare increases. As a matter of fact, Hong Kong, Kowloon and New Territories taxi and minibus operators have already announced fare increases which will add to the burden of the general public. The increases will also add to the operation costs of manufacturers (especially those with production lines located in China). It is because they have to rely on means of conveyance to move raw materials into China and then from there move finished products to Hong Kong. This in turn will affect the competitive edge of Hong Kong products on the international market. As a Councillor representing the public, it is incumbent on me to put their views across to the Administration. I am opposed to paragraph (c) of the Financial Secretary's motion which seeks to increase duty on hydrocarbon oils. But as the present motion relates to three categories of commodities, namely, tobacco, liquor and hydrocarbon oils, I shall have to abstain from voting on it. Thank you, Sir.

FINANCIAL SECRETARY: Sir, I shall not speak at length in reply to various points that have been mentioned. I did in fact explain my reasons for raising the duties on the dutiable commodities in the context of the Budget debate.

I noticed that none of our three speakers have really spent much time saying anything about expenditure. The plain fact of the matter is that we have a certain programme of expenditure that has to be covered and we need revenue to cover it. Regrettably money does not grow on trees; it has to come from somewhere. I said in

my concluding speech, if I may quote,

"Yes, some might argue for slightly different mixes of fiscal measures. But the basic strategy of the Budget is correct".

I am aware that the increase in duty on hydrocarbons does have some effect on the overall cost of living. I dealt with that point in my concluding address when I pointed out, and again if I may quote,

"Insofar as public bus fares are concerned, the increases in fuel costs, after taking into account the public subsidy in the form of the existing rebate, is not expected to exceed an average of 2% for KMB and 1.7% for CMB fares, or roughly three to four cents per passenger trip."

Before we decided to introduce these measures we did assess their likely impact on the overall cost of living and although of course there is some marginal effect, by and large we took the view that overall it was acceptable. Incidentally, I am adhering to my forecast for inflation rate for the year as a whole. All three Members have spoken in favour of the increases in duties on liquor, tobacco and so on. As we have said before, it is a matter of choice as to whether one consumes these various items. So I do not think they can be objectionable in any way. I consider still, Sir, that the increases in this resolution are appropriate and correct.

Question on the motion put and agreed to.

RATING ORDINANCE

THE FINANCIAL SECRETARY moved the following motion:

"That with effect from 1 April 1990 the percentage prescribed for the purposes of section 18(1) of the Rating Ordinance shall in respect of every tenement --

(a) in the Urban Council area be --

(i) general rates 4.0%;

(ii) Urban Council rates 3.5%;

(b) in the Regional Council area be --

(i) general rates 1.5%;

(ii) Regional Council rates 6.0%."

He said: Sir, I move the second motion standing in my name on the Order Paper.

The purpose of this motion is to increase the general rates charge by 1.5 percentage points. The Urban Council and Regional Council rates percentage charges will remain unaltered but the overall rates charge will now be 7.5%.

In recent years rates revenue expressed as a proportion of rental values has been declining. This proposal will help to redress that situation. The additional yield to general revenue in 1990-91 is estimated to be approximately \$1.3 billion. There are no staffing implications.

Sir, I beg to move.

Question on the motion proposed.

MR. SIT (in Cantonese): Sir, the proposed 25% increase in rates announced by the Financial Secretary in March aroused resentment among the general public, especially the "sandwich" class and the lower income group. In addition to the 1.6% increase, or 25% increase in real terms, the public will have to bear a heavier burden when the Government reassesses rateable values in 1991-92. I think the Financial Secretary should consider carefully the negative impact his proposal might bring about before making such a surprise announcement of rates increase. I believe the adjustment of rates is a fait accompli but it is still my hope that the Financial Secretary will guarantee a moderate rate of increase after the 1991-92 reassessment, or else there will be adverse effects on the livelihood of the general public and also public outcries. Does the Financial Secretary really understand the income levels and livelihood of the "sandwich" class and the lower income group? In general, they can only afford to live in public housing estates, or buy HOS or private flats of less than 600 sq ft. In view of the difficulties the lower income group and the "sandwich" class face, I would propose that flats of less than 700 sq ft should be exempted from the present rates increase so that most members of the public can have

a bit of respite from the series of government-led tax and price hikes and weather through the run-up to 1997. The extent of rates increase tends to make the public associate the hike with the Government's intention of narrowing the gap between the rental values of HOS and private flats, so that the Government can reap huge profits in its sales of HOS flats. Anyway, public housing tenants this time are sure to be among those who pay the most of rates. Finally, I would like to propose that the Government should be more careful in trimming expenditures in the transitional period before 1997 because over-ambition will make the general public suffer. No matter how grand and lovely our rose garden will be, I am sure nobody would want a rose garden at an awful cost, namely, of people starving to death by the wayside. Sir, with these remarks, I am against the motion on rates increase.

FINANCIAL SECRETARY: Sir, I thank Mr. Kingsley SIT for his remarks. Of course, we do pay attention to what we do and all revenue measures are very carefully assessed to gauge their impact on all sectors of the community and on the economy as a whole.

Mr. SIT referred to the impact on the less well-to-do members of the community and, in particular, on a person who lives in public housing. I did deal with this point in my concluding speech when I said, again, if I may quote,

"The increase of 1.5 percentage points in the general rate amounts in dollar terms to an additional payment of an average of only \$20 per month per household for the roughly 50% of the population accommodated in public housing estates".

I am well aware that even \$20 per month can have an impact on a family's total budget. But, nevertheless, in assessing this particular measure, we came to the conclusion that, as I said in relation to the earlier measures, it was appropriate and correct, particularly in the context of the Budget as a whole.

Question on the motion put and agreed to.

BETTING DUTY ORDINANCE

THE FINANCIAL SECRETARY moved the following motion:

"That, with effect from 1 September 1990, section 6(1) of the Betting Duty Ordinance be amended --

(a) in paragraph (a) by repealing "9.5" and substituting "10.5"; and

(b) in paragraph (b) by repealing "16" and substituting "17"."

He said: Sir, I move the third motion standing in my name on the Order Paper.

The purpose of this motion is to increase the rates chargeable on both standard and exotic bets by one percentage point to 10.5% and 17% respectively with effect from 1 September 1990. The increase in duty will be borne entirely by the Royal Hong Kong Jockey Club through a reduction in the Club's commission.

Additional revenue is estimated to be \$340 million in the year 1990-1991. There are no staffing implications.

Sir, I beg to move.

Question on the motion proposed, put and agreed to.

First Reading of Bills

RATING (AMENDMENT) BILL 1990

SUPPLEMENTARY APPROPRIATION (1989-90) BILL 1990

MERCHANT SHIPPING (REGISTRATION) BILL 1990

MERCHANT SHIPPING (SAFETY) (AMENDMENT) BILL 1990

SHIPPING AND PORT CONTROL (AMENDMENT) BILL 1990

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

Second Reading of Bills

RATING (AMENDMENT) BILL 1990

THE FINANCIAL SECRETARY moved the Second Reading of: "A Bill to amend the Rating Ordinance."

He said: Sir, I move that the Rating (Amendment) Bill 1990 be read the Second time.

The Bill seeks to amend the Rating Ordinance to delete a number of provisions which are now redundant and to clarify other provisions which, in recent years, have given rise to certain administrative difficulties.

One of the redundant provisions concerns specified rating areas. Liability for rates was introduced in Hong Kong on a gradual basis, and there are now 47 specified rating areas, each requiring the publication of a separate valuation list in accordance with section 11(1) of the Ordinance. Since 1 April 1988, the Rating Ordinance has been applicable throughout Hong Kong and consequently, all rateable tenements are now situated in either the Urban Council area or the Regional Council area. The Bill therefore proposes to delete all references to specified areas in the Rating Ordinance and replace them, where appropriate, with references to the Urban and Regional Council areas.

The provision concerning notices of new rateable values gives rise to some administrative difficulties. Following a general revaluation exercise, the Commissioner of Rating and Valuation is required to serve upon the owner or occupier of a tenement a notice of a new rateable value. This must be done not later than the first day of March of the year in which the revaluation is to take effect. The timing of this requirement presents a problem in that strict adherence to the deadline dictates that decisions concerning rates percentage charges and any rates relief scheme would have to be taken in advance of the Budget.

Furthermore, the necessity to serve notices of new rateable value is considered to be of secondary importance in relation to the principal objective of a general revaluation exercise, which is to produce a new valuation list. The Bill therefore seeks to remove the statutory requirement to serve notices of new rateable value. That requirement will be replaced by an administrative arrangement whereby details of the new rateable value will be included in the second quarter rates demand sent to ratepayers in March or April of the year in which the valuation list takes effect. Ratepayers will not be disadvantaged by this proposal because their right to object

to a new rateable value will not be diminished in any way.

In addition, the Bill seeks to introduce a few minor amendments to clarify certain ambiguous provisions, to remove certain outdated provisions and to assist in the administration of the principal Ordinance.

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

Question on the adjournment proposed, put and agreed to.

SUPPLEMENTARY APPROPRIATION (1989-90) BILL 1990

THE FINANCIAL SECRETARY moved the Second Reading of: "A Bill to approve a supplementary appropriation to the service of the financial year which ended on 31 March 1990."

He said: Sir, I move that the Supplementary Appropriation (1989-90) Bill 1990 be read the Second time.

Section 9 of the Public Finance Ordinance states that "If at the close of account for any financial year it is found that expenditure charged to any head is in excess of the sum appropriated for that head by an Appropriation Ordinance, the excess shall be included in a Supplementary Appropriation Bill which shall be introduced into the Legislative Council as soon as practicable after the close of the financial year to which the excess expenditure relates".

The accounts for the financial year 1989-90 have been finalized by the Director of Accounting Services. As for the General Revenue Account, actual revenue amounted to \$74,365 million and total expenditure amounted to \$69,662 million including transfers to funds of \$17,700 million. The final surplus on General Revenue Account after transfers to funds is thus \$4,703 million or \$4.7 billion. If the fund accounts are included, actual total revenue amounted to \$82,429 million and total expenditure amounted to \$71,366 million. The final Government's consolidated cash surplus is thus \$11,063 million or \$11 billion, a helpful increase over the revised surplus of \$9.3 billion forecast in my Budget speech.

The expenditure charged to 55 heads is in excess of the sum appropriated for those

heads by the Appropriation Ordinance 1989. This is because sufficient offsetting savings could not be found within the heads concerned. In accordance with section 9 of the Public Finance Ordinance, this excess has been included in the Supplementary Appropriation (1989-90) Bill 1990 now before Members. The Bill seeks to give final legislative authority for the amount of supplementary provision approved in respect of particular heads of expenditure by the Finance Committee or under powers delegated by it.

The total net supplementary appropriation required in respect of the 55 heads of expenditure is \$3,749.4 million. This excess is largely accounted for by the 1989 pay adjustment and the directorate salary structure review in respect of the Civil Service (\$1,729.4 million) and government subvented organizations (\$939.5 million). Other major contributing factors include the advance payment of water charges (\$474.0 million) and additional expenditure on pension and gratuity payments arising from pension and salary increases (\$324.1 million).

The cost of the 1989 pay adjustment and pension increase had been anticipated in the 1989-90 estimates under the "Additional Commitments" subhead.

Savings were also made in other subheads through continued tight control over public expenditure, and I would like to thank the controlling officers and others who have contributed to restraint.

Because of these savings and the provision made for additional commitments, total expenditure for the year is within the sum appropriated in the Appropriation Ordinance 1989.

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

Question on the adjournment proposed, put and agreed to.

MERCHANT SHIPPING (REGISTRATION) BILL 1990

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to provide for the registration of ships in Hong Kong and for related matters."

She said: Sir, I move that the Merchant Shipping (Registration) Bill 1990 be read

the Second time.

The purpose of the Bill is to prescribe in law the arrangements under which the Hong Kong Shipping Register will operate. The present arrangements under which Hong Kong registered ships form part of the United Kingdom Register cannot continue beyond 1997. Section VIII of Annex I to the Joint Declaration provides that "the Hong Kong Special Administrative Region shall be authorized by the Central People's Government to continue to maintain a shipping register and issue related certificates under its own legislation in the name of 'Hong Kong, China' ". In order to implement this provision and to ensure a smooth transition of the arrangements for the new Hong Kong Register, it is important that it be established well before 1997.

The Bill now before this Council contains detailed provisions covering the following important areas:

- the setting up of the new register of Hong Kong and its administration;
- the requirements and procedures pertaining to registration, closure of registration and provisional registration;
- the transfer and transmission of property in registered ships;
- the registration of ship mortgages;
- the registration and transfer of government ships;
- specifications on the flying of the proper colours; and
- the arrangements to be applied during the period of transition from the old to the new register.

Throughout the process of planning for the register we have considered it essential that its provisions should reflect Hong Kong's obligations as an associate member of the International Maritime Organization, particularly as these relate to safety at sea and the welfare of seamen. We have also considered it most important to take account of the needs of those who will seek to use the register in future, as well as the needs of the organizations concerned with the welfare, conditions of service and training of ships' crews.

Accordingly, in 1985, a consultative document was published setting out the general principles on which the independent Hong Kong Shipping Register should operate. In the light of the response to this document, the Hong Kong Shipping Register Plan was prepared and published in October 1986.

The plan called for the setting up of a steering group to work out detailed recommendations for the Hong Kong Shipping Register. The steering group was duly convened in February 1987 comprising virtually all parties with an interest in the future register, notably shipowners, bankers, maritime law experts, seamen's unions and government departments. The Government deeply appreciates the time and effort contributed by members of the steering group and its various sub-committees. Their advice has proved invaluable, and virtually all of its recommendations have been adopted in the drafting of the Bill now before this Council.

I would like to emphasize, Sir, that the Hong Kong Shipping Register will in no sense be a "flag of convenience". Shipowners seeking registration will need to demonstrate that they have, or are prepared to establish, genuine links with Hong Kong. In practice this means either that a majority of the interest in the ship must be owned by one or more "qualified persons"; or that the ship is operated under demise charter by a body corporate being a "qualified person". "Qualified persons", as defined in the Bill, are either holders of valid identity cards who are ordinarily resident in Hong Kong, companies incorporated in Hong Kong, or overseas companies registered in Hong Kong under Part XI of the Companies Ordinance.

In addition to fulfilling one or other of these requirements, the owner must also arrange for the appointment of a "representative person". This person must either be a qualified owner or part owner of the ship, or a Hong Kong company which is in the business of managing or acting as an agent for ships. The "representative person" will be required to represent the ship's owners in respect of all matters concerning the ship's operation under the terms of the register.

Notwithstanding these important provisions relating to links with Hong Kong, the terms of the Hong Kong Register will be more flexible, in many aspects, than those now applicable under the United Kingdom Register. For example, whereas the United Kingdom Register restricts the number of past owners of a ship that can be registered, the current Bill provides for the property in a ship to be divided into any number of shares or parts having any number of owners for the purpose of registration. The

Bill also provides for a system of provisional registration which would enable owners to register their ships initially for a period of three months, within which time it would be necessary for the owner to complete the various survey requirements. The benefit of such an arrangement is that it will allow owners the flexibility to register their ships initially, even while in ports remote from Hong Kong, providing they can ensure that the necessary surveys are carried out within the prescribed time limit.

Sir, the Administration hopes that, following enactment by this Council of the Merchant Shipping (Registration) Bill 1990, the Hong Kong Shipping Register will be able to come into operation by the end of 1990. To facilitate the process of transition to the new arrangements provided for in the Bill, the Bill provides that ships now registered on the current register will be deemed to be registered under the new Hong Kong Register when it comes into existence. Ships for which an application for registration in Hong Kong is pending at the time the Hong Kong Shipping Register comes into operation, will be registered under the new Hong Kong Register providing they comply fully with the requirements of the former register.

Sir, the setting up of an independent Hong Kong Shipping Register will greatly enhance Hong Kong's status as a leading centre of shipping and maritime commerce. It will also mark an important step forward in the implementation of the Joint Declaration.

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

Question on the adjournment proposed, put and agreed to.

MERCHANT SHIPPING (SAFETY) (AMENDMENT) BILL 1990

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to amend the Merchant Shipping (Safety) Ordinance."

She said: Sir, I move that the Merchant Shipping (Safety) (Amendment) Bill 1990 be read the Second time. This Bill, together with the Shipping and Port Control (Amendment) Bill, contain a miscellany of proposed amendments aimed at removing the loopholes and anomalies which currently exist in the Merchant Shipping (Safety) Ordinance and the Shipping and Port Control Ordinance.

Of these amendments, the more important ones relate to the improvement of the

application of the Convention on International Regulations for Preventing Collisions at Sea 1972. These include extending the application of the Merchant Shipping (Safety) (Distress Signals and Prevention of Collisions) Regulations to junks and trawlers, and to licensed vessels whilst outside the waters of Hong Kong, and increasing the maximum penalties for contraventions of the Regulations.

Another proposal is to allow more flexibility in adopting technical standards under the schedules of the Merchant Shipping (Safety) Regulations by allowing the Director of Marine to prescribe such standards. The powers to prescribe technical standards are currently vested in the Governor in Council. It is proposed that the Governor in Council may, if he thinks fit, delegate such powers to the Director of Marine when he considers the adoption of future Merchant Shipping (Safety) Regulations.

To streamline operations, it is also proposed that the Director of Marine, rather than the Secretary for Economic Services, should be given powers to grant exemptions from the provisions of the Merchant Shipping (Safety) Ordinance and its regulations. These exemptions will continue to be granted on condition that the safety of the ships concerned and the welfare of the crew on board are not compromised.

On another front, experience shows that the submission of evidence from overseas maritime authorities frequently takes longer than the current six-month period within which criminal proceedings may be brought. The Administration has therefore proposed that the time limit for the initiation of criminal proceedings for offences against the two Ordinances should be extended to two years for offences committed outside Hong Kong.

Other minor amendments include proposals aimed at harmonizing the levels of maximum penalties under different regulations, and empowering the Director of Marine to authorize classification societies to issue load line certificates.

As some colleagues may be aware, load lines, which are painted on ships' sides, specify the limit to which a ship may be immersed when fully laden. Load line certificates are issued by maritime administrations, or classification societies on their behalf, in accordance with international safety conventions. The present proposal is to empower the Director of Marine to delegate the authority to issue the certificates to some of these societies. This will give shipowners additional flexibility in fulfilling the requirement to register their ships in Hong Kong through

the societies' global network of survey offices.

Sir, I believe that it will be clear from the above that the two Amendment Bills are technical in nature and that they do not involve any change in current policies.

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

Question on the adjournment proposed, put and agreed to.

SHIPPING AND PORT CONTROL (AMENDMENT) BILL 1990

THE SECRETARY FOR ECONOMIC SERVICES moved the Second Reading of: "A Bill to amend the Shipping and Port Control Ordinance."

She said: Sir, I move that the Shipping and Port Control (Amendment) Bill 1990 be read the Second time.

My previous comments on the Merchant Shipping (Safety) (Amendment) Bill 1990 also apply to this Bill.

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

Question on the adjournment proposed, put and agreed to.

EDUCATION (AMENDMENT) BILL 1990

Resumption of debate on Second Reading which was moved on 21 March 1990

Question on Second Reading proposed.

MR. DAVID CHEUNG: Sir, the present Education Ordinance was enacted in 1971. Over the years, a number of provisions therein are no longer appropriate because of changed circumstances, and a review of the Education Ordinance has been going on. Meanwhile, a number of interim amendments are required to update and remedy defects in certain provisions, and to remove or modify provisions which may inhibit civic education in schools. The amendments proposed under this Bill are grouped into four categories:

to update terminology and penalty levels; to remedy deficiencies in the working of the legislation; to remove the provisions which prohibit political activities in schools; and to provide for appeals under certain regulations.

Members of this Council have formed an ad hoc group to study the Bill.

I shall briefly summarize the major areas of the Bill which the ad hoc group has studied, and the views of the non-official Members of this Council. First, the Bill proposes to amend section 74(1) of the Ordinance so that where a parent has no reasonable excuse for not sending his child to school, the Director of Education may serve an attendance order on the parent to require the child to attend. In addition, new section 74(2A) empowers the Director of Education to require the management committee of a school to admit to that school the child to whom the attendance order relates. The group understands that some schools are concerned that they may become dumping grounds for school drop-outs. In response to this concern, the Director of Education advises that after the enactment of the Bill, he would appoint an advisory committee to advise him on the guidelines to be followed in the selection of school places for children who may become the subject of attendance order. The advisory committee would also advise the Director as to the application of such guidelines in individual cases. In particular, its advice would be sought in every case where the issue of an attendance order is considered necessary. The Director has further assured Members that there would be a balanced membership on the advisory committee; that schools will be fully informed of the guidelines to be drawn up by the advisory committee; and that he anticipates that the use of attendance order will continue to be infrequent. On these assurances, Members have agreed to support these amendments.

I understand that there is still some concern about the use of attendance orders. However, unless the concept of compulsory education is not accepted, there appears to be no valid grounds for not taking reasonable steps to ensure that a child is given the opportunity to receive appropriate schooling.

Second, new section 74(2B) provides that no person shall, without the permission in writing of the Director, expel or suspend a child placed in a school under an attendance order. The group notes that under the existing codes of aid for schools, schools need inform the Director only where the suspension of a pupil is for more than three school days. Whilst recognizing the need to protect a pupil placed under an attendance order from being suspended easily, the group considers it inappropriate to require a school to seek the Director's permission before it may suspend, even

for one day, a pupil placed under an attendance order on grounds of unsatisfactory conduct, as all pupils in a school should be dealt with in similar manner in disciplinary matters. To meet Members' point, the Administration has agreed to delete from the new section that part which prohibits the suspension of a pupil. Instead, the issue of suspension would be dealt with administratively by amending, at a later stage, the codes of aid for schools to provide that the Director needs only be informed where a child named in an attendance order is to be suspended for up to three school days; and that where the suspension is for more than three school days, the Director's approval has to be sought. As suggested by the group, the Administration has also agreed that after a period of 12 months from the time a pupil named in an attendance order is placed in a school, the provisions in the codes of aid covering the generality of pupils will also apply to him.

I shall move an amendment to the relevant clause in the Committee stage.

Third, new subsections 87(3)(1a) and (1b) provide that the maximum penalty for contravening new subsections 74(2A) and 74(2B), which are mentioned earlier, is a fine of \$5,000 and imprisonment for two years. The group feels that the penalty of two years imprisonment is too harsh on schools, and it is necessary to ensure that in matters relating to attendance orders the penalties imposed on a school manager or principal are the same as those on a parent. The group suggests that the maximum penalty be a fine of \$5,000 and imprisonment for three months. The Administration has agreed to this, and an amendment will be moved in the Committee stage.

The fourth, and perhaps the most controversial, aspect of this Bill concerns the proposal to repeal section 84(1)(m) of the Ordinance. This section currently provides the Governor in Council with power to make regulations prohibiting political, subversive and tendentious activities or propaganda in schools and amongst teachers and pupils. The Government has proposed to repeal this section because it considers that the control of activities in schools should have regard only to whether such activities are prejudicial to the welfare of pupils or to education generally, and that control based on political grounds is no longer appropriate. Instead, it proposes that the Director can exercise control on educational grounds by issuing guidelines to schools relating to political activities, and reminding them of the need to ensure that such activities are relevant and appropriate to the aims and objectives of civic education in schools.

Whilst some Members of the Council are in support of repealing this section, others are worried that the use of administrative guidelines would not be a sufficient

safeguard to students against influences from undesirable political indoctrination and biased political education. They suggest that the section can be retained, but be amended to maintain control and at the same time not inhibiting efforts to promote civic education or interfering with civic rights.

After further discussion with the Administration, Members have agreed on a suggestion that section 84(1)(m) be amended to empower the Governor in Council to make regulations providing for the control of the dissemination of information, or expression of opinion, of a clearly biased political nature in schools. The amendment will serve the purpose of retaining the power of control over activities which are blatantly prejudicial to the interest of pupils.

My colleague, the Honourable Mr. Andrew WONG, will move the amendment in the Committee stage.

Sir, no one can disagree that the review of the Education Ordinance is a mammoth task and that, even with the current exercise, a great deal more efforts has yet to be made to tie up the loose ends in the Ordinance itself and the Regulations made under it. The Administration has assured this Council that the review is being given priorities and it hopes to complete the review by early next year. I sincerely urge that there should be no slippage in this.

Finally, Sir, I wish to pay tribute to Members of the ad hoc group for their valuable input in the study of the Bill, particularly the sound advice they have given me in the course of the study.

With these remarks, Sir, I am pleased to support the Bill subject to the amendments mentioned above.

MRS. CHOW: Sir, as a parent I think I share many parents' concern that while our system of government becomes more politicized with democratic reform, our children should not become victims of political indoctrination or be in any way exploited for the purpose of electioneering.

Allow me to make it clear that I am all for civic education. I have therefore no objection to the exposure of our young to political thoughts and activities provided they are balanced, objective and rational, and would help to educate our

children to develop their own judgment and ability to analyse issues.

I can therefore accept the proposed amendment.

However, I would like to take this opportunity to call on parents and teachers to ensure the healthy development of political awareness among our school children by paying close attention to activities conducted in schools which may be considered political in nature.

Finally, Sir, I would like to ask how Government intends to implement the Bill when it becomes law? I hope Government will not shirk its responsibility under the law. The assumption here is that Government would act if clear political bias can be established. In other words, we would not be faced with Government's reluctance to take action on the grounds that it would be extremely difficult or impossible to detect or establish political bias and thereby conveniently washes its hands of its responsibility under the provision.

Sir, I support the motion.

MR. SZETO (in Cantonese): Sir, I will vote in favour of the Second Reading of the Bill because I support the basic principle of this amendment Bill. However, I will vote against the proposed Committee stage amendment to subsection 84(1)(m) as I believe that the entire subsection should be repealed rather than amended. If this subsection is amended as proposed but not repealed, I will abstain from voting at the Third Reading because I am opposed to this specific subsection though I support the other provisions of the Bill.

Perhaps some may find it difficult to understand why I have to take different stands of supporting, opposing and abstaining at different stages of the proceedings for the same Bill. In fact, it is not I who am difficult to understand. It is some of the Members in this Council who are subconsciously under the influence of a certain kind of repressed idea that are difficult to understand. They do not have a clear understanding of how education and schools are actually run in their opposition against the removal of subsection 84(1)(m). Though they accept that certain unreasonable and unrealistic provisions should be amended or repealed, they choose to leave behind one single relic which is unreasonable and unrealistic. We must admit that Hong Kong has made some evolutionary change. However, do we have to insist on

leaving something like the appendix as in the case of human evolution which causes appendicitis that makes us suffer or even cost our lives?

Many provisions of the existing Education Ordinance are out-dated and have been denounced by educationists. These provisions are in conflict with the Bill of Rights and totally not in line with the principle of promoting civic education. They have been put aside and left unenforced. If they are reactivated, I am afraid that all the headmasters and teachers will be found guilty and there will not be adequate places in the jail for them. These provisions are now amended or repealed except subsection 84(1)(m) which will not be repealed but will be amended to read:

"84(1) The Governor in Council may make regulations providing for -- (m) the control of dissemination of information, or expression of opinion, of a clearly biased political nature in schools."

In fact, it is difficult to define explicitly the object of the provision and to give effect to it.

The Secretary for Education and Manpower has described this proposed amendment as "superfluous" and considered that the whole subsection should be repealed. This view has been shared by several Members of this Council from the education sector. In 1986, there was a rather lengthy debate in the House of Lords in Britain on whether legislative measures should be taken against political indoctrination or propaganda and the conclusion was that it should be a professional issue for the educationists instead of a legislative one.

Under the influence of the new order in politics, whether it be a global, regional or local one, the political and democratic awareness of our next generation is awakening. It is in fact a gratifying and welcome trend but there are some people who have placed themselves on the wrong side of the trend and therefore subconsciously feel isolated and impacted by inexplicable anxieties. They desperately try to keep this "appendix" so that it will some day give rise to "appendicitis" which may cause them pain or cost their lives.

To prevent "appendicitis", I believe we have to undergo appendectomy some day.

Sir, with these remarks, I support the motion for the Second Reading of this Bill.
MR. ANDREW WONG (in Cantonese): Sir, the present amendment Bill relates to section

84(1)(m), rather than section 48(1)(m), of the existing Education Ordinance. Section 84(1) of the Ordinance vests powers in the Governor in Council to make regulations. Section 84(1)(m) provides for, and I quote, "the prohibition of political, subversive or tendentious activities or propaganda in schools amongst teachers and pupils." This apparently contradicts and violates human rights; its implementation has made it impossible for civic education to be conducted in the schools of Hong Kong. It is for this reason that fundamental alterations have to be made to it either by way of repeal, partial removal or amendment as appropriate.

It was originally proposed by the Government to repeal section 84(1)(m). It has been acknowledged, however, that, should need arise, section 84(1) which vests the Government with extensive powers to make regulation may be invoked. If such powers are to be exercised at all, then, basically, this "vermiform appendix" (which is section 84(1)(m)) will have to remain, instead of being removed. If the Government is not interested, that is to say it has neither the intention nor the will to control the above mentioned activities, this will be a reflection of "buck passing". My honourable colleague, Mrs. Selina CHOW, already made it very clear that it is up to the Government to take up the responsibility. The proposal to strike out the whole of section 84(1)(m) instead of amending parts of it is just like cutting "one's toes to get rid of the pest" rather than retaining the vermiform appendix. Whereas the vermiform appendix is something that slowly develops and evolves, which nobody can control, one is quite capable of cutting one's toes to get rid of the pest, as the proverb goes.

As a member of the teaching profession, I also consider it necessary to control certain activities. But while it is up to the Government to exercise control, total prohibition to the extent of banning all political activities is a blatant violation of human rights.

What I was most worried about in the beginning had everything to do with educational principles, and the interests of both students and their parents. Students at school are in a subordinate position vis-a-vis the school council, the school principal, the teaching staff or the majority of them. And there are certain activities which are clearly contradictory to educational principles. That is why I made a point of suggesting during the panel discussion that section 84(1)(m) be amended to such an extent as would still restrict ideological instillation and brainwashing at school on the one hand, and prohibit or monitor factional electioneering activities on the other, neither of which is acceptable having regard

to educational principles. If it is considered that such activities should be controlled, then, the most explicit, just and right way of doing it would be to lay down the law in unequivocal terms, instead of leaving it to the discretion of the Director of Education who may invoke section 84(1)(1) or otherwise resort to such means as deregistering the school or teacher concerned. My suggestion was discussed by other panel members and the Legislative Council In-House, but it seemed that they all considered some compromise had to be sought. It is possible that, as a result of difficulty in terms of semantic definition, it is considered that section 84(1)(m) should be revised and be in such terms as read out by the Honourable SZETO Wah a moment ago, which provides for the formulation of regulations, and I quote:

(m): "..... to control the dissemination of information, or expression of opinion, of a clearly biased political nature in schools"

Such control is not prohibition. We should be aware that section 84(1) basically empowers the Governor in Council to make regulations. Now, following discussion with government representatives, the Government is prepared to make amendments to regulations 96, 98 and 99 in accordance with the new section 84(1)(m). These amendments, which may not be finalized yet, are essentially meant to remove the part relating to political activities in regulation 96. The part of regulation 96 which relates to political activities as a ground for expulsion of students from school will be struck out. Regulation 98(1), apart from its wholly political terminology, does not deal with political or partly political activities; it is entirely concerned with consistency with educational principles and the overall interest and welfare of students.

Regulation 98(2) will be amended to read: "The Director of Education may issue written directives or other guidelines to school supervisors with regard to political information disseminated or political views expressed in the school in order to make sure that such information and views are not tendentious."

It can be seen therefore that the provisions of the original regulations 96 and 98 and the original section 84(1)(m) essentially prohibited all activities of a political nature, but under the new arrangements, the Director of Education will only issue a directive to the school authorities such that the right of students to a fair education is not jeopardized. I am more concerned with human rights than teachers' rights; the rights of students and parents have also to be taken care of.

The question of guidelines has been discussed by the panel and the Director of Education. Generally speaking, we consider a set of guidelines must have at least the following features.

(1) Emphasis must be laid on an objective and balanced approach in the conduct of teaching and education insofar as political issues are concerned. Education should not degenerate into a process of brainwashing or indoctrination.

(2) Students should be educated to be broad-minded enough to accept that others are entitled to their own views and opinions; and to be able to peaceably get along with others who hold different views.

(3) Electioneering in the school should be conducted in such a manner as to be fair to all the candidates involved. This is not only in order to do justice to each and every candidate, but also to enable students to have the opportunity to listen to the candidates' diverse platforms.

I am confident that when these arrangements are understood we will all see that the new arrangements will provide for a balanced approach which is far better than the old, out-dated, highly oppressive arrangements. It is up to us to protect students and parents so that education does not degenerate into brainwashing, indoctrination and manipulation. It is up to us to make sure that the education objective be consistently upheld so that students should have the chance to develop in a balanced way during their formative years the habit of independent thinking to acquire the potential to develop into useful, contributing members of our community.

Sir, with these remarks, I support the motion on the Second Reading of the Bill.

MISS LEUNG (in Cantonese): Sir, clause 10 of the Education (Amendment) Bill 1990 which seeks to repeal section 84(1)(m) of the Education Ordinance is without doubt the most controversial amendment proposed in the Bill. It never occurred to me at the beginning that so many Members in this Council would oppose the repeal of the section which provides that "the Governor in Council may make regulations providing for the prohibition of political, subversive or tendentious activities or propaganda in schools". They only agreed to amending the section. With most of our colleagues holding this view, it was finally proposed that section 84(1)(m) be amended to read: "the Governor in Council may make regulations providing for the control of the

dissemination of information, or expression of opinion, of a clearly biased political nature in schools".

Despite the fact, Sir, I still support the original amendment proposed by the Government, that is, to repeal section 84(1)(m) of the existing Education Ordinance. The proposed amendment which I have just mentioned is unacceptable to me. I am an educationist. Yet I cannot agree with Mrs. CHOW and Mr. Andrew WONG in regard to their reasons for opposing the repeal of section 84(1)(m).

The Honourable SZETO Wah has already spoken eloquently on the justifications for repealing section 84(1)(m) and permitting political activities in schools. So I would not attempt to go into detail again. As to the proposed amendment which I have just mentioned, I find its meaning unclear and equivocal. This is particularly so in the phrase "of a clearly biased political nature" which is vague and ambiguous and may lead to confusion in interpretation. For this reason, the provision, even if amended as proposed, will resemble section 84(1)(m) and have more or less the same damaging effect.

Sir, I must say that control of political activities in schools is already an anachronism. In fact, even if section 84(1)(m) is repealed, section 84(1)(l) will still be an effective constraint over political activities among supervisors, teachers and pupils in schools. To emphasize control of political activities again is indeed untimely and unnecessary.

Sir, I am with Mr. SZETO Wah as to the way the present Bill should be dealt with. I support the Second Reading of the Bill but will vote against the amendment to clause 10 to be proposed by the Honourable Andrew WONG in the Committee stage. If section 84(1)(m) cannot be repealed, I will abstain from voting on the motion for the Third Reading of the Bill.

MRS. TU: Sir, as supervisor of a primary and a secondary school, I first wish to declare an interest.

I regret to say that I cannot fully support this Bill, because clause 6, by amending section 74, attempts to solve a problem of delinquency by putting responsibility on parents, teachers and school managements. It is also clear, in my estimation, that it is in breach of the International Covenant on Economic, Social

and Cultural Rights (ICESCR), which this Government claims to support.

With regard to the ICESCR, clause 2(a) of Article 13 states that primary education shall be compulsory and available free to all. I believe this to be right and fair, because up to the age of 12, parents can usually control a child and compel him to go to school. I believe that schools too can accept clause 6 of the present amendment which requires the management of the primary school to admit a child to whom an attendance order relates.

However, the same article of the Covenant states in clause 2(b) (and I quote): "Secondary education in its different forms, including technical and vocational secondary education, shall be made generally available and accessible to all by every appropriate means, and in particular by the progressive introduction of free education."

I would like to emphasize that this article in the Covenant recommends FREE education but does not mention that it should be COMPULSORY.

Hong Kong introduced free education in 1978, and I appreciate this, having long been an advocate of equal educational opportunities for all. What I object to is the compulsory element, though I would agree that it could be made compulsory for a parent to send a child to school if the child himself wanted to continue his education and his parents were obstructing him. This amendment today will remove even further the right of a child and his parents to reject a form of education which is not only unsuitable for the child but actually harmful to himself, his parents and his school.

To compel a child to remain for three years in a school, which offers him nothing he is either interested in or capable of doing, is a recipe for delinquency. I am sure that most school teachers and managers will agree that some students are being destroyed by this educational policy.

I speak from experience in this field. By the time a child completes Form I in secondary school, it has become patently clear both to him and to the school whether the type of education he is receiving is suitable for his nature or his future. If he continues to Forms II and III he will have become a trouble to his parents and teachers, and the chances are that he will have sought refuge with a triad gang that gives him something more exciting and challenging to do. He would be better doing a small job and earning pocket-money because the money spent on his education is

wasted.

At the end of Form I, the signals are clear for such a child and we should take action. The child at that point needs to be given a choice, to take up an apprenticeship or to enter a pre-vocational course. If he has serious behavioural problems he should enter a reformatory school which provides psychotherapy to discover the cause of delinquency and give appropriate treatment.

Our education policy of passing the vast majority of primary school children on to a three-year compulsory secondary education, which is totally unsuited to the needs of some, is equal to sending children to prison and making the teachers act as prison warders.

We hear complaints of a growing problem of youth crime. What better breeding ground could be found than schools, where delinquents can influence others to join triads and let the triads reap the benefit at public expense?

This section of the amendment can only aggravate the problems we already have in secondary schools, because it prevents the schools from rescuing other pupils and their teachers, by prohibiting the expulsion and limiting suspension of those with serious behavioural problems.

I am not convinced about the assurances given by the Department on this issue.

I suggest that the Government would do well to address itself to the real problem at its roots, instead of adding more water to encourage the weeds to grow.

I do not want to speak on section 84 except to echo the fears of some of my colleagues who would oppose any kind of brain washing of children. I oppose brain washing of children either in religion or politics and I would advise caution on this point.

Sir, because I do not support section 74(6), I shall abstain from voting.

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I should like to begin by thanking Mr. David CHEUNG and his colleagues on the ad hoc group for the time and effort they have spent on examining the Bill.

Several Members have spoken on clause 10 of the Bill, which seeks to repeal section 84(1)(m) of the principal Ordinance. As stated in my speech introducing the Bill, I sought this repeal partly on the grounds that our education system is now mature enough to withstand disruption by contending political forces emanating from outside Hong Kong, and partly because the Education Ordinance should in any case properly confine itself to safeguarding the welfare of students and the interests of education generally. I also sought to remove section 84(1)(m) in the knowledge that the principal Ordinance had sufficient other safeguards in it, giving the Director of Education the power to control any activities in schools that might be prejudicial to the welfare of students. However, after a number of meetings with the ad hoc group, it became clear that there was a strong feeling amongst the majority of Members that the removal of section 84(1)(m) would leave the Government with a lack of explicit power to deal with the dissemination of political propaganda in schools, and that this might open the floodgates for political activists to use schools as a nursery for their ideology. I have carefully considered the ad hoc group's counter-proposal to retain an explicit power in this regard and am persuaded that, although my reasons for repealing section 84(1)(m) still hold good, there is some advantage in retaining a power to make regulations to control clearly biased political teaching in schools, if only as a visible deterrent. This decision to meet the ad hoc group's concerns has not been taken lightly, Sir, but is one that I believe is in the best interests of the community. To those Members who worry that proving bias in a court of law will be difficult, I can only say at this stage that the proof of the pudding is in the eating.

As a consequential amendment there will be a new regulation 98(2) which empowers the Director of Education to give directions in writing to schools, and the Director will use this power to issue guidelines to schools to give them clear parameters within which they may work. I am confident these guidelines will give sufficient clarity to the law, on the one hand, without creating obstacles to the development of civic education, on the other.

A number of Members have also spoken on clause 6 of the Bill, which relates to the serving of attendance orders under section 74 of the principal Ordinance. There is concern that the new requirement in clause 6(1) may cause some schools to become a dumping ground for school drop-outs. I accept this concern. As Mr. CHEUNG mentioned, the Director of Education has agreed to appoint an advisory committee to advise him as to the guidelines to be followed in the selection of school places for

children who may become subject to attendance orders. The Director has, moreover, undertaken to ensure a balanced membership on the advisory committee, which will consist mostly of headmasters and teachers from the different geographical regions of Hong Kong, and to inform schools of the guidelines to be drawn up by the advisory committee. Let me hasten to add, Sir, that as only two attendance orders have been issued in the last five years, I do not expect that this committee will meet very often in the future.

Mrs. TU has said that clause 6(1) of the Bill is in breach of the International Covenant on Economic Social and Cultural Rights. We have in fact looked into this point and the advice I have obtained from the Legal Department is that it is not. The Covenant does not, by implication, ban compulsory secondary education. Paragraph 2(a) of Article 13 of the Covenant provides for universal and compulsory primary schooling. Paragraph 2(b) of Article 13, however, only requires that secondary schooling be "generally available". While it does not require everyone to be provided with a secondary education, it does not ban compulsory secondary education either if in fact full schooling is provided at this level. The fact is that Article 13 of the Covenant simply does not address this issue. It is concerned to guarantee the greatest possible education benefits, not to draw distinction between compulsory and voluntary education.

I do not propose to put up a spirited defence of compulsory education at junior secondary level, but given that we have it and given that the Director of Education needs some means of enforcing it, attendance orders would seem to be a natural corollary. As to Mrs. TU's point that there must be a choice, an alternative to a mainstream academic education for children unable to cope, I can only say we already provide that choice in prevocational schools, and in practical schools like Nim Chi and the Hong Kong Sea School. I appreciate that the choice is limited in terms of capacity, but it nevertheless is there. And, as I said when introducing this Bill, the Education Commission in the context of its fourth report is looking into the possibility of providing more practical schools catering specifically for these children.

As to clause 6(2) which provides that a school cannot expel or suspend a child placed in it by an attendance order without the written permission of the Director of Education, I am prepared to accept that a statutory prohibition on suspension may create difficulties. I have agreed, therefore, to delete from the new section that part that prohibits the suspension of students, and to allow this matter to be dealt

with administratively under the Codes of Aid.

With regard to clause 11 of the Bill, I originally proposed that the maximum penalties for contravening the law relating to attendance orders should be a fine of \$5,000 and imprisonment of two weeks. This was consistent with similar offences in the Ordinance. I have been persuaded, however, to accept the ad hoc group's counter-proposal that the custodial penalty is too harsh on schools and should be reduced to three months. In this way the penalty to be imposed on a school manager or principal would be the same as that imposed on a parent, which seems reasonable.

Sir, I made it clear when introducing this Bill that it basically sought to update the Ordinance by remedying the more obvious deficiencies, and updating terminology and other minor provisions. We are now embarking on a more fundamental review of the principal Ordinance, so as to make it more suited to the school system of the 1990s. I expect to introduce further amendments into this Council during the next Session.

Question on the Second Reading of the Bill put and agreed to.

Bill read the Second time.

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

ANIMALS AND PLANTS (PROTECTION OF ENDANGERED SPECIES) (AMENDMENT) BILL 1990

Resumption of debate on Second Reading which was moved on 4 April 1990

Question on Second Reading proposed.

MR. ANDREW WONG: Sir, I rise to support the Animals and Plants (Protection of Endangered Species) (Amendment) Bill 1990 which is aimed at bringing more endangered species under the protection of the law.

In the Bill, the item African Elephant has generated much heat and debate between the ivory-related industries and employees on the one hand, and the Administration on the other.

Sir, let me recapitulate the history a little bit. Hong Kong is a party to CITES,

which is the acronym of the Convention on International Trade in Endangered Species of Wild Fauna and Flora. CITES decided that international trade in ivory should be banned with effect from January this year. As ivory carving and trading both have had a long tradition in Hong Kong, the trades related to the ivory business are wide ranging: from raw tusk trading and carving, to worked ivory wholesale, retail and export. The Administration, in response to the strong requests of the local ivory traders, secured a six-month reservation period for the export of existing stock of ivory, which will expire 13 days later. The Bill before Council therefore needs to be passed in time lest Hong Kong breach her international obligations.

CITES' decision, no doubt, has come as a severe blow to the hundreds of businesses and the thousands of employees in the industry. Although the trade has been tipped off of the imminent ban or at least of tighter control, some of the traders still hold stocks purchased at high value which, overnight, diminished to a fraction of their original worth. Carvers, who have over the decades relied solely on their traditional, and I hasten to add, very skillful, techniques to earn their living, are simply forced out of their jobs. Their plight, especially that of the aged, is indeed bleak.

Sir, in view of the far-reaching impact of the CITES' decision and the subsequent local legislation to give effect to that decision, my honourable colleagues on the ad hoc group on the issue have been monitoring the situation since last year. We have received the representations from the Hong Kong and Kowloon Ivory Manufacturers Association Limited, the Hong Kong Ivory Manufacturing Workers General Union, and a group of ivory workshop operators. The ad hoc group has held five meetings, including two with the Administration and one with the ivory workshop operators.

Sir, we have discussed the requests of the ivory traders, the workers, and the workshop operators with the Administration in great detail, with a view to suggesting practicable solutions to mitigate the difficulties of the people who have been affected.

Regarding ivory traders, the Hong Kong and Kowloon Ivory Manufacturers Association Limited has requested an extension of the six-month reservation period beyond 17 July 1990, so that they will have more time (say a year or two years) to dispose of their stocks. In considering this request, the ad hoc group reckoned that when the Administration requested for the six-month reservation, Hong Kong had been put under severe criticism and pressure by other countries and conservationists. It

was only after much effort on the part of the Administration and honourable Members of this Council that the six-month reservation period was secured. We took the view that further concessions would be unlikely, not to mention the damaging effects to Hong Kong's reputation as a responsible member of the international community which a further request for further reservation period would certainly bring about. In any case, the local market will still be open for the traders. We therefore agreed that the six-month reservation which is due to expire soon is the most we could have got.

As for carvers, the Hong Kong Ivory Manufacturing Workers General Union has requested part-time training courses in bone and horn carving for the displaced ivory workers, and the grant of subsistence allowance during the re-training period. The ad hoc group supported this request, since the workers were immediately displaced from their jobs when CITES made that decision, and the six-month reservation period was of little use to the carvers.

I am very pleased to say that the Administration has demonstrated sincerity in trying to extend as much assistance as it could. The Administration agreed to organize the courses requested by the workers' union, and to allocate funds for subsistence allowances for attendees of these courses and other courses offered and run by the Vocational Training Council and the Construction Industry Training Authority. The financial resources required, I am glad to report, have been approved by the Finance Committee last Friday.

Sir, the last request we have dealt with was from the ivory workshop operators, who requested a compensation of \$10 million to \$20 million Hong Kong dollars and also an interest free loan of \$400,000 to \$600,000 per operator so that they can start their business afresh, a new business, not the ivory.

During our meeting with the ivory workshop operators, we noted that some of the operators are in fact also ivory stock holders. Most of them operate on a small scale and have no direct access to the retail market. Some of the operators are also carvers themselves. As a result of the impending ban, some operators will have to wind up their business and may encounter financial difficulties in laying off their employees.

While the ad hoc group is sympathetic regarding the operators' circumstances, it accepts the Administration's view that there should be no question of compensation

as in the case of the larger ivory traders and also the case of ivory workers who also demanded compensation initially. Consideration has, however, been given to other forms of assistance that can be given to the workshop operators. It is noted that operators who are also carvers themselves can approach the Labour Department for special assistance in job placements. They are also eligible for the re-training programmes and the subsistence allowance during the re-training period. As regards operators who encounter financial difficulties in winding up their business, they can approach the Labour Department for advice and assistance. The ad hoc group has the assurance from the Administration that each case will be considered on its own merits and that assistance will be provided as appropriate.

In the course of our deliberations, it has come to our attention that the total commercial ivory stock currently held in Hong Kong amounts to 460 tonnes. In view of the large size of the stock held and the limited market now open to the trade, we have requested the Administration to consider offering loan facilities to the trade by accepting as security ivory stocks held by them. We are aware of the numerous difficulties involved but we hope that the Administration will give further consideration to the proposal.

Sir, having considered the implications of the Bill, the ad hoc group is in unanimous agreement that being part of the international community, Hong Kong must be seen to be playing its role, a responsible role, in international affairs. By seeking a six-month reservation to the CITES decision to ban ivory exports, Hong Kong has attracted severe criticism from the international community. It is, therefore, in the wider interests of Hong Kong to effect strict enforcement of the ban after the expiry of the reservation period on 17 July 1990.

Sir, with these remarks, I support the motion.

SECRETARY FOR ECONOMIC SERVICES: Sir, I am indeed most grateful to Mr. Andrew WONG and his colleagues on the Ad Hoc Group on Ivory for the very careful consideration they have given to the problems arising from the decision by the international community to ban the commercial import and export of raw ivory and ivory products. They have approached their task in a constructive spirit and with great sensitivity to our international obligations.

Although there is nothing we can do to alter the circumstances which have led

to the need to enact the Bill now before this Council, the Administration does sympathize with those whose livelihood has been adversely affected by the CITES ban. As Mr. Andrew WONG has pointed out, it was in specific recognition of their difficulties that we persuaded the United Kingdom to enter a six-month reservation, on behalf of Hong Kong, to enable local traders to try and dispose of as much of their stocks as possible to countries who are not parties to CITES, or who have also entered reservations. This six-month period will expire on 17 July this year. Thus, in order to fulfil our international obligations, it is necessary that the requisite local legislation be enacted before that date.

The Administration has not felt able to accede to requests by the ivory workshop operators for direct financial assistance to be made available to them in the form of cash compensation to cover losses and interest-free loans to assist them in starting up new businesses. As a matter of principle we do not believe that public funds, (whether in the form of outright grants or of interest-free loans) should be made available to industries or trades which are adversely affected by changes in economic or commercial circumstances beyond our control. Even if we were to consider such a course, in this case, we would face enormous practical difficulties in deciding who should be eligible for such assistance and on what basis.

However, as Mr. WONG has mentioned, the Administration has taken practical steps to assist those formerly employed in the ivory carving industry to find alternative employment, and has responded positively to a request by the Hong Kong Ivory Manufacturing Workers Union (supported by the ad hoc group) to arrange part-time training courses in bone and horn carving for displaced ivory workers. On 29 June, members of the Finance Committee of this Council approved expenditure of some \$5.88 million to meet the cost of these courses and to provide for a monthly subsistence allowance of \$2,500 to each worker participating in the re-training scheme.

In closing I would once again like to thank the ad hoc group for their support and the time and effort Members have devoted to this issue and for providing such a valuable channel of communication between the Administration and representatives of the ivory trade.

Sir, I support the motion.

Question on the Second Reading of the Bill put and agreed to.

Bill read the Second time.

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

GAS SAFETY BILL 1990

Resumption of debate on Second Reading which was moved on 14 February 1990

Question on Second Reading proposed.

PROF. POON: Sir I rise to support the Bill which seeks to provide a framework for comprehensive safety legislation with respect to fuel gases.

At present, the only fuel gas-related activities covered by legislation are the storage and transport of liquefied petroleum gas, under the Dangerous Goods Ordinance, and the storage of town gas in gasholders, under the Gasholders Examination Ordinance. All other aspects of fuel gas supply, manufacture and use are outside the scope of existing legislation.

Following a number of deaths during the 1980-81 winter resulting from sub-standard gas water heater installations, Government commissioned a consultancy study of the safety of fuel gas supply and use. One of the consultancy's recommendations was that comprehensive gas safety legislation should be introduced.

The overall objective of the Bill is to ensure, as far as is reasonably practicable, the safety of gas customers, the general public and all persons employed in the gas industry against risks arising from the importation, manufacture, storage, transport, supply and use of fuel gases. In view of Members' interest in the Bill, a Legislative Council ad hoc group comprising six Members was formed to study the Bill.

We have held altogether nine meetings to examine various provisions in the Bill. In the course of our work, we have made reference to relevant legislation in the United Kingdom and have put forth some 60 points of query and concern on the legal provisions as well as on the English and Chinese texts of the Bill. As a result of our work, the Administration has agreed to about 30 amendments which will be moved by my colleagues, the Honourable CHENG Hon-kwan and the Honourable Mrs. Miriam LAU, and myself at the Committee stage. Most of the amendments are made to clarify the intention of the Bill, but there are a few points of concern which I would like to

mention.

A major concern of the ad hoc group is about clause 12(3)(b) of the Bill which provides for forcible entry into domestic premises should the authorized officer consider that application for a warrant would defeat the purpose of the entry. We consider the provision too loose and are of the view that forcible entry into domestic premises should only be allowed in the event of an "emergency" which should be clearly defined in the law. As a result, the Administration has been persuaded to amend the clause so that entry without warrant into domestic premises should only take place where there is an imminent danger to any person or property. The ad hoc group is satisfied that this would help to avoid any possible abuse of powers in the future.

The second point concerns the membership of appeal boards. Clause 18(2)(a) of the Bill provides that the membership of an appeal board will include a public officer. In order to ensure the impartiality of the appeal board, we support that the public officer on an appeal board should not be an officer from the same department as the Gas Authority, who will be a party to the proceedings.

The suggestion was initially resisted by the Administration on the ground that should there be a conflict of interest, the officer on an appeal board would be required to make a declaration under clause 19(2) of the Bill. At the ad hoc group's insistence, however, the Administration finally agreed to amend the provision as suggested by the ad hoc group.

The final point is about the use of approved codes of practice in criminal proceedings. Clause 10 of the Bill provides for the use of approved codes of practice in criminal proceedings arising from contraventions of requirements under the Bill. In particular, failure to abide by a code of practice will be taken as proof that the requirement to which the code relates has been contravened, unless it can be proved to the satisfaction of the magistrate or court concerned that the requirement had been met in some other way.

The ad hoc group is concerned about the inequity of the provision: while failure to observe a code of practice can be used by the prosecution in criminal proceedings as proof of contravention of a statutory requirement, compliance with codes of practice cannot in itself be used as a defence. The point has been debated thoroughly between the ad hoc group and the Administration.

According to the Administration, the regulation will only contain general statements on the requirements, while the codes of practice will serve to cover the requirements in detail. The reason for not making strict compliance with the codes an absolute defence is that it would be impossible for the codes to cover every situation on the ground: the field staff are expected to react flexibly to a particular situation or to refer to requirements stipulated in the regulations. If strict compliance with the codes could be used in defence, it would give rise to an undesirable situation whereby the regulations could be completely ignored by the field staff. The Administration has also provided assurance that if a person has complied fully with the codes of practice, the provisions in clause 10 are unlikely to apply. Prosecution will only be initiated where the work done is considered to be sub-standard.

The Administration's arguments have been accepted by the ad hoc group. However, in view of the need to make the industry fully aware of the various provisions in the Bill, the Administration has been requested to explain the law and its rationale to the industry, particularly the fragmented sectors.

Sir, with these remarks and subject to the amendments proposed, I support the Bill.

SECRETARY FOR ECONOMIC SERVICES: Sir, I would like to thank Prof. POON and his colleagues on the ad hoc group for their detailed examination of the Gas Safety Bill, which has resulted in the suggestion of a number of significant improvements to both the English and Chinese versions.

Prof. POON has already described to Members the main amendments which the ad hoc group would wish to see incorporated into the Bill. I am pleased to say that all the amendments which will be moved during the Committee stage by Prof. POON, Mr. CHENG Hon-kwan and Mrs. Miriam LAU have the full support of the Administration.

Specifically, the proposed amendment to clause 12, which would explicitly limit to emergency situations only Gas Safety Inspectors' power of entry to domestic premises without a warrant, does, I believe, reflect a proper concern for the protection of privacy. Secondly, the ad hoc group's proposed amendment to clause 18 which would exclude officers from the same department as the Gas Authority from being appointed to an appeal board would, I believe, give appellants a welcome

additional assurance of the impartiality of appeal boards.

I fully agree with the ad hoc group that there should be a full programme of publicity for the provisions of the Bill and the six sets of regulations which will embody the detailed and technical measures of this legislative package. This programme will be implemented in consultation with the gas industry and the Gas Safety Advisory Committee as the provisions of the legislation come into effect.

Sir, with these remarks, I commend the Gas Safety Bill 1990 to this Council for Second Reading.

Question on the Second Reading of the Bill put and agreed to.

Bill read the Second time.

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

Committee stage of Bills

Council went into Committee.

EDUCATION (AMENDMENT) BILL 1990

Clauses 1 to 5, 7 to 9 and 12 were agreed to.

Clauses 6 and 11

MR. DAVID CHEUNG: Sir, I move that clauses 6 and 11 be amended as set out in the paper circulated to Members.

Proposed amendments

Clause 6

That clause 6(2) be amended --

In new section 74(2B), by deleting all that appears before "the child" and

substituting --

"(2B) No person shall, without the permission in writing of the Director, expel from a primary school or secondary school named in an attendance order".

Clause 11

That clause 11 be amended by deleting subclause (2) and substituting --

"(2) Section 87 is amended by adding after subsection (3) --

"(3A) Any person who --

(a) is a member of a management committee which contravenes section 74(2A); or

(b) contravenes section 74(2B),

shall be guilty of an offence and shall be liable on conviction to a fine of \$5,000 and to imprisonment for 3 months."."

Question on the amendments proposed, put and agreed to.

Question on clauses 6 and 11, as amended, proposed, put and agreed to.

Clause 10

MR. ANDREW WONG (in Cantonese): Sir, I move that clause 10 be amended as set out in the paper circulated to Members.

Proposed amendment

Clause 10

That clause 10 be amended --

(a) by renumbering clause 10 as subclause (2);

(b) by adding before subclause (2) --

"(1) Section 84(1) is amended by repealing paragraph (m) and substituting --

"(m) the control of the dissemination of information, or expression of opinion, of a clearly biased political nature in schools;".";

(c) in subclause (2) --

(i) by deleting "repealing paragraph (m) and substituting" and substituting "adding after paragraph (z)";

(ii) by renumbering the proposed paragraph (m) as paragraph (za).

Question on the amendment proposed, put and agreed to.

Question on clause 10, as amended, proposed, put and agreed to.

ANIMALS AND PLANTS (PROTECTION OF ENDANGERED SPECIES) (AMENDMENT) BILL 1990

Clauses 1 to 4 were agreed to.

GAS SAFETY BILL 1990

Clauses 1, 3, 4, 7, 10, 13 to 16, 20 to 22, 24, 28, 31, 32, 34 and 36 to 38 were agreed to.

Clauses 2, 12, 25 and 27

PROF. POON: Sir, I move that the clauses specified be amended as set out under my name in the paper circulated to Members.

Proposed amendments

Clause 2

That clause 2 be amended --

(a) in the definition of "container" by deleting "儲罐" and substituting "儲存器";

(b) by deleting the definition of "gas" and substituting --

"gas" (氣體) means --

- (a) town gas;
- (b) liquefied petroleum gas;
- (c) natural gas; or
- (d) any mixture of such gases,

whether in the form of a liquid or vapour;"

(c) in the definition of "inspector" by deleting "an inspector" and substituting "a gas safety inspector".

Clause 12

That clause 12 be amended --

(a) in subclause (3)(b), by deleting "purpose of the entry or the search would be defeated by application for such warrant" and substituting --

"matter to which the entry or the search relates is an imminent danger to any person or property";

(b) by adding after subclause (3) --

"(3A) An authorized officer may exercise any of his powers under this section with the assistance of such other persons as he thinks fit.".

Clause 25

That clause 25 be amended by adding "present" before ", except".

Clause 27

That clause 27(2) be amended by adding ", without reasonable excuse," after "who".

Question on the amendments proposed, put and agreed to.

MRS. LAU (in Cantonese): Sir, I move that the clauses specified be further amended as set out under my name in the paper circulated to Members. In clause 2 of the Bill, "一層樓" has been used in the definition of "service riser". The term is rarely used and rather unfamiliar. The sub-committee therefore proposes that it be amended to read "樓宇的一層" so that the meaning will be clearer and easier to understand. Clause 2 also provides interpretations to "manufacture", "supply", "store (倉庫)", "store (貯存)" and "container". In each case, the term "貯罐" has been employed. "Container" in the English text may refer to any type of containers, the meaning of which appears to be broader than that of "罐". The sub-committee therefore proposes to substitute "貯罐" by "貯存器" at each and every occurrence. In the definition of "liquefied petroleum gas", the phrase "碳氫化合物的混合物" carries a meaning somewhat different from that of its counterpart in the English text, that is, "any gas which is a mixture". To ensure consistency of the English and Chinese texts, the sub-committee proposes that "碳氫化合物的混合物" be substituted by "任何氣體的混合物" and that the definition of "氣體" be expanded to include "液體狀或氣體狀的氣體".

Clause 25 provides that the determination by the appeal board of an appeal shall be that of the majority of the board. But the clause fails to express clearly what "大多數" exactly implies. "Majority" however refers to any number more than half of the total -- an interpretation generally accepted at common law. It is therefore proposed that "大多數" be replaced by "過半數".

In clauses 27(4) and (5), "without reasonable excuse" is rendered as "沒有合理理由" in the Chinese text. In fact, "沒有合理理由" should be the equivalent of "without reasonable cause". It is therefore more accurate to translate "without reasonable excuse" into "沒有合理解釋".

With these remarks, Sir, I beg to move.

Proposed amendments

Clause 2

That clause 2 be further amended --

- (a) in the definition of "上給供氣分喉" by deleting "一樓層" and substituting "樓宇 的一層";
- (b) in the definition of "生產" by deleting "儲罐" in both places where it occurs and substituting "儲存器";
- (c) in the definition of "石油氣" by deleting "碳氫化合物" and substituting "任何氣體";
- (d) in the definition of "佔用人" by adding "內" after "該地方";
- (e) in the definition of "供應" by deleting "儲罐" and substituting "儲存器";
- (f) in the definition of "倉庫" by deleting "儲罐" wherever it occurs and substituting "儲存器";
- (g) in the definition of "儲存" by deleting "儲罐" wherever it occurs and substituting "儲存器";
- (h) in the definition of "儲罐" by deleting "儲罐" and substituting "儲存器".

Clause 12

That clause 12 be further amended --

- (a) in subclause (1)(c) by deleting "的" where it secondly occurs;
- (b) in subclause (3)(a) by deleting "," before "上述".

Clause 25

That clause 25 be further amended by deleting "大多數" and substituting "過半數" in the heading and the provision.

Clause 27

That clause 27 be further amended by deleting "沒有合理理由" and substituting "無合理解釋" in subclause (4) and (5)(b).

Question on the amendments proposed, put and agreed to.

Question on clauses 2, 12, 25 and 27, as amended, proposed, put and agreed to.

Clauses 5, 18 and 19

MR. CHENG HON-KWAN: Sir, I move that the clauses specified be amended as set out in the paper circulated to Members. In clause 5 the Bill does not specifically name the Gas Authority. It is therefore desirable to introduce an amendment to enable the public to be notified in the Gazette as to who the Gas Authority is at the time. The amendment to clause 18(2)(a) is to ensure that the public officer on the appeal board is not an officer from the same department as the Gas Authority. The purpose of the amendment to clause 19 is again to achieve fairness in the deliberation or determination of the appeal board at any hearing of the appeal case in which a member of the board has made a disclosure under sub-clause (2) and to which that disclosure relates.

Proposed amendments

Clause 5

That clause 5 be amended by adding ", by notice in the Gazette," after "shall".

Clause 18

That clause 18(2)(a) be amended by adding "who does not work in the same department of the Government as the Authority" after "officer".

Clause 19

That clause 19 be amended by adding after subclause (2) --

"(2A) Where the chairman of an appeal board does not permit a member of the appeal board who has made a disclosure under subsection (2) to take any part in any deliberation or determination of the appeal board in respect of the appeal to which that disclosure relates, the member shall not be counted for the purpose of forming a quorum of the appeal board at any hearing of that appeal."

Question on the amendments proposed, put and agreed to.

Question on clauses 5, 18 and 19, as amended, proposed, put and agreed to.

Clauses 6, 8, 9, 17, 26, 29, 30 and 35

MRS. LAU (in Cantonese): Sir, I move that the clauses specified be amended as set out under my name in the paper circulated to Members.

Clause 6(1) in the Chinese text of the Bill sets out the principal function of the Gas Authority in the following terms --

②推廣與氣體有關的工作準則及確保這些準則為人依循①

But in the English text of the Bill, the principal function of the Authority is given as "to promote and ensure safe working practices for and in relation to gas". By this, it does not mean that the Authority has the responsibility to ensure that safe working practices are observed; it means that the Authority shall ensure that such working practices are in existence and capable of implementation. The sub-committee therefore proposes that ②確保這些準則為人依循① be replaced by ②就實施這些準則作出規定①.

Clause 8(3) in the Chinese text of the Bill explains "specified document" as ②即指經過不時修訂或重發的該文件①. On a true construction of the corresponding sub-clause in the English text, not only does "specified document" cover such document as revised

or re-issued from time to time but it also covers other documents; and such document as revised or re-issued from time to time can be among those other documents covered. The sub-committee therefore proposes that ②即指① be replaced by ②亦指①.

The proposed amendment to clause 9(6) is for the same reason as cited in the preceding paragraph.

Clause 8(4) of the Chinese text of the Bill contains the expression ②某一個案或某類個案①. In the English text, the corresponding phraseology is "a particular case or class of cases" which, upon a true construction thereof, does not mean individual cases but certain sets of circumstances. The sub-committee therefore proposes that "個案" be replaced by "情形".

"Corporate members" in clause 17 of the Bill had previously been given a Chinese counterpart term "正式會員" in the Engineers Registration Ordinance. To ensure consistency, the sub-committee proposes that ②法定會員① be replaced by ②正式會員①.

"A copy of that order" in clause 26 of the Bill means a copy, not a duplicate copy, of that order. It is therefore proposed that ②該命令的一份副本① be replaced by ②一份該命令① which will more accurately convey the original meaning.

"Due diligence" in clause 30(1)(b) of the Bill is rendered as ②適當地努力① in the Chinese text. The sub-committee is of the view that this expression is slightly anglicized. It would be best if it could be amended as "盡力".

"Individual" in clause 35 is given as ②自然人① in the Chinese text of the Bill. The People's Republic of China (PRC) and Taiwan both use in their respective laws and statutes ②自然人① to denote "natural person" as distinguished from "legal person" which is a company or corporate body. Although, in principle, in the bilingual legislation process legal terminologies from the PRC and Taiwan may be adopted by us, yet regard must be had to the degree of acceptance by the people of Hong Kong of such terms. The sub-committee is of the view that ②自然人① is a term not readily acceptable to the people of Hong Kong. It therefore proposes that the term in question be replaced by ②個別人士①.

Sir, with these remarks, I beg to move.

Proposed amendments

Clause 6

That clause 6(1) be amended by deleting "ensure" and substituting "provide for the implementation of".

That clause 6(2)(b) be amended by deleting ",".

Clause 8

That clause 8 be amended --

- (a) in subclause (2)(a)(iv)(G) by deleting "儲罐" in both places where it occurs and substituting "儲存器";
- (b) in subclause (2)(b)(ii) by deleting "儲罐" and substituting "儲存器 ";
- (c) in subclause (3)(b) be deleting "即" and substituting "亦";
- (d) in subclause (4)(a) by deleting "個案" in both places where it occurs and substituting "情形".

Clause 9

That clause 9(6) be amended by deleting "即" and substituting "亦".

Clause 17

That clause 17(1)(b) be amended by deleting "法定" and substituting "正式".

Clause 26

That clause 26 be amended by deleting "該命令的一份副本" and substituting "一份該命令".

Clause 29

That clause 29 be amended by adding "不" before "合理可行" where it secondly occurs.

Clause 30

That clause 30(1)(b) be amended by deleting "適當地努力" and substituting "盡力".

Clause 35

That clause 35(a) be amended by deleting "自然人" and substituting "個別人士".

Question on the amendments proposed, put and agreed to.

Question on clauses 6, 8, 9, 17, 26, 29, 30 and 35, as amended, proposed, put and agreed to.

Clauses 11, 23 and 33

PROF. POON: Sir, I move that the clauses specified be amended as set out in the paper circulated to Members.

Proposed amendments

Clause 11

That clause 11(1) be amended by adding "gas safety" before "inspectors".

Clause 23

That clause 23(3) be amended by deleting "witness appearing" and substituting "person appearing before the appeal board to give evidence".

Clause 33

That clause 33(a) be amended by deleting "2 years" and substituting "6 months".

Question on the amendments proposed, put and agreed to.

Question on clauses 11, 23 and 33, as amended, proposed, put and agreed to.

Schedule was agreed to.

Council then resumed.

Third Reading of Bills

THE ATTORNEY GENERAL reported that the

EDUCATION (AMENDMENT) BILL 1990 and

GAS SAFETY BILL 1990

had passed through Committee with amendments and the

ANIMALS AND PLANTS (PROTECTION OF ENDANGERED SPECIES) (AMENDMENT) BILL 1990

had passed through Committee without amendment. He moved the Third Reading of the Bills.

Question on the Third Reading of the Bills proposed, put and agreed to.

Bills read the Third time and passed.

4.47 pm

HIS HONOUR THE PRESIDENT: Before we move on to the debate on Member's motion, we shall take a short break.

5.07 pm

HIS HONOUR THE PRESIDENT: Council will resume.

Member's motion

IMPORTATION OF LABOUR

MR. TAM moved the following motion:

"That this Council takes note of the Government's recent relaxation of the policy on importation of labour."

MR. TAM (in Cantonese): Sir, I move the motion standing in my name on the Order Paper. Although the motion is proposed in my name, its original idea was actually conceived by the Honourable PANG Chun-hoi and me. Thus it can be said that it is jointly proposed by both of us.

This motion debate has aroused much concern in the mass media and members of the labour sector have come especially to express their opinions. The pledge of support by them outside this building has brought encouragement and strength to the representatives of the labour sector in this Council. I hereby express my heartfelt thanks to them.

Some people have queried the neutral wording of the motion. Therefore, I find it necessary to make a brief explanation. In drafting the motion, the Honourable PANG Chun-hoi and I had hoped to express the existing worries and strong discontent of the labour sector. However, with a very limited number of Members representing the working class in this Council, the understanding of the situation and the sympathy towards the workers have been rather limited. Few Members have examined the issue of importation of labour from the standpoint of the working class at the grassroots level. After a series of study and discussion, the motion was amended and finalized in the existing version. Although I am pleased to see that this Council hold discussions on the issue of importation of labour, I am somewhat disappointed that the wording of the motion should take its present form.

On the issue of importation of labour I fully concur with the labour sector in their censure against the Administration. I am quite shocked by the Administration's dishonourable and absurd approach which has paid no attention to the real situation of the whole matter. All along the Government has indicated its aim of "allowing the workforce to share the benefits in good years as they share the difficulties in lean years"; and in the policy address of 1988 the Government unequivocally indicated

that it did not intend to allow substantial number of workers to be imported from outside Hong Kong. However, while such a remark was still fresh on our mind, the Government came to a decision on the importation of 3 000 semi-skilled workers last year. The number of imported labour is to be further increased this year. Not only will there be a scheme for the importation of 2 700 semi-skilled workers, another scheme for the importation of 10 000 operatives will also be introduced. As workers with only one-year relevant working experience will be qualified as operative level workers, many of them will not be different from unskilled workers. In other words, the Government is already in the course of importing a substantial number of unskilled workers. What is regrettable is that government officials still make widespread announcements that the Government has no intention of changing its present policy on importation of labour. Such an approach to deceive oneself and others is likened to covering the ears to steal a bell; this is both ludicrous and detestable. Furthermore, in making a decision which will have profound social impacts, the Government has not consulted the trade unions nor the labour organizations. This is in total disregard of the opinions of those affected, thus giving rise to scepticism whether the Government is determined to have its own way, or whether it is already aware that its decision cannot be justified.

It is crystal clear that the Government's decision to relax the criteria on the importation of labour is not justified. We may recall that last year when the Government came to the decision on the relaxation of the importation of labour, it undertook to keep the situation under review so as to avoid any negative social effects. However, up till the very moment when further relaxation on the importation of labour was announced this year the Government has not made any indication that the relevant review has been completed. It was not until the trade unions and the mass media pointed out quite a number of loopholes in the relaxation that the Government finally announced some safeguards measures that would be taken. Such attitude in handling the issue is most astonishing. However, what makes me feel the more perplexed is that with the setting up of an inter-departmental Committee on Manpower, comprising representatives from the Education and Manpower Branch, Economic Services Branch, Health and Welfare Branch, Civil Service Branch and the Industry Department, the report of manpower survey submitted by this committee in March this year has totally failed to attract the Government's recognition and attention. Although there are quite a number of areas in the report which require clarifications, it is still the most authoritative report on the forecast of labour supply and demand produced by the Government in recent years. According to the said report, in Hong Kong there will be a surplus supply of 33 000 workers at the education level of Form III and

below by 1991; on the other hand a shortage of 16 000 workers at senior secondary education level is expected in our labour force. As there are bound to be similarities in the nature of the jobs of Form III and Form V graduates, we may assume that these jobs can be taken up interchangeably by the Form III and Form V graduates. Therefore, in 1991 there will be a surplus of 17 000 workers at Form III level or below in Hong Kong.

The Government has now announced the importation of 10 000 operatives and 2 700 skilled workers for general employers who wish to employ them. It is obvious that for the completion of all application procedures and verification formalities, these imported workers possibly will have to wait until early next year before they are ready to start work. It will then bring severe impacts on the local labour market. On basis of the abovementioned labour forecast and with the education level of the imported workers being at Form V level and below, the supply of workers at this education level will outstrip the demand in the labour market next year. The imbalance between supply and demand will be further accentuated by the importation of labour, resulting in the wage levels of local workers being affected. In view of the above, if the Government still pays heed to its own study, there is really no ground for the importation of labour.

Furthermore, there are many unreasonable measures in the decision, for example, the removal of the 20% ceiling for imported workers in the total number of employees of a corporation. With the removal of such restriction, employers may dismiss local workers on pretexts with a view to recruiting workers from outside Hong Kong until the majority of workers of their corporation are replaced by imported workers. As employers can have many excuses in dismissing local workers, the Government will find it hard to enforce the rule which requires the employers to lay off imported workers first in the event of redundancies. Local workers will be in a very vulnerable position because of this measure.

Furthermore, the Government has indicated that the number of imported workers that a particular trade will get will be determined by vacancy rate and the extent of wage increase in that trade -- the greater the extent, the more imported workers will be allowed. To our knowledge the so-called "sunset" industries are generally experiencing a surplus in labour supply because their industries are diminishing and basically the question of vacancies and wage increases does not exist. On the other hand, the so-called "sunrise" industries are developing rapidly, and the labour demand in these industries outstrips the supply with a resultant rise in vacancy rate

and wage levels. If the allocation of quota for the importation of labour is to be determined by the aforesaid criteria, the "sunrise" industries will get a greater quota, thus lessening their desire of recruiting from local labour market. As a result, there will be a drag on the progress of local workers in changing their jobs from "sunset" industries to "sunrise" industries, and the plight of employees of the "sunset" industries will be exacerbated.

All in all, the decision on importation of labour made by the Government on this occasion is unjustified, and has given rise to misgivings and resentment.

Some people who support the Government on the relaxation of importation of labour consider that with large number of vacancies now existing in Hong Kong a large-scale importation of semi-skilled and unskilled labour is necessary, otherwise the overall development of the economy would be affected. This argument sounds reasonable. However, in practical terms, a vacancy rate in the industries does not necessarily call for the importation of labour. As I have repeatedly emphasized, Hong Kong has in fact always had to face a vacancy rate, and its existence is a normality. For instance, in the manufacturing industry, the vacancy figure for the years 1983-88 has been around 15 000 to 52 000, with the average being at 32 000. These six years have seen economic booms and downturns. So we cannot say that as there are vacancies, importation of labour is necessary. Moreover, even if there has been vacancies during the slowing down of the economy, the economy has not been hampered in its move towards the next boom. Therefore, we should not take it for granted that the importation of labour is a necessity. Furthermore, according to recent statistical figures, the vacancy figure for the manufacturing industry for the fourth quarter of 1989 is 36 000, which is not very high when compared with the average figure. Besides, since the first quarter of 1989, the vacancy figure has been falling, and it has now returned to the level of 1986-87. I do not think the vacancy figure can be used as an excuse for importation of labour.

We can make reference to the survey recently conducted by the Federation of Hong Kong Industries on the labour supply of the manufacturing industry. A total of 100 factories responded to it, only 68 of which made a return on the extent of labour shortage in their factories. Among them, the 34 factories accounting for 50% of the respondents reported a labour shortage ranging from 0% to 10%. It can be seen that the problem of labour shortage is relatively mild. If the recent economic performance has been taken into account, we should not exaggerate the shortage of labour supply. An analysis on the previous government statistics shows that the

shortage figure of the manufacturing industry often hinges on the production index of the preceding period. Up to the second quarter this year, there is still no indication of a strong revival in local productions, coupled with the expected slowing down of our economy for some time, it is believed that the vacancy figure of the manufacturing industry will continue to be moderate.

Another school of thought holds that even if employers offer another pay rise, the problem of labour shortage will not be resolved. Also, the wage level has been raised to such an extent that a cool-down is necessary. However, I consider that the current level of workers' wages is in fact not too high. At present, "wage rate" and "payroll" figures are the two common items provided by the Government in its statistics relating to salary. Their major difference is that the latter includes overtime allowance. If a worker works more overtime, the increase rate of his salary as appeared in the payroll will be higher than that of the wage rate. As overtime allowance is a due reward for the worker who takes on additional work commitments, it should not be misinterpreted as a general wage increase. So we should take wage rate as the guideline. Turning to the change in the wage rate of technicians and operatives of the manufacturing industry, a comparison between the wage rate in September 1989 and that of the corresponding period last year shows only a rise of 11%, and after a deduction of 10% to offset the inflationary rate, there is a real growth of 1% only. In fact, it is far from an increase.

Moreover, according to a press report on 19 June 1990, a commercial survey company has conducted a survey and found out that most Hong Kong workers work more than 50 hours per week, that is to say, the majority of Hong Kong workers often work overtime. However, the survey also shows that large numbers of workers work overtime without receiving any compensation, and only half of them can get overtime pay. On this basis, even if Hong Kong workers' wage rate has a substantial growth, this is reasonable because this is only a small token of compensation for the worker's unpaid overtime work. Therefore, we should not overestimate the growth of the current wage.

Sir, the Government's relaxation on the importation of labour will have a great impact on the local worker's income. Facts in the past and the conditions of other places can tell us that importation of labour will affect the improvement to the livelihood of the working class. In late 1970s, Hong Kong had a large influx of new immigrants. The then rising real wage came to a standstill, and the distribution of social resources during that period was worsening. Furthermore, Macau's recent importation of labour has caused the real growth of the wage level of the workers

to come to a standstill. It is envisaged that the importation of labour will bring damage to our workers as well.

For all these reasons, I consider that the decision on the relaxation of importation of labour is a great blunder. The labour sector is most resentful. The workers work diligently, contributing to the development of Hong Kong. They have not asked for much, merely hoping to share the benefits of their hardwork. However, the Government turns a blind eye to social needs and workers' basic rights and high-handedly changes its policy on the importation of labour, resulting in workers being unable to get their due reward. They are forced to continue their role as a beast of burden, toiling endlessly and sacrificing their youth which will never return once it is gone. I totally object to such a relaxation which is nothing short of an absurd move by the Government.

Sir, with these remarks, I move the motion.

Question on the motion proposed.

MR. PAUL CHENG: Sir, I am grateful to you and other Members for letting me jump the queue because after I speak I shall rush to the hospital to deal with another type of labour.

Our spring Budget debate emphasized our shared concern over the high rate of inflation plaguing the territory -- impacting our economy and detracting from our competitive position. We must now admit that we are faced with persistent inflation. This is not a temporary phenomenon. Indeed, for more than a year now, many have said that inflation is actually the most serious problem facing the Hong Kong economy.

Recent reports substantiate this concern for what is a real problem. The Consumer Price Indexes (A) and (B) for the year to May stands at 9.3%, with the Hang Seng CPI at 11.1%. This high domestic inflation comes from the sustained phenomenal growth of our local economy enjoyed through all but the final year of the past decade. Coupling this persistently high inflation rate with a consistently low unemployment rate (the average unemployment rate for 1989 was 1.4%), our local economy is operating close to capacity.

Our Budget debate also highlighted considerable frustration over what could be

done to curb inflation. Options are quite limited. Yet, there was a loud cry calling on Government to stabilize the local economy by exerting tight control to curb further inflation.

Many financial experts are telling us: that we are faced with "wage-push" inflation. Despite the fact that the Hong Kong economy has slowed considerably in the past year, the labour market is still very tight and this continues at a time when we have indications that domestic exports may well be picking up again.

Such a combination begs for government action. Inaction will lead to stagflation. Relaxation of the policy on importation of labour is a measured step in the right direction. It is a means of addressing our inflation problem that is currently coupled with escalating wages and a high rate of turnover of labour.

Moreover, the proposal to allow in 14 700 foreign workers is cautious implementation of policy. It is one more measure that Government is undertaking to address a serious problem -- the problem of effectively breaking the vicious inflationary cycle. The chief regional economist of Baring Securities estimates there are about 140 000 job vacancies, or about 5% of the employed population. Certainly, a proposal to bring in 14 700 workers is a very careful step when measured against an estimated 140 000 job vacancies! It is action to augment the bigger policy picture which already includes support of increased automation and technology in our work places and improved and extended courses of study for young adults.

In addition, imported labour is not cheap. Employers must undertake transportation and housing costs when foreign workers are employed. Commitment to median wages will also be prerequisite with this policy. Therefore, a company would certainly not apply to import labour unless it is absolutely necessary. Our local labour pool will not be unfairly disadvantaged.

This brings me to addressing those who are raising strong voices against this measure. We need to call on them to see the bigger picture. The combination of a tight labour market with rising wages jeopardizes the competitiveness of Hong Kong products and the attractiveness of Hong Kong to investors.

Unless we take concrete steps to break the wage-push inflationary cycle, we will never solve the problem. Our private consumption expenditure has reached record highs with a sharp GDP increase from around US\$7,000 in 1986 to approximately

US\$11,000 today. The continued demand for excessive wage and salary increases will simply keep the spiraling effect going unless something concrete is done which is what the Government is proposing.

Militant labour action has been on the rise in Hong Kong. It has arisen because of those who believe that people at the grassroots level have no alternative but to resort to taking drastic measures to safeguard their own interests. Government must not fail to communicate genuine action that balances the interests of the various sectors of the community. I strongly believe that this proposal of a controlled number of foreign workers is a balanced policy decision. It is in the best interests of both the employees and the employers. It is long-term planning for the welfare of all of us.

Let me summarize what this policy decision supports:

1. It supports measures to break the continuing inflation that is eroding our economic prosperity on which our future well-being rests.
2. It supports plans for the major infrastructural projects with their huge manpower requirements.
3. Similarly, it paves the way for the port and airport development plans so as to prevent any delay in the construction of these projects. These projects are vital to our continuing prosperity in the future -- not only because of the ability to meet increased business needs; but just as importantly, because of the multitude of spin-off jobs they will offer to our community at large.
4. It also addresses the most acute labour shortage in the manufacturing sector which needs semi-skilled and unskilled workers to maintain growth in our domestic exports.
5. Finally, it encourages local manufacturers to retain their factories in Hong Kong. Carried to its logical extreme, the retention of factories in Hong Kong means more employment opportunities for local workers. That is right; there is a case to be made which demonstrates that bringing in a defined number of foreign workers actually results in more employment opportunities for our indigenous labour.

In closing, I want to reiterate how important improved communication between employees and employers is. Our traditional harmonious labour relations are at stake -- and that jeopardizes the entire Hong Kong community. Time and again, we have all

heard -- and undoubtedly said to ourselves -- that our greatest resource is our people. We are the thriving community of today, because of our human resources. The very fabric of our community implores us all to embark on dialogue, on give and take. We must all work together to keep Hong Kong ticking.

With these remarks, Sir, I support the motion.

MR. CHOW (in Cantonese): Sir, when reading about the process of policy making in the study of politics, I learned from some books that "the rational model of policy making" was non-existent in reality. I had some doubts about this allegation at that time. However, having seen the indecisive policy of the Government on the importation of labour and the contradictory reasons given to support its policy, it is rather difficult for me to believe that policy making is a rational and scientific process.

In the Government's recent decision to further relax the policy of importing labour, it is proposed that the quota for skilled workers be set at 2 700 and that for construction workers for infrastructural projects at 2 000. The proposal that attracts most objection is the importation of 10 000 unskilled workers. The Government has given some reasons for this proposal also. However instead of regarding these as "reasons", I would rather say the Government is trying to "rationalize" its own policy. The question is that the Government has decided to import unskilled workers in the first place. When there is an economic boom, the Government would say that since the economy is vibrant, there is a great demand for labour, which is in short supply, therefore it is necessary to import workers; when the economy is stagnant, or even begin to experience a downturn, even though the unemployment rate is already rising, the Government would say that in order to stimulate the economy, to strengthen the investors' desire to invest and to avoid weakening the competitive power of Hong Kong products as a result of wage and cost increases, there should be importation of labour. Should there be economic fluctuations or changes in the supply and demand of labour, however, what will be their impacts on the policy of importing labour? The answer is that there will be no impact at all, because no matter what the circumstances are, the Government can always justify itself as implementing the "established policy".

What is more ridiculous is that last year the Government considered that in the coming few years, periodical economic recession would reduce the demand for labour,

therefore it would not be necessary to import a large number of workers. However, this year the Government says that in order to stimulate the economy, the importation of labour is necessary. It is thus clear that the Government puts forward its arguments at will. Last year, it was said that the importation of labour would hinder the transformation of industries, reduce the incentive for manufacturers to increase productivity, but this year it is alleged that there is limited mechanization in the manufacturing sector in Hong Kong and that emphasis will still be on the labour intensive mode. The question is how much effort has been put by the various sectors in the transformation of industries in Hong Kong? Has mechanization reached its limit or has it even started? As regards the quota of imported labour for our infrastructural projects, the response from the construction industry is that at present, there is no need for a large number of workers for those projects. What we actually need are mainly workers such as lorry drivers who cannot be imported. So, can the Government really rely on these contradicting and ill-founded arguments as the basis for policy making?

Last year, the Government emphasized that instead of focusing on the Gross Domestic Product, emphasis should be laid on the per capita GDP of our labour force. The Economic Services Branch concluded from the analysis of theories and past data that the importation of unskilled labour would lower the territory's per capita GDP of labour force, and would lead to a re-distribution of wages among workers, resulting in a further slash on the wage of the low-paid workers. In other words, according to the conclusion of the Economic Services Branch, even if we have to import labour, it must on no account be unskilled workers. Nevertheless, the Government has approved the importation of 10 000 unskilled workers. In fact, as more and more manufacturers transfer their operations northward, it has become difficult for the low-paid workers to switch to other trades. The Government's proposal of importing 10 000 unskilled workers will aggravate the situation further.

On the question of whether the supply of local labour force is adequate or excessive, I do not intend to join in the contest to cite figures. However, I want to stress two points. Firstly, the northward transfer of operations by local manufacturers has become a fact of life. According to a survey conducted by the Trade Development Council, it was estimated that in mid-1988, more than 10 000 workers were imported from China to work in our manufacturing sector. Certainly, the importation of 10 000 to 20 000 overseas workers would not satisfy the need of our manufacturers or stop the trend of northward transfer of their business. In other words, the manufacturers will have their own solutions if they find the supply of cheap labour

inadequate. Secondly, the Education and Manpower Branch pointed out in its first comprehensive report on manpower projection that in 1991, there will be an excess of 3 300 junior secondary school graduates and in 1996, the figure will rise to nearly 60 000. It is expected that these school leavers will largely work in factories and the fact that supply outstrips demand also poses a real problem for them. The importation of unskilled labour would only aggravate the situation.

Sir, I recall what you said in the policy address in the year before last, to the effect that "..... our aim of allowing the workforce to share the benefits in good years as they share the difficulties in lean years." I hope those who support the importation of labour will pick up a copy of the monthly statistics to see the extent of real wage increases of workers during the past 10 years when Hong Kong was experiencing an economic boom. To look at the real wage indices (fringe benefits included) of those engaged in the manufacturing sector (for March 1982, it was 100), it can be found that for September 1983, it was 96, for 1984 it was 97 and for 1985, it was 99. In other words for three and a half consecutive years, workers' wages were actually reduced. Since then, the indices have been rising slowly to reach 109 in September, 1989. There was an increase of only 9% in seven years while at the same time, the GDP index has risen from 121 to 195, representing a rise of 61%. In that case, can it be said that the workforce are sharing the benefits in good years? In fact, Hong Kong manufacturers should almost be called the most blessed in the world. The actual pay rise of Hong Kong workers are far less than the increase in wealth enjoyed by manufacturers, but the workers are still contented with the status quo and seldom lodge protests. Moreover, the taxes levied on local manufacturers are less than those of neighbouring newly-developed industrial countries; the protection afforded to our workers are comparatively less than those countries; and the labour laws are less comprehensive. Under such circumstances, what else can our workers ask for? The cake is growing bigger and bigger, yet the share a child can get is only two more drops of cream. Now it is even said that the child has to share his part of the cake with the kid nextdoor. Beware that the child may fight back!

Sir, I do not support a further relaxation of the policy on the importation of labour this year. With these remarks, I support the motion.

MR. CHEONG: Sir, ever since the raising of the issue of labour importation, it is regrettable that few, if any, of our labour leaders have made serious attempt to address the issue from a macro and a longer-term point of view. The major issue at

stake here is not that the business sector wishes to make more profit by taking advantage of using imported labour to deprive local workers of their rights to progress. Whoever continues to harbour such an outdated view must try to come out of such a micro and class struggle electioneering cocoon. Nowadays, managements of enterprises, especially the successful ones, are generally more enlightened and fully recognize the value of developing a cordial and workable relationship with those under their employ. Hence, we should not only address this issue from the short-term negative angle and should devote some thoughts over a wider and longer-term perspective.

First, human resource is an important resource in any growing economy. I have repeatedly said this in the Industrial Development Committee under the chairmanship of the Financial Secretary for the past three years. It has to be available if the economy of Hong Kong is to grow further. Over the past few years, shortage of labour in general amongst all sectors in Hong Kong is evident and cannot be disputed. This has, and quite rightly so, given rise to substantial increase in the level of real wages over the past decade or so. Nevertheless, statistics again point out clearly that the effects of the cost-push inflation on the economy cannot be sustained without having an irreparable damage on the long-term health of our economy. If this trend were left to develop unchecked, I can safely but sadly predict that our economic prospect in the long term will suffer quite dramatically. Also, unless human resources are available, Hong Kong will unlikely achieve the average annual GDP growth of 5.5% as projected by the Government for the next five years, the main reason being that growth can only be achieved if there are new investments. Employers will only invest if there is a likelihood of sufficient human resources available.

Should Hong Kong fail to address the shortage of labour issue effectively, investments, I am sure, will be very limited and patchy. That will adversely affect Hong Kong's employment base, and the net result would be an overall reduction of job opportunities. Such a situation will lead to very quick and sharp wage level declines whenever Hong Kong is hit by economic recession. Surely, this scenario is not in the interest of anybody, especially our labour sector.

Secondly, it requires efforts from all sectors to move up market to achieve the long-term objective of maintaining our economic growth. Hong Kong has already embarked on that process. Over the past few years, despite a concerted effort to move part of the production facilities away from Hong Kong, the manufacturing sector has maintained their presence in Hong Kong; they have invested in new and up-date

machineries to improve both efficiency and quality. They have in short moved up market. The service sector which provides so much job opportunities to Hong Kong now has also experienced a shift into increasingly sophisticated areas of operation. The financial industry, for example, has grown with more new concepts and products on offer. The retail industry has been practically overhauled. The food industry has seen the rapid inroad made by the fast food concept and operations. All these developments require upgrading of skills of our people. It is the upgrading of skills that creates a more lasting effect on any improvement on wage levels and our per capita GDP. Hong Kong people are well placed to move further along this trend. Because of the implementation of the nine-year compulsory education, our people have a high general intelligence level and are therefore more receptive to any further specialized training that is required for higher pay jobs.

To enable our people to have the opportunity to upgrade themselves continuously, Government also tries to provide more training opportunities through tertiary education expansion, the expansion of the Vocational Training Council as well as the Open Learning Institute. The net result of all these efforts is to encourage our people to move away from the more menial jobs and place them into up-market jobs.

Such a policy is working and will have to be made to continue to work. It is working because one only has to examine the level of intake by the training authorities of clothing and construction, and one can readily come to the conclusion that fewer and fewer people wish to take up menial jobs as a career. Yet, menial jobs and the filling of them are very essential to the overall stability and quality of a society, for, however boring and uninteresting menial jobs are, there need to be people performing them. What should be done if our own people do not want to do it? The only solution is to offer such opportunities to someone else, that is, importation.

The experience of countries like West Germany and Singapore bears out the point very well. In the case of West Germany where importation of labour is widely practised on a large scale, they have achieved sustained growth without adversely affecting their own people's standard or quality of living. In the case of Singapore, importation of labour is acknowledged as an important stimulant to further economic growth of that country.

One can argue about the intelligence of the Singapore Administration in having too much authoritarian types of control, but it cannot be argued that Singapore's economy has moved forward tremendously in the past decade or so.

Closer to home, Sir, let us examine the effect of allowing the employment of domestic helpers from overseas. The mere fact that there is such a scheme has not only improved the quality of life of Hong Kong people, it has helped to release the very much needed women brain power into the market place. If there were no domestic help scheme in Hong Kong today, I wonder how many of our lady colleagues will be able to sit in this Chamber this afternoon so comfortably. Hence importation need not be looked at too negatively. It does present an opportunity for Hong Kong workers to be better trained so as to earn more and participate in the better development of Hong Kong.

Finally, Sir, unlike some other colleagues of mine, I do have faith in that our Administration is a responsible administration so that no measure that will have adverse effects on the livelihood of our citizens will be introduced. Also, I am confident that the majority of employers are not as inhumane and without conscience as some activists would like to mislead the general public to believe. Employers support importation not for short-term effect but really for the long-term good of our economy. After all, employers generally have a wider choice of vehicles to carry out their investment plans. Why should they run the risk of being labelled unfairly and spend so much effort in presenting the macro-economic picture if they do not genuinely wish to see Hong Kong well? Hong Kong now more than ever needs all sectors to work together to address problems coolly, calmly, rationally and in a non-confrontational atmosphere. Radical actions are not conducive to the long-term stability and prosperity of Hong Kong. It may help elections. I would plead that leaders of all sectors of our community should bear this in mind if they really wish to contribute towards the continued success of Hong Kong.

Sir, I support the motion.

MR. CHEUNG YAN-LUNG (in Cantonese): Sir, I support the importation of a reasonable number of foreign workers. The current economic situation in Hong Kong is basically sound. Our economic policy, tax system, judicial system and civil service structure have been taken by the business sector to be the fundamental indicators for investment. In addition, production cost is a major consideration by investors. Manpower and wages are important factors in production cost. Sir, the labour shortage problem at the moment cannot be solved simply by self-regulation within the market. The desire for investment by businessmen will perhaps be affected if this situation

continues to get worse.

Except for the years of 1982, 1983 and 1989, Hong Kong has been experiencing a remarkable economic growth and the living standard of its population has been substantially improved since the eighties. Based on such economic strength, the Government has been able to undertake commitments on various social services such as public housing, education and medical programmes. It is very rare indeed in the world that such a tiny enclave as Hong Kong can achieve so much today in committing itself to the provision of social facilities while maintaining an economic system of low tax rate.

However, the strength of an economic system depends largely on the availability of natural resources. It is just like the ability of a person which is determined not only by his upbringing but also his endowments. Hong Kong is not rich in natural resources. Even its drinking water has, to a very large extent, to be supplied from outside. But Hong Kong has an invaluable asset, that is its manpower resources.

By referring to "manpower resources of Hong Kong", I mean all workers in general, including staff at the managerial level and professionals in various sectors. We are not saying that conflicts of interests between employers and employees do not exist. But they are also dependent upon each other for survival. The diligent work of the employees brings profits to their employers who, in turn, offer them wages and fringe benefits as a reward. It will bring benefits to both parties only if they co-operate with each other. As both employees and employers are part of the assets of Hong Kong, they should face up to our reality calmly and work together to find out whether it is necessary for Hong Kong to import foreign labour and if so, how should it be handled to ensure that the interests of local workers will not be adversely affected.

Since the "touch-base" policy was abolished in the early eighties the population growth of Hong Kong has been very stable and even slowed down in recent years. Moreover, as more and more people have the opportunity to receive education, many school leavers on completion of their education choose to join the service sector or take up managerial positions at the middle/upper level. And the number of people who are willing to be blue-collars is reducing.

Under such circumstances, investors have to make continuous investments on their machinery and plants, so as to make up for the shortage of labour and maintain the

competitiveness of Hong Kong. Some have moved their production lines across the border. However, all these measures are by no means long-term solutions. Capital-intensive industries also require adequate supply of labour, otherwise machinery alone is of no avail. And the relocation of production lines to the mainland does not necessarily solve all production problems.

Sir, temporary shortage of labour is a normal phenomenon because there is self-regulation within the labour market. However prolonged shortage will create many problems. First, wages will rise continuously and so will the price of goods. This will undermine the competitiveness of our exports. Locally, wage increases will lead to high production costs which will add fuel to inflation and affect the purchasing power of the public adversely. In the long run, it will constitute a psychological barrier to investors. Investors may have qualms about investment in Hong Kong and they may even move out, and the workers are the ones to suffer in the long run.

The demographic structure of our population cannot be substantially improved within a short period of time and the level of our wage has already reached a point where it is no longer effective in bringing about further improvement of productivity. Moreover, the current unemployment rate in Hong Kong is generally maintained at the range of 0.3% to 0.6%. The productivity of our workforce will not be further increased even if the wages are pushed higher.

At present there are nearly 90 000 vacancies in Hong Kong. The demand for labour will far outweigh the supply even though the number of school leavers in this year is taken into account. Besides, with a higher standard of living, workers will look for more leisure. They would prefer less work. It is because less work does not affect their income level to any great extent. As a consequence the problem of labour shortage becomes more serious.

Sir, I believe the best solution lies in proper importation of labour. I stress "proper" importation, in view of the concerns of the labour sector. Unrestrained importation is of course unfair to the general workers but a selective and limited importation of labour under monitored programmes is beneficial to Hong Kong as a whole, including the labour sector itself.

I understand the Government will have very careful planning in introducing the proposed schemes. It will include an assessment of the existing labour shortfalls

in various trades and quota allocation system to ease their problem. A quota of 10 000 foreign workers to be shared among hundreds of trades, each of which covers thousands of business undertakings, will only bring minimal effect on individual workers in Hong Kong. The previous unpleasant situation of requiring one to oversee the work of several others will be improved.

Furthermore, the Government will set median wages and pay close attention to the wage trend so as to keep the income level of the local workers under close observation and see if the presence of foreign workers has effected wage reduction of the local workers and thereby lowered their standard of living. The Government will also introduce measures to safeguard foreign workers against unfair treatment and exploitation and so on.

Sir, all in all, Hong Kong needs import labour and the plan proposed by the Government is a practical and feasible one. Although the number of workers to be imported is yet to satisfy the demand of the entire economy, the proposal is nothing short of sound judgement and capable leadership. As a Member of the Legislative Council and the President of the New Territories General Chamber of Commerce, I support the proposal.

Sir, with these remarks, I support the motion.

6.00 pm

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

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

Question proposed, put and agreed to.

MRS. FAN (in Cantonese): Sir, the decision by the Government to import experienced operatives has given rise to much controversy. On the one hand the labour sector has expressed its strong discontent with the scheme and on the other the commercial

and industrial sector in giving its support to the importation of labour has complained that the quota of imported workers is inadequate and that the application procedure is too complicated. It appears that the Government has pleased nobody and is in a difficult position. Nevertheless I believe it is better for the criticism to be directed against the Government than for the employers and employees to be accusing each other in endless confrontation and misunderstanding which can only add fuel to mistrust and undermine working relationship. Neither side will gain and the development of the entire community will be adversely affected as a result.

When the Government announced its policy on importation of labour, I just happened to be on duty in the OMELCO office, and therefore had the opportunity of meeting several labour organizations and listening to their representations. They complained about "underprovision of work by employers", "the monthly income level of workers is less than \$2,000", "unreasonable dismissal" and "exploitation of foreign workers" and also cited examples to illustrate their points. They were worried that with the importation of over 10 000 foreign workers, the improvement of working conditions and welfare of local workers will be hampered. I believe the importation of labour will slow down the growth rate of wages but will not lead to a reduction in existing wages. This is because in the light of the admission criteria set by Government it will be more expensive to employ foreign workers than to employ local workers. If the employers can get their workers locally, they will not have to bother wasting so much time and effort to apply for the importation of labour. As regards the growth rate of wages I would give it a warm welcome if it would slow down slightly. The Civil Service has a 15% pay rise this year. If such a scale of pay rise continues next year, it will not be easy for us to make both ends meet and it will further fuel inflation. I support there should be increases in the wages of our workers but such increases should be based on two factors. First, they should fall in line with the rate of inflation so that the purchasing power of the take-home pay of our workers will not suffer. Second, they should depend upon the level of improvements of the workers in their skills. As the industry of Hong Kong is now in a stage of transformation, it is particularly important that refresher training should be provided to workers to assist them to acquire new skills. As for those workers who are not provided with sufficient work or are given very low wages, the Government should take more positive steps to provide them with information on change of jobs and retraining opportunities so that they can take the initiative to improve their income.

Sir, I support the policy of importing foreign labour into Hong Kong, but I cannot

accept exploitation of foreign workers by employers. Any practice of this kind is selfish, short-sighted, incompatible with our social standards and will tarnish the international image of Hong Kong. I understand that most of the employers are also discontented with the malpractice of these black sheep who only form a minority. The unscrupulous behaviour of this small number of people has caused ill-feelings among the workers towards the employers and has also given the employers a notorious reputation. This is not fair. I hope there will be co-operation between the labour and the industrial/commercial sectors, employees and employers in exposing anomalies and that there will be concerted efforts in monitoring the policy on importation of labour, so that steady progress can be made in the economic development of Hong Kong.

To ensure that the policy of importation of labour can achieve its desired effect, I suggest the Government, apart from effective monitoring, should submit reports to the OMELCO Standing Panel on Manpower from time to time, so that members of the public will be informed of the progress and difficulties encountered in the implementation of the policy and the details of their solutions.

Importation of labour is a complex and sensitive issue. It can be easily politicized, polarized and emotionalized. We must try our best to avoid falling into such traps. I have adhered to two principles in my consideration of the issue. First, the competitiveness of Hong Kong in attracting investment must be taken into account. Second, the existing interests of local workers must be protected. Sir, I believe the present policy has given due consideration to these two principles and has struck a balance between the interests of the parties concerned. However, this Council has the responsibility to monitor the policy of importation of labour continuously. Sir, with these remarks, I support the motion moved by the Honourable TAM Yiu-chung.

MR. CHENG HON-KWAN: Sir, since the recent announcement of Government's relaxation of the policy on importation of labour, many local workers and their unions have lodged strong objection and expressed grave concern over the possible infringement of their interest. The response is fully understandable. The new schemes to be adopted by the Government for importing technicians, craftsmen, supervisors, experienced operatives and construction workers for the new airport projects are considered conducive to the long-term growth prospects of our economy.

I am aware that the implementation of the scheme for importing 3 000 workers, which was introduced in May last year has not been satisfactory due to a number of

factors, such as bureaucracy, lack of flexibility and the abuse of admission requirements on the part of some employers. However I am pleased that the Government has now reviewed the admission criteria and procedure and is able to overcome these difficulties in the light of the experience previously acquired.

As I understand it, problems of shortage of labour force in some trades do actually exist, and difficulties in supply of skilled labour and supervisors and experienced operatives are encountered. In the construction industry, the situation is far from satisfactory. Not only that sufficient number of workers is difficult to achieve, but the quality of workmanship in many instances is declining. Labour force nowadays is quite selective. Whilst the Construction Industry Training Authority has been doing an excellent job to train our workers and craftsmen, many of these trained workers have for some reasons not been able to engage themselves in the construction trades thereafter. Evidence has already shown that illegal immigrants were employed on many of our construction sites. This demonstrates that the supply of local workers falls short of our demand.

Sir, I agree with the view that our industries are still relatively labour intensive regardless of whether they belong to manufacturing or the services sector and despite the advocacy for investment in new plant, improved processes and use of high technology to increase productivity. There has been signs of labour force in the manufacturing industries shifting to the services sector and of many more educated people taking up other vocation or occupation. All this would contribute to decrease of labour resources in the manufacturing and industrial sectors.

The massive infrastructural projects which have to be carried out during the next few years are of vital importance to the long-term economic growth of Hong Kong. I support the proposed scheme for the importation initially of 2 000 construction workers to facilitate the construction of the new airport and related infrastructures which must be completed within a very tight schedule. These projects are additional to the normal public works programme, and therefore additional resources from elsewhere are required without disrupting other normal works projects. In due course, I would urge even more resources to be provided as necessary when the workload of the airport projects increases.

In the implementation of the scheme, it is important for the Government to ensure that the interest of the local workers is well protected. It is necessary to manage the schemes flexibly taking into account the situation of demand and supply in each

trade at the time and make suitable adjustment where appropriate. There is perhaps a need to set up a policing system to monitor the working of the schemes. All in all, the ultimate objective is to provide adequate work force for our industries so that our continued economic growth is satisfactorily maintained.

Sir, with these remarks, I support the motion.

MR. HO SAI-CHU (in Cantonese): Sir, the Government has recently announced its approval to import 10 000 experienced operatives and 2 000 construction workers into Hong Kong to provide the necessary manpower for the new airport project and related works. This measure is taken on basis of the premise that there is a labour shortage in Hong Kong. However, on the question whether Hong Kong is in labour shortage, employers and employees have opposing views. In the first half of last year, a study report published by nine industrial/commercial organizations estimated that there was a shortfall of 200 000 workers in the manufacturing, construction and services sectors. Local trade unions were of the opinion that the figure was an exaggeration and pointed out that some workers were underemployed. The government statistics department then "steered a middle course", saying that the shortfall was only 130 000. In any opinion, the statistical method adopted in social science is different from that in natural science. The latter aims at the quantitative analysis of a substance, thereby providing precise data that are recognized in the field of science. However, the statistical method used in social science is influenced by many human factors and is, to a certain extent, subject to limitations and fragmentation. It is difficult to produce data endorsed by all and anyone can, based on his own experience, information or observation, challenge such data. Therefore, the validity of social statistics should be gauged mainly by whether the positive and negative projections of these statistics are in line with the trend of social development and not by pin-pointing their numerical counting. In doing so one will not commit an error of principle, to say the least of it.

I am always of the view that the economic prosperity of Hong Kong is attributed to the hardwork of our workforce and they should share the fruits of prosperity. In order to improve continuously the living standards of our community, we must strive to maintain the prosperity and progress of Hong Kong. The "rose garden" project proposed by the Government aims at promoting the continued prosperity of Hong Kong and is supported by the community in general. If we are to proceed with the major development programmes, in particular the construction of the new airport, massive

manpower including skilled workers and experienced operatives will be required. As we all know, Hong Kong is one of the places which has the lowest unemployment rate in the world. In 1989, the unemployment rate was 1.3%. Although there has been a slight increase to about 1.7%, the unemployment rate is still very low. Since the Government abolished its "touch-base" policy, stringent restrictions have been imposed on overseas immigrants. Coupled with family planning of the local population, improved economic conditions, more young people opting for higher education and the increase in the number of families emigrating overseas, there has been a downward trend in the growth of local workforce. Statistics reveal that the growth rate of our workforce was 1.2% for the period between 1986 and 1988 and there was a decline of 0.7% in the year 1989-90. It is forecast that the growth rate will be around 1% in future years while the growth of our domestic product will increase at an annual rate of 5%. When a comparison is drawn between the demand generated by economic development and the supply of local labour, it can be seen that there is indeed a shortage of manpower in Hong Kong. The fact that illegal workers are found in many construction sites or in a number of trades also reflect this shortage. I admit that there are cases of underemployment (which is known as the plight of taking the "intravenous drip") in certain trades or factories, but they are isolated cases and can hardly represent our labour market in general.

Sir, given the present circumstances and our future economic development, and provided that our workers are adequately protected in terms of employment, higher wages and benefits, I believe the conditional importation of some skilled workers and experienced operatives is conducive to the continued development of our overall economy. Last year the trial scheme by the Government to import 2 700 skilled workers produced fairly good results. This year the Government plans to import 14 700 workers which represents only 0.5% of our entire workforce. Its impact on our workforce should be insignificant. Moreover, the Government has proposed to increase progressively the annual pay leave of the employees from the present seven days to 14 days to be phased in over five years according to the years of service. Assuming that each worker will have on average three days of additional leave, it would mean the reduction of 1% of our workforce. If we base our calculation on two days of additional leave for our workers, it would mean the reduction of 0.7% of our workforce. Both figures exceed the 0.5% which the importation of labour may bring about. This implication may have been overlooked. In order to give local workers a better understanding of the situation of foreign workers and to ensure the compliance of employers with government regulations in respect of employment conditions for foreign labour, I propose the Government should consider setting up

a monitoring body with representatives from the labour sector. Their views should be respected to ensure that the policy on importation of labour would gain the understanding and support of local workers. If the supply of labour can be obtained through proper channels, it will certainly solve the problem of illegal workers and the number of illegal immigrants and industrial accidents will be reduced as a result.

Sir, I support the decision by Government to import 14 700 foreign workers but I also believe that importation of labour does have wide ranging implications. Apart from paying attention to resolving the possible conflict of interests with local workers, the Government should ensure that foreign workers are properly remunerated by their employers by strengthening its system on handling complaints. In addition strict measures should also be introduced to make sure that foreign workers will return to their place of domicile when their permitted length of stay is due. It will be beneficial to our economy only if these aspects are well looked after. Besides it is hoped that both employers and workers will accept the importation of labour in the light of our overall interests. The Government should conduct regular reviews to evaluate the actual results to see if this policy is correct in order to have guidelines for future improvement or amendment.

Sir, with these remarks, I support the motion.

6.16 pm

HIS HONOUR THE PRESIDENT: I have an official engagement at 6.30 pm. I understand other Members will also be attending. We shall therefore take a short break for about 30 minutes.

6.56 pm

HIS HONOUR THE PRESIDENT: Council will resume.

MR. NGAI (in Cantonese): Sir, labour shortage has been a long standing problem to some major industries in Hong Kong. Should this shortage persist any longer, the economic interests of Hong Kong will be seriously affected. In the overall interests of Hong Kong, the recent relaxation of the existing policy on importation of labour by way of appropriate quota allocation for different kinds of imported labour in accordance with the needs of the relevant industries is indeed a timely and proper

measure. However, much to our regret, it has drawn protest from our local workers.

The manufacturing industries have long been the pillar of our thriving economy, and our success, to a great extent, hinges upon the continual harmonious relationship between employers and employees. It is absolutely not the wish of the industrial sector to find both sides in acute confrontation with each other. Everyone of us recognizes that such confrontation once developed would be detrimental to our community as a whole.

Sir, having regard to the admission criteria that only a limited number of foreign workers would be imported restrictively under stipulated conditions and according to actual needs, as well as under a fairly high wage level, I see no reason why the importation of labour should cause impacts to our local labour market. As a matter of fact, since foreign workers will only be admitted under the condition that their starting wage will be set at the median wage level, and their employers will be required to provide them with medical care and accommodation, the total cost is considerably high in comparison with that for hiring local workers. Therefore, it is unjustifiable to lash at employers for taking advantage of cheap labour or exploiting our labour force.

It is true that there are acrimonious employers being harsh to their workers or making unfair deductions to their wages, but these are only isolated cases. We cannot give up our cause for some unworthy black sheep and let the economic life line of Hong Kong affected. We strongly support the proposal that the Government should step up monitoring, conduct regular reviews and impose heavy penalty on unscrupulous employers. The Labour Department and the Immigration Department should strengthen their establishments to monitor the situation closely. As long as manpower shortage for certain types of work no longer poses a problem or the problem is relieved, the existing policy may be revised. Employers likewise are opposed to indiscriminate importation of labour that follows no principles, comes under no restraints or is not monitored by any responsible bodies. We absolutely believe that the interests of local workers should be our top concern.

Sir, it is wise of the Government to decide on the relaxation of the policy concerning the importation of labour. It is a decision having due regard to the interests of the local economy. However, we have to urge the Government to step up its work in monitoring the implementation of the policy and listen to the dissenting views and grave concern of the labour sector. A positive approach to improve

communication will help achieve friendly relations. We should pool our efforts to improve our society and enhance our interests as a whole.

Sir, with these remarks, I support the motion.

MR. PANG (in Cantonese): Sir, the Executive Council decided at its meeting on 29 May 1990 that --

(1) the special scheme for importing technicians, craftsmen and supervisors be continued with a new quota of 2 700 workers;

(2) a scheme for importing experienced operatives be established, subject to a quota of 10 000 workers; and

(3) a separate scheme for the importation initially of 2 000 construction workers should be established to facilitate the implementation of the new airport and airport-related projects.

The above decision has been made without any consultation with the public or the labour sector. It was only disclosed by the Chief Secretary at the Legislative Council sitting on 9 May that the Administration might consider relaxing its policy on the importation of foreign labour. Disregarding the views of the labour sector, the Executive Council's decision has seriously affected the interests of the local employees and given rise to vociferous complaints.

Some people say that the workers should think in terms of the collective well-being of our community. May I ask what collective well-being is? Such a policy directly or indirectly undermines the interests of over 2 million employees. Do these people care about the well-being of the local employees? In fact, they only care about their own interests, that is the employers' interests.

There are other people who say that Hong Kong needs to invest heavily in building a beautiful "rose garden", and it follows that the workers should also pay a price. I would like to point out very clearly that I support the construction of the new airport because it will offer to local workers opportunities for employment and job-changing. It is expected that the employment rate will continue to fall in the next few years due to the following three reasons:

- (1) the investment desire will weaken because of the 1997 issue;
- (2) a substantial number of factory operators have shifted their plants to mainland China; and
- (3) a possible recession in the world market.

Under the circumstances, launching a mammoth infrastructural project may attract newcomers into the industry and encourage the return of those who have already left their trades. This may, to a certain extent, guard against a drop in the employment rate. However, if the Government uses the project as a pretext for a massive importation of foreign labour, it will completely defeat the purpose of ensuring job security. The beauty of the roses is yet to be seen but the pricks have already hurt the workers.

There are others who say that to fight inflation, we need to curb the upsurge of wages by importing foreign labour. Obviously, the importation of labour is to keep the current wage at a low level. This is to make scapegoats of the local workers in the face of inflation. As a matter of fact, the wage level of local workers has already gone down. Those who make such accusations are but trumping up a case against our employees.

There is another argument that the import of labour will help boost our economy. I think even though statistically we may be able to record some growth in the economy, it will only benefit a handful of people at the expense of the vast majority. We cannot only lay stress on growth but disregard reasonable distribution. Moreover, the importation of labour will undermine the long-term interests of Hong Kong. Firstly, it will stir up resentment among the grassroots against the Government and the insatiably greedy employers and deal a heavy blow to their confidence in Hong Kong. Secondly, while offering the nationality package to pacify those who are prepared to emigrate, the Hong Kong Government sells the local workers down the river by bringing in foreign labour, and this will further widen the social gap in the community. The resistance of the workers will become a time bomb which may lead to social unrest. Moreover, once foreign workers are imported, the Government and the employers may delay or even scrap various measures which are beneficial to the long-term development of our economy, such as assisting our industries to transform, encouraging more women to join the workforce, providing retraining for middle-aged workers and enhancing labour protection. This is detrimental to the overall

interests of Hong Kong.

What is the most disappointing is that at a time when Hong Kong is experiencing a slowdown in the economy with the number of job vacancies reducing, investment propensity falling and unemployment rate gradually rising, the Government has arbitrarily decided to allow the import of foreign labour without any public consultation. This has reneged the promise made by the Governor in his policy address in 1988 that there would not be a massive import of foreign labour and that local workers should be allowed to share the fruit of our prosperity. How can a government which does not keep its words win the support of the people? For this reason, I strongly demand that the policy on the importation of labour be abolished, and urge my honourable colleagues to join me in opposing this policy for the long-term interests of the whole community.

Someone argues that the importation of foreign labour is an administrative measure, and a decision made by the Executive Council cannot be changed. If it is so, the authority of the Executive Council is really too great. Unless our workers are prepared to await their doom, they will not give up easily. There is bound to be a long and bitter battle!

All the workers in Hong Kong have already stood up in unity. They strongly demand the Government to scrap or shelve the policy on the importation of labour which runs contrary to the overall interests of Hong Kong.

Sir, with these remarks, I support the motion.

MR. SZETO (in Cantonese): Sir, as regards this debate on importation of labour in this Council, one may well predict at the very beginning that the "ayes" will have it and the dissenting voices will be low. This may be explained as an outcome of the so-called "historical limitations". However, according to the findings of a survey published a few days ago, 70% of the Hong Kong citizens, representing an absolute majority, object to the importation of foreign labour. The minority in this Council and the absolute majority outside reflect a crucial problem of our existing system.

Although the decision to import foreign labour was made by the Administration last year, substantial changes to the policy are being made now. Under the new policy,

the number of workers to be imported will be substantially increased by five times; instead of skilled labour, ordinary workers are to be imported and the 20% ceiling of foreign workers to be employed by each company will also be removed. These major changes in policy have opened the floodgate for continuous influx of foreign labour. It can be estimated that the number of 14 700 foreign workers to be imported will multiply in three years' time. Do we not see that there are already some industrial and commercial groups clamouring for more foreign workers as they consider the 14 700 quota is far from satisfactory? Those who wish to protect and care for the rights and interests of the workers should not only oppose such changes in policy but also guard against the continuous influx of foreign labour in future and be well prepared for the long-term fight against the forthcoming situation.

Today, I am not going to talk about how the massive admission of foreign workers will go against the principle of sharing the fruits of prosperity in our society by depriving our local workers of their privileges, how it will give rise to new and complicated social problems thus affecting the social services, and how it will undermine labour relations and cause social unrest. I just want to say that it is a short-sighted policy and an ill-conceived measure which will backfire on our own community and will be detrimental to the future of Hong Kong as a whole.

The local labour market has been tight for some time because of a number of reasons. One of the major reasons is that capital investment in replacing and upgrading machinery for production has been shrinking in our industrial and commercial sectors because of the problem concerning the future of the territory since the eighties. The pace of transforming from labour intensive to technology intensive as well as capital intensive industries has been greatly hindered. A large number of labour intensive industries are not transformed for the purpose of upgrading. Instead, most of them are relocated in the mainland, except those whose operation cannot be relocated such as the construction industry and the various trades in the service sector. It is not a bad idea to relocate the labour intensive industries in the mainland but those industries which still operate in Hong Kong need to be upgraded, improved and transformed into technology intensive and capital intensive industries so as to ensure a proper division of labour on both sides of the border and to complement and co-operate with each other on a mutually beneficial basis. The importation of large number of foreign workers will further slacken the transformation of our economy. If the process is to be delayed, the distinctive features between Hong Kong and the mainland in complementing each other in industrial production will disappear gradually, and so will the favourable conditions for

division of labour and co-operation. Instead, both places will compete with each other and Hong Kong will definitely be defeated in the competition. The tight labour market will provide a golden opportunity for our economic transformation. The importation of large number of foreign workers will not only let the golden chance drift away but plant a time-bomb which will explode in future. Is this policy detrimental to the prosperity and stability of Hong Kong in the long run?

Some people advocate massive importation of labour and advise that by strengthening the monitoring system the problem may be solved. There has not been any monitoring system and I am afraid that a monitoring system will not work adequately in future. At present, the Government cannot even stop illegal immigrants from joining the workforce. Even if some are arrested, their employers can still not be identified. Some heartless employers even inform the police of the workers they illegally employed to avoid paying the workers their wages. Even if monitoring measures are stepped up, problems arising from the policy such as economic and social problems cannot be resolved. No matter how strict the monitoring system may be, it will only slightly reduce the severity of exploitation of the foreign workers. The call for strengthening the monitoring system is only a shield. Those holding this shield are not really concerned about the protection of the rights and interests of the workers.

Sir, with these remarks, I object to the importation of foreign labour!

MR. ARCULLI: Sir, I would like to say a few words on this debate. But I wish to say that I unhesitatingly support the scheme of importation of labour as announced recently. That being said, I do not see this matter as one where there is a "them" or "us" position. The issue is plain: Are we adopting a course of action that is in Hong Kong's overall interest?

A number of arguments have been raised by those who are strongly opposed to this importation scheme and these include:

- (a) the scheme would affect the levels of wages of local workers;
- (b) the possibility of displacing local workers from their jobs;
- (c) allowing unscrupulous employers to take advantage of local workers by either

laying them off or giving them a minimum amount of work to avoid severance payments;

(d) the Government has gone back on its promise not to allow importation of foreign workers on a large scale and has not consulted representatives of employees beforehand.

It seems to me that we could debate the pros and cons of these arguments without actually tackling the basic issue that I have posed. It is also understandable that local workers are upset about this but the better approach would be for us to identify the potential problems, and there will certainly be problems, and then to look for appropriate solutions.

Sir, I would like to draw the attention of this Council to one particular problem that will arise, that is, the relationship between a man and a woman where either or both may be foreign workers or where one may be a foreign worker and the other a Hong Kong permanent resident. Indeed the problem does not end there as they may get married and/or have children here.

Mr. A. J. CARTER, the former Director of Immigration, told members of the Manpower Panel early last year that foreign workers who were not of Chinese origin did not have the right of abode in Hong Kong even though they had stayed here for over seven years. Indeed, some of my honourable colleagues here are living proof of the accuracy of this statement. I believe the Administration should consider whether foreign workers from China, who are of the Chinese race and who have been or might be ordinarily resident in Hong Kong for seven years continuously, would acquire the right of abode here. Moreover, would they by their employment here be considered ordinarily resident in Hong Kong?

Other aspects of this problem can be highlighted as follows:

(a) Separation of spouses in the event of marriage between a foreign worker and a Hong Kong permanent resident.

(b) Separation of parent and child in the event that the foreign worker is required to leave Hong Kong.

(c) Another complication could be the intolerable position where the parents of a child born here are both foreign workers who may genuinely believe that it is in the

child's best interest to remain in Hong Kong. The law as it stands seems to offer protection to such an "abandoned" child.

Sir, in fairness to Hong Kong and to the foreign workers that we may bring here I believe we should address these issues so that the scheme can go ahead. I also believe that whatever our position may be they must be told in clear and unambiguous terms as to their position. We certainly do not want Hong Kong to witness a repeat of the heart-breaking scenes of the separation of parent and child nor the detention in prison of parent and child.

Sir, with these remarks I support the motion.

MR. BARROW: Sir, the major issue at stake in this debate is the maintenance of Hong Kong's economic growth to the benefit of the community as a whole.

The latest available vacancy statistic of 102 000 covers the last quarter of 1989. Even if this has fallen to, say; 80 000 to 90 000 today, it still remains a serious problem. These figures, of course, exclude non-advertised vacancies, which are more difficult to quantify, but could be in the region of 40 000 to 50 000.

It has been suggested that the shift of Hong Kong's economy towards service industries will relieve the pressure of labour shortage on manufacturing and, consequently, on the whole of Hong Kong' economy. It is further suggested that even more manufacturing can be shifted into China.

However, the expansion of the service industry creates demands for labour which is less mobile and which cannot be transferred across the border. In addition Hong Kong must maintain its service standards in fields such as the hotel, catering and tourism industries, although, wherever possible, the limited potential for mechanization must be exploited.

Furthermore it is not practical for Hong Kong manufacturers to transfer all their production into China; nor is it possible for those involved in the garment industry, where quotas remain in force.

The Government's medium-term GDP forecast growth figure is 5.5%, the achievement

of which will provide real increases in wages for Hong Kong's labour force and lead to an improved standard of living for all. The achievement of this rate of growth will however depend on employers continuing to invest in Hong Kong, but they will only do this if there is sufficient labour available. This applies to both local companies as well as to multi-nationals, with the latter sometimes looking to Singapore, where there is a much more flexible policy on the supply of labour.

Nobody is suggesting that a change in immigration policy is the magic answer, and this move must be looked at in parallel to the other efforts which have been made in training and education by both the Government and private sector, increased part-time work by females and students and productivity increases. Sir, we must all be concerned by the increase in illegal immigration and the disturbing scenes of illegal immigrants clinging to bamboo scaffolding in order to evade capture. These are by-products of our tight labour supply and a more relaxed official policy would remove the incentive for illegal immigrants to seek entry into Hong Kong for employment and for employers to run the risk of offering them jobs. I would like to pay tribute to the combined efforts of the Royal Hong Kong Police, the Immigration Department and the Labour Department in helping to control the situation.

Turning now to the Government's specific plan, this is a welcome move which can, I hope, be supported by the community as a whole. It is important to note that the number involved represents only half a percent of the total workforce and only one-fifth of the vacancies. Fears that it will dampen job opportunities or suppress wages for the local workforce are unfounded. Furthermore, the protection of local people and the need for proper systems to be in place is fully recognized by the Government's plans including monitoring arrangements and spot checks by the Labour Department. Having said that, however, the Government should not wrap the scheme up in so much red tape as to make it unworkable.

Sir, these are exciting and positive times ahead for the economy. In addition to the major infrastructure developments, Hong Kong will continue to be promoted as a regional centre and as a financial centre, as a tourism destination, as a base for business with China, and as a specialist manufacturing centre. All of these will need a reasonable supply of labour; I urge the community to support the government policy to the benefit of Hong Kong as a whole.

With these words, Sir, I support the motion.

MR. MICHAEL CHENG (in Cantonese): Sir, Princess Snow White is a fairy tale well known to us all. Without the help of the seven dwarves, the Prince would not be able to save Snow White and she would probably remain lost in slumber. Hong Kong has changed from a humble and primitive fishing village into a world renowned international business and financial centre. Had it not been for the support of a hard working labour force playing the role of the dwarves, the industrialists in their role as the Prince would have been quite helpless and Hong Kong, the Snow White, might have never awoken. While the Prince and Snow White were living together in happiness, they would certainly not forget the dwarves who had onced shared their tribulation during their difficult days. Yet, in the case of Hong Kong, have the Government and the industrialists adequately rewarded the well deserving, quiet and dedicated working class? This is indeed a question worthy of deep thought. The strong reaction of the local labour associations to the recent government decision to relax importation of foreign labour has brought to light the apprehensions of the local workers arising from a persistent lack of protection for their rights and interests and the absence of a sound welfare system. People are afraid that this may have damaging effect on the harmonious relation that has long been developed between employers and employees and subsequently lead to confrontation. The uneasy feeling prevalent among the workers will inevitably affect the stability of the community and put Hong Kong's overall economy at risk.

According to a recent survey conducted by a radio programme, 70% of the interviewees are of the opinion that importation of labour may take its toll of job vacancies and pull down wage level. At present, Hong Kong's economy is slowing down with an upturn in unemployment rate and a vicious spiral of prices. The announcement of the Government at this time of its decision to relax importation of foreign labour has inevitably put our local workers in great worry that their job opportunities may be slashed and their average wage levels may be lowered, thus impairing the quality of their lives. Their anxieties and their great dissatisfaction against the Government are understandable. Moreover, the working class fears that the relaxation may make it all the more difficult for their working condition and welfare to be improved. Besides, over reliance on the importation of foreign labour by the employers may slow down the process of transformation from labour intensive to technology intensive and high value added production of our local industries, thus taking the edge off the competitiveness of Hong Kong's industry in the international market. Importation of labour is but a stop-gap measure to meet exigencies. It is by no means a permanent solution. In addition, this policy may have very complicated

and far reaching implications, including social and security problem. It is therefore not advisable to implement it in haste.

Of course, the need for importing foreign labour is due to inadequate supply of manpower to meet local demand. However, one point must be made clear. Are the human resources in Hong Kong really in short supply or have the potential resources of manpower been fully tapped? Presently, there are approximately 100 000 vacancies in the local job market. The unemployment figure stood at around 47 000 in March this year. As many as 30 000 students are expected to join the workforce later this year. On top of that, there will be about 25 000 legal immigrants arriving in Hong Kong annually apart from 824 000 housewives who have yet to enter the job market.

They add up to about 926 000 people, all waiting for jobs. Given this vast pool of human resources, the Government is well placed to alleviate the present constraint in the labour market through proper co-ordination, good planning and efficient deployment of human resources, systematic study of labour demand in Hong Kong and the drawing up of long-term and short-term manpower policies.

In order to attract more people into the labour market, the Government and the employers must make concerted efforts to make the conditions of service more encouraging. These include raising the wage levels, improving staff welfare and working environment. At the same time, job training should also be strengthened with an objective to turn the unskilled workers into skilled labour. This would, on the one hand, help answer the call for a better quality labour force to support Hong Kong's industrial transformation, and on the other hand, would attract new blood to join the labour force and enhance their sense of belonging as well. For the sake of encouraging more women to take up employment, efforts should be made to promote nursery service. All these measures will help boost the participation rate of the labour population and enable better use of the available human resources. Hong Kong has no need to rely on foreign labour. Instead, best use should be made of the adequate supply of manpower available in the local labour market, otherwise it will only add fresh problems to Hong Kong's economic development.

With Hong Kong's economic development repeating its cycle of ups and downs, there is simply no way to avoid the on and off problem of labour shortage. Labour shortage is a relatively more frequent experience in industries that are less immune, particularly in the manufacturing and construction sectors. As a matter of fact, many factories in Hong Kong, have already relocated their production lines to mainland

China. Take the garment sector for instance, underemployment is relatively common in many factories. If importation of labour is further relaxed, it will surely bring about greater pressure on the local workers.

At present, when middle-age unskilled workers lose their jobs, they would, more often than not, find it very difficult to obtain similar jobs with similar pays. Relaxing the control on importation of unskilled labour will undoubtedly reduce job opportunities for local workers, making it even more difficult for workers of the afore-mentioned group to seek employment. As a result, they would be forced to go for lower pay jobs, thus expanding the market of cheap labour.

Hong Kong is in want of a well-managed social security scheme to provide workers with various protections, including retirement and unemployment protections. As I mentioned in the debate on the policy address in 1988, a sound retirement scheme can help workers maintain the quality of their lives after retirement and make them less reliant on social security. It can also put workers' heart at ease, encourage them to settle in their jobs and, in turn, reduce their turnover rate. The setting up of a sound retirement scheme is therefore a task of utmost urgency.

The Government has announced its approval for a further importation of 14 700 workers. This accounts for 0.5% of Hong Kong's labour force. The relaxation falls short of meeting the demand of the industrialists. At the same time, it gives rise to more acute confrontation and greater conflict between employers and employees. In May last year, the Government announced its decision to allow the importation of 3 000 skilled workers on contract basis. Since then, the labour associations have been worrying that this may only be a prelude to a further relaxation. Unfortunately, their worries have come true. Having lost faith in the Government, the labour sector is now contemplating more radical and confrontational actions. Recently, a number of trade unions and labour associations have already embarked on a spate of strong protest actions. In the remaining seven years of the sensitive transitional period, the Government should handle the issue of imported labour with caution, bearing in mind Hong Kong's overall interests. Hasty implementation of such a policy should be avoided lest it should cause social unrest, pose a threat to the stability of Hong Kong and end up with greater loss than gain.

Sir, before labour protection and the rights and interests of local workers are upgraded to a reasonable level, any government move to relax importation of labour will only deprive local workers of due protection and trigger off greater apprehension

and discontent in the labour sector. This will be detrimental to the stability of the community and the overall economic development in Hong Kong. I request the Government to take positive steps to improve the welfare of the working class and protect their right to employment so that they can have job security and be united in efforts to accept greater challenges ahead. It is through sincere co-operation between employers and employees that a better Hong Kong may be built in future.

Sir, will these remarks, I support the motion.

MRS. FONG: Sir, I will be brief. The subject matter is of major economic importance, although the issue itself does not have far-reaching effects. The importation of 14 700 technicians, experienced operatives and construction workers is a move in the right direction and I support it. I wish to stress, however, that it must be implemented in manner that is well managed and controlled.

I fully sympathize with the concerns expressed by our workers regarding their job opportunities and wage level. These will always be at the top of our concern list. Nevertheless, employers and employees are in the same boat in these difficult times in Hong Kong. There is a labour shortage and, if it is not remedied, the prosperity of Hong Kong and the well-being of all its people will be adversely affected. We need to work together to achieve the goal of maintaining and increasing prosperity of the territory and this requires co-operation and understanding.

Sir, with these remarks, I support the motion.

MISS LEUNG (in Cantonese): Sir, the sudden announcement of the Government's decision to relax in substantial terms the importation of labour in the end of May has given the labour sector and various concerned groups a great shock. As we are all aware, they have responded and immediately organized themselves to take various kinds of action, including petitions, processions and sit-ins to express their indignation over the policy. These events have become the subject of public attention recently. Besides, the six labour representatives sitting on the Labour Advisory Board even jointly boycotted the Board's meeting two days ago as an expression of strong protest.

We believe that the series of action triggered off by the announcement concerning major relaxation to the policy on the importation of labour has been a strong

indication of the labour sector's dissatisfaction. Not only do they oppose this policy, they also blame the authority for failing to consult them, including the Labour Advisory Board, beforehand.

Sir, under the new policy on the importation of labour, we note that in the coming year the Government is prepared to admit 10 000 non-skilled foreign workers who only need to show that they have one year of working experience. We may assume that the policy on the importation of labour will obviously undergo a fundamental change henceforth. This change, I am afraid, will definitely bring about very significant and far-reaching impacts on the future social and economic developments in Hong Kong. For these reasons, the Government should, by all means, conduct an extensive and comprehensive consultation before deciding on the new policy to allow people from all sectors and in particular, the labour sector who may be gravely affected, to express their views fully and take these views into account.

Such as the case stands, the authority concerned should take the initiative to communicate with workers of various industries and the concerned groups to show that the Government has every intention to make positive efforts to solve the problem. I believe that both sides should sit down calmly at the conference table and exchange their views frankly on the announced new policy. Only so can confrontation and prejudice be removed and a channel opened for both sides to join hands in settling the problem. I also believe that we can draw up a successful policy on the importation of labour, one that will enhance our economic development and at the same time protect and even improve the interests of local workers, as long as both sides work for it patiently.

Sir, ever since the Government announced its major relaxation to the importation of labour, many interested parties have expressed different views on a number of related issues. However, much to our regret, such dissenting views have been singled out by some for the sake of making political accusations. Opposing the relaxation of labour import, for instance, is condemned as currying favour of the voters -- some of our colleagues did say so a few moments ago.

Since about 90% of the foreign workers in Hong Kong came from mainland China last year, we have reason to believe that workers from mainland China will remain the overwhelming majority of the foreign labour to be admitted, if the announced new policy is to be implemented in full scale as scheduled. Maybe it is for this reason that those who speak against major relaxation to importation of labour are being

attacked indiscriminately for having ulterior motives or being hostile to the interests of China and workers from China.

Sir, all in all, I would like to reiterate that the need to introduce major relaxation to the importation of labour should be considered not only with regard to its contribution towards our economic development but also in relation to the interests of the local workers which have to be protected and enhanced.

Sir, with these remarks, I support the motion.

MR. MCGREGOR: Sir, other Members representing business and industry have already spoken eloquently on the background and need for controlled and temporary immigration of certain categories of labour. I do not propose to repeat the points they have made with which I am in agreement.

I do wish to say, however, that there is no fundamental conflict of interest between employers and employees on this issue. Employers understand very well the expressed concerns of labour and the need to ensure against any form of exploitation of labour now and in the future. Indeed, employers have worked constructively with the representatives of labour in many different ways and in many different forms on the development of the present system of social legislation and social security, a system which can be regarded with some pride, given the base from which it started in the 1950s. At that time, exploitation of labour was unavoidable since we were all fighting for our economic lives. Employers took huge risks and worked longer than any of their employees. Many fell by the wayside whilst others succeeded. International Labour Organization conventions meant little in those precarious years.

We have come a long, long, way since then but employers as a class of people have never lost sight of the need to work closely with their workers to find a balance between commercial and human considerations. The Government through the Labour Advisory Board and in other ways has sought the same balance. Trade unions have been responsible and conscious also of the need to maintain harmony and productivity for mutual benefit. These efforts have given Hong Kong one of the best management/labour relations records in the world with fewer man days lost in industrial disputes than virtually any other economy in the world.

We must seek to maintain this enviable record, although from time to time there will be disagreements on labour and social policies as between employers and employees. For many years, we have had full employment and this by itself ensures that the voice of labour is clearly heard and also that real wages will continue to increase.

I have been an employee for most of my working life. Many of us in this Council have been, or are, employees. We are therefore well aware of the essential interests of labour and not likely to do anything which will harm labour. I hope that my respected colleague, Mr. TAM Yiu-chung, will accept that assurance.

Employers and employees form a natural economic alliance each depending upon the other and each respecting the other. All of us enjoy the same rights and are entitled to the same dignity.

Sir, with these words, I support the motion.

MR. SIT (in Cantonese): Sir, on the subject of cheap labour, I believe Honourable Members of this Council all come under the category of cheap labour, considering the frequency and length of meetings they have to attend. I should like to say here before we begin that the policy of labour importation is the business of the Administration and legislators are entirely innocent parties in the whole affair. The policy originates from the Executive Council; this Council has no part to play in its formulation. However, thanks to the close relationship between the two Councils, we have been implicated, and when the OMELCO receives representations from the public, we have to answer for the attacks from individuals and labour organizations.

Speaking for myself, I have no objection to importation of foreign labour. When labour supply cannot catch up with the demand for it, it is up to the Government to explore ways of meeting the shortfall, and labour importation is one way of doing it. However, I object to the Government's proposal for the following reasons.

1. The Government has not given clear economic data to support the need for the importation of foreign labour;
2. Local labour organizations have not been sounded out on the proposals; even the Labour Advisory Board, which has statutory status, has not been consulted. It is quite inevitable then that the mandatory importation scheme will be met with strong

opposition from local workers and will have adverse social consequences. It is likely therefore that whatever advantages of the scheme will be far outweighed by its disadvantages. Meanwhile, the Executive Council has seen fit to listen to public opinion and views of the working class now that it has already endorsed the policy to import foreign workers. This is rather disappointing because it gives one the impression that the Executive Council is not being sincere in consulting public opinion.

3. Even in the face of labour shortage, there has been inadequate government protection of local workers in terms of employment and livelihood. Labour importation will be seen as a gesture to alleviate the pressure created by labour shortage, but in a way that is rather unjust to local workers. It is for the above reasons that the government proposal to import foreign labour should be suspended. The Government should calmly discuss with labour representatives the issues involved in the light of the following:

(i) Whether labour importation is required by economic demand;

(ii) How labour importation is to be implemented through concerted efforts without affecting the interests of local workers;

(iii) Economic development should go hand in hand with improvement of worker welfare as a prerequisite for labour importation.

As I finish my speech, I am pondering whether or not to support the motion before us today.

The motion is for this Council to take note of the recent government policy to relax the importation of foreign labour. I need hardly say that the Honourable TAM Yiu-chung is a labour leader for whom I have a lot of respect. But the motion is to me just a token gesture which is not of much use. It is said that legislators are like community leaders and formers of opinion. The community as a whole is interested to know where this Council stands on the issue of labour importation, whether we are for or against the idea. But the motion itself is one which we will find it very difficult to take side on. It is just like being asked whether one's mother is of the female sex, to which one can only answer in the affirmative. But the question is what to do after giving a positive answer. What should we do after we have taken note of the policy to relax restrictions over importation of labour? What inspiration can we give the community? I am very disappointed, but the nature

of the motion is such that I can only say here, "Sir, my mother is indeed a woman."
Thank you.

MRS. SO (in Cantonese): Sir, in the Budget debate last year, I made clear my opinion that the negative effects of importing labour would most probably outweigh its positive advantages. Eighteen months later, I still hold fast to the same view.

The importation of labour, being an issue of wide-ranging implications which affects the interest of every sector of the community, should be handled with caution. Last April, when Hong Kong's economy was still buoyant, the Government announced its decision to relax its policy and allow the importation of 3 000 skilled labour. While the merits or the demerits of this policy had yet to be seen, the Government hastily decided at the end of May to introduce a further relaxation of imported labour. This is indeed baffling. In the course of making this decision, there was no thorough review, nor was there any consultation. It is therefore not surprising that it has met with strong reaction from the labour sector.

Indeed, labour supply in Hong Kong has been somewhat stretched for quite some time. The unemployment rate is less than 2% which is as good as full employment for the entire working population. However, statistics alone cannot prove beyond doubt that there is a shortage of labour in every sector and that there is a general need for importation of labour. With the airport and port developments soon getting underway, the demand for labour will be greater. In order to minimize costs, the construction industry's outcry for importation of labour has become increasingly strident. As for the services and manufacturing sectors, some employers may encounter difficulties in recruitment owing to competition in the offer of pay, benefits and working conditions. However, this problem is only an occasional one. In the manufacturing sector, some workers are already suffering from under-employment. At a time when the economy is slowing down with an up-going unemployment rate, the relaxation of importation of labour will inevitably jeopardize social stability, quality of life and the otherwise harmonious relations between employers and employees.

The sovereignty of Hong Kong is to be returned to China in seven years' time. It is expected that during this transitional period, tens of thousands of people will leave Hong Kong each year, but the bulk of the population, many of them from the labour sector, will continue to live and work here. Hong Kong's rapid economic development in the past decades has been primarily sustained by mutual benefits and accommodation

between employers and employees. The maintenance of Hong Kong's prosperity and stability certainly requires better and closer relations between employers and employees.

In announcing its decision to import over 10 000 workers, the Government stressed that it would take monitoring measures to ensure that the wage levels of imported workers would keep up with those of the local workers to prevent any possible deterrent effects on pay increase for local workers. However, it is questionable as to whether these measures can be carried out effectively. After all, it is no easy task to prevent individual employers from taking advantage of the loopholes in the law in the employment of imported workers.

Apart from considering the overall cost-effectiveness of importing foreign labour, we should not overlook the strain it may impose on various community facilities and the possible security problems that may spring up as a result. Hong Kong has already been pestered beyond endurance for a long time with the Vietnamese refugees and boat people stranded here. If the imported workers overstay, it will have similar destabilizing effect on the community.

Some argue that without a large number of imported workers, Hong Kong would lose its competitiveness in enticing overseas investment. In fact, overseas investors who intend to set up business in Hong Kong are more inclined to putting their money into technology intensive or capital intensive industries which require less labour. If they wish to invest in labour intensive industries, they would no doubt pick mainland China or other Southeast Asian countries as their preferable choice.

Finally, I think that in order to minimize the negative impact of imported labour on the community, the employers concerned must undertake to ensure the return of the imported workers to where they come from upon expiry of their contracts. Otherwise who else should be held responsible?

Sir, with these remarks, I support the motion.

MR. TIEN: Sir, I welcome the Government's proposal to relax the strict policy controlling the importation of foreign labour. Those who wish to see our economy continue to grow and prosper towards 1997 and beyond must surely agree that this is a step in the right direction.

During my relatively short term on this Council, I have consistently covered this topic. In November 1988, I already noted the tight labour supply in general. The shortage of labour was then, and it is still now, the critical factor. I believed and believe that we face not just a shortage but a famine. I have always looked for a greater degree of sincerity and dedication on the part of Government in tackling this serious problem. The private sector has suffered, but the public sector too has had severe difficulties. For example, we are short of key workers such as hospital staff, firemen and even police. All these could, if allowed to continue, threaten the provision of basic vital services to the people of Hong Kong.

I also strongly believe that inflation in Hong Kong now currently running at about 10% is the direct result of the labour shortage. I believe that inflation would quickly subside with the arrival of an adequate labour force, that the curse of inflation must be tackled at its source, and that the main source of the problem is the imbalance between the supply of, and the demand for, labour. That is simple economics.

Hong Kong has always derived its strength from its human resources. Successive waves of immigrants from China all the years up to the early 1980s have been absorbed into the labour force to fuel the engine of economic growth here. Before the cancellation of the touch-base immigration policy in the early 1980s, we were, in fact, having an unlimited importation of labour. Indeed, the lack of new supply of labour since the mid 1980s has become the weak link in the chain of Hong Kong's economic growth.

The proposals relaxing labour importation are a very definite move in the right direction. In April 1989, we began to admit workers to Hong Kong on a strict quota basis. A quota of 3 000 technicians was established and about 2 700 applications were approved. However, only about 1 800 came. I appreciate the considerable technical and administrative difficulties in implementing the scheme. But, the fact of the matter is that it failed to alleviate the critical labour shortage here.

By contrast, the current new proposals extend the present scheme. They allow not only for a new quota of 2 700 technicians, craftsmen and supervisors, but more important, 10 000 designated experienced operators for all sectors. The new airport will also be covered by a separate scheme of 2 000 construction workers.

Sir, as I understand the proposal, the clothing industry, together with a number of other industries (wholesale, retail, import/export, hotel, catering and tourist businesses) will enjoy half of the quota, that is, 5 000 operatives. This could mean simply that the garment sector could have up to about 2 000 to 3 000 operatives allocated to us. What difference would this make? Well, our industry employs some 250 000 workers and we are currently short of about 30 000 "operatives". Consequently, our possible allocated figure of 2 000 to 3 000 would cover roughly 10% of our vacancies.

Members should note that I choose the word "operatives" deliberately to describe our employees in the garment industry. In this way I stress the skill of the operative in garment-making.

This small improvement of reducing the vacancy rate by only 10% can have dramatic positive effects on our efficiency. For example, new operatives can be profitably employed in what I might term "bottleneck areas".

We see great value in introducing imported operatives who can work within our industry in a very flexible and accommodating way. Due to the severe labour shortage built up in the past few years, Hong Kong workers now tend to become rather specialized and choosy in their job. For example, in a shirt factory, a worker making collars will only make collars, not sleeves, cuffs or any other operations.

What we require is to import operatives prepared to act, if I may use the language of football, utility players. These new workers can be flexible, accommodating, and put to unblock the bottlenecks. They will stitch collars, sleeves, cuffs and any other operations as required.

Whenever there is a bottleneck in production, a utility operative can step in and break up the jam. So, an extra 3 000 utility operatives can make a good impact on our problem as and when required.

The clothing industry has consistently been accused of " " that is, not providing our specialized workers with adequate work every day. Utility workers can help even out the flow of production in bottleneck areas and will reduce the so-called " " for Hong Kong workers.

In Hong Kong, we have garment operatives who are highly skilled but they are not

clear. Our GDP will reach US\$12,000 this year. Given the high labour cost in our industry we are not as competitive as we were in making basic items. Unlike our competitors in the region, we now operate at the top end or in the fashion end of the market.

Also, by its very nature, our industry depends upon a quick response to demand; we frequently have 60 to 90 days' deadlines. Fashion can vary on a month-to-month basis. The name of the game -- our game -- is flexibility.

At the same time, we are firmly fixed in Hong Kong itself. We are not able to relocate our operations across the border to Shenzhen as other industries. The country of origin rule and all our bilateral agreements restrict the usage of our quota to garments made in Hong Kong.

We therefore look forward towards a highly flexible workforce. The utility worker can be the new element in our manufacturing system.

The utility workers should, of course, and will be paid the Hong Kong rate for the job. Indeed, the proposals before us today readily envisage payment of median wages in all sectors for imported labour. Their salary and benefits will not undercut our local workers, nor will they be used as a pawn for bargaining by employers.

We look to supplement our labour force with these new imported operatives. We do not look to supplant our existing workers. We do not seek to undermine their position. After all, Hong Kong industry and Hong Kong workers have always worked closely and co-operatively in the past.

With the hoped for arrival of 10 000 new operatives, manufacturers may expect to see some end to all the frustrations which they have suffered all these years. Once the policy is shown to be successful, I am sure the trend to leave Hong Kong for places with abundant labour will in some measure be reversed.

We should confidently expect investors to book their return passage to Hong Kong. They can once more resume vigorously the management of a considerable variety of enterprises. With the new policy there will be a fighting chance to continue in our variously affected industries.

More workers will mean more investors: more investors will ultimately mean more

profit, and more profit will allow for higher wages for our workers. I see therefore a snowball effect. Above all, the outcome will also be less inflation. From that scenario, workers increase in income will have more real growth and spending power.

While welcomed, the proposal may not go far enough. We still have a huge shortfall facing us.

However, I believe here we are trying to solve a psychological problem, that of the frustration of our entrepreneurs, who have not been able or allowed to get on with the job, either in the short run or, in the long run.

The next question is: Is the proposal able to solve all of our problems? I fear not, but let us at least give it a try. All I can say is that industry appreciates this modest relief. We anticipate that the pressure in labour's pressure cooker can be somewhat relieved. Sir, I wish here to rebut the various arguments of what might be termed the labour lobby. The arguments suggest that we are actually experiencing under-employment of workers, that labour legislation offers little protection for the employees, that local workers will lose out to "cheap" imported labour, that child care services are inadequate and keep mothers away from the work place and that automation can solve all our labour shortage problems.

The truth of the matter is, I submit, to be very different. Right now, job hopping is the order of the day. These days the worker fires the boss, not the other way around. In general, labour legislation is well understood, is effective, and is well enforced. This legislation is constantly being changed in the employee's favour. Witness the Employment (Amendment) Bill 1989, recently passed. The imported worker will, on these proposals, be paid the same median wage as the Hong Kong worker. It is misleading to speak of such a thing as "cheap" imported labour. After all, this imported labour's wage levels will be among the highest in Southeast Asia. Providing more child care services, though sound in principle, implies the assumed ready availability of child care personnel and convenient premises. Finally, the question of automation is open to misunderstanding. We must accept that automation has its limits, which in many cases has been already reached. In an ultimate situation, 100% automation will mean no jobs needed at all.

We do our best in putting up wages, but our manufacturing sector, unlike our service sector, exports virtually all it produces. There is a limit on the level of increase our customers are prepared to pay. We have to remain competitive against

other countries.

Sir, naturally -- and let me make this next point forcefully -- industry does not wish to be a party to any undermining of the position of our Hong Kong workforce. Perhaps a very few employers might be so tempted. There are often a few bad apples in an otherwise sound barrel.

We should not allow any such worries to spoil what is otherwise a positive practical proposal. We in the garment industry will be assiduous in the protection of the interests of the workers in our industry. We will not condone those who will take unfair advantage of the situation and who exploit loopholes in the proposals.

We will disassociate ourselves from improper practices. We would oppose for example the providing of sub-standard conditions of work, payment of improper rates of wages, or the deduction of excessive expenses from the salary of workers in respect of food, transport, agent fee and housing. These abuses must not be allowed to develop.

We do not support, and will denounce what I might call the very small group of cowboy manufacturers.

Finally, Sir, as I look at the motion before this Council today, I feel rather apprehensive. The motion calls upon us to take note, but has offered no solution to the labour shortage problem.

The proposer, the Honourable TAM Yiu-chung, denounces the importation of labour in this whole scheme in his speech. On the contrary, I would wish to express my full support for these measures. They constitute a sound beginning.

With these remarks, I support the motion for importation of labour.

MRS. TU: Sir, I am not an expert in this field, but from contacts with workers and from press reports, I think I know enough to express concern on the issue of imported labour.

In the course of my work, I often ask hawkers why they do not take factory jobs. The reply is invariably "I cannot support my family on a worker's wage." It does not

take much knowledge or imagination to know that this is true, if there is a single worker in the family with small children. The workers obviously gain little or nothing from the inflated wages that some make an excuse for importing foreign workers.

I am aware from my own sphere of work that there is a shortage of teachers, and I am convinced that similar labour shortages are being felt in the other professions. However, on the matter of skilled and semi-skilled workers, recently the most frequent complaints I have heard are on the reverse side of the coin. I know of employers emigrating, with job loss to employees both skilled and semi-skilled who have served the same factories for many years. I also meet workers who can scarcely make ends meet because of under-employment. Worse still, I have read of workers being left jobless and without severance pay by employers who have either emigrated or removed their machinery across the border. In fact, the picture I get is that because of emigration and transfer of business to China, there is now an employer rather than a worker shortage in some sectors.

I will not deny the likelihood that there may be a labour shortage in certain industries, but before we set out on a course that could lead to labour unrest, I think we should carefully take stock to see where the shortage, if any, actually lies. Workers should be informed which factories or companies need the workers, because apparently these jobs are not always reported to the Labour Department's Employment Division and so job vacancies are not apparent. Workers would then be able to monitor whether there actually is a labour shortage, or whether this movement is intended to reduce wages.

Recent reports in the press about middlemen reaping commission, and employers making double contracts to deceive the Government and cheat the immigrant workers are alarming, and should sound a warning that legislation to control malpractices is required. We should make sure that the stable-doors are shut before the horses can bolt, instead of finding out too late that doors have been left open for some dishonest people. The Government should not allow free enterprise to cheat workers of the fruits of their labours; otherwise what freedom is left to the workers?

May I add that the sight of large numbers of police chasing after illegal immigrant workers on pay day bodes ill for workers who may in future be hired by this type of employer as well as for our own local workers.

Sir, in supporting the motion, I wish to express my deep concern that Hong Kong workers must have their right to work protected.

SECRETARY FOR EDUCATION AND MANPOWER: Sir, I welcome this debate, partly because it helps us as a community to focus our attention on this important issue, and partly because it provides an opportunity to outline the thinking behind the Government's recent review of its policy on importing labour. While I cannot respond in detail to all the points made this afternoon, I would like to cover the salient ones. I shall concentrate on three, namely, the need to import labour, the implementation process, and our decision not to consult the Labour Advisory Board.

How real and serious is the shortage of labour?

It is always important to get one's facts right at the outset, and this is particularly the case as several Members have suggested that the labour shortage is either non-existent or is no more than a transient phenomenon.

As far as can be ascertained from various employment surveys undertaken by the Census and Statistics Department, the number of vacancies across all industries has increased steadily from 32 000 in 1985, or just over 1% of actual employment in that year, to a peak of 125 000 in 1988, or over 4% of actual employment in that year. Whilst the number of vacancies have declined in 1989 to 102 000, or 3.6% of actual employment, preliminary survey results show that there have been no further declines during the first quarter of 1990. Thus we have sustained a shortage of labour for something over five years.

The question then is, how damaging is this phenomenon? In an open economy such as ours, the upward pressure on costs and prices arising from an excess of demand for labour should, in the short term, help to restrain demand to a level more commensurate with the economy's productive capacity. As this occurs the demand for labour should become less intense. But it is now clear from the persistent rise in the number of vacancies over the past few years that this constraint has not worked and demand has continued to outstrip supply. We must therefore look to the longer term to see how damaging the labour shortage might be for the growth prospects of our economy.

The growth rate of labour supply in the second half of the 1980s has declined

from 2.8% in 1986 to nil in 1989. We expect this trend of decline to continue into the 1990s and beyond. Our forecast is for an annual average growth rate in the labour supply of about 1.1% in the period 1991 to 1996, 0.8% in the second half of 1990s, and 0.5% in the first five years of the next decade. This is attributable to a variety of factors, notably improved educational opportunities, rising individual affluence and a tendency to retire earlier, all of which have the effect of depressing labour force participation rates. Against this background, the forecast trend growth rate of GDP of 5.5% could be placed in jeopardy if the productive capacity of our industries is constrained by the much slower growth rate in the supply of labour.

Sir, some Members have argued that, faced with this constraint, our investors and employers should consider reducing their reliance on labour, by investing in productivity growth, mechanization, vocational training, and so on. We certainly support such moves and, as other Members have quite rightly pointed out, a great deal of investment has already gone into these areas of improvement. At the end of 1988 the level of retained imports of machinery and equipment for use in manufacturing was more than double that in 1983, and throughout the 1980s labour productivity in manufacturing has alone grown by about 10% a year. In spite of these impressive records, we must recognize the fact that Hong Kong's industries are relatively labour intensive. Indeed, the continuing shift from manufacturing to the services sector could render our economy even more dependent on labour than is the case at present. In all the circumstances, continuing healthy growth for the economy -- the key to our prosperity -- depends on our giving our industries the wherewithal to increase their productive capacity. There are limits to which our industries can further invest in new plant, machinery and improved processes, and it is necessary to recognize that further capital formation might not take place unless it is also complemented by an adequate supply of labour. Thus, the Government's aim in allowing further imports of labour is founded upon the need to sustain the growth momentum of the economy.

Implementation and monitoring

Many Members have stressed the need to ensure that the schemes of importation work with a minimum of bureaucracy, that they are administered efficiently, and that adequate steps be taken to prevent unscrupulous employers from exploiting their imported workers. Their points are well made and will be fully taken into account.

At the present time, the inter-departmental Steering Group on the Importation of Labour under my chairmanship are aiming to launch the schemes by inviting

applications in the third week of July. We shall allow employers about a month within which to lodge applications with the Immigration Department. It would take about a month for all applications to be examined. Once an application has been approved we will notify the employer, and allow him a further period of up to three months within which to source labour and to apply for visas. The second step will take between three to five weeks, depending on the number of visas needing to be processed. In short the estimated time required for the two processes should not exceed two months.

With the benefit of the experience the Government has gained over the past 12 months in regulating the importation of foreign technicians and craftsmen, we have taken the opportunity to introduce two measures that would have the effect of simplifying procedures and speeding up decision-making. The first will be the publication of median wages in respect of technicians, craftsmen and experienced operatives. This would provide employers with a ready benchmark against which they could offer wages for imported labour. But it would also give local workers a clear assurance that they would come under no threat of low-wage competition. Secondly, we have removed the requirement that a prospective employer must not allow more than 20% of jobs in his business to be filled by imported workers. This should remove a source of quota under-utilization.

Sir, as regards the creation of safeguards to prevent foreign workers from being abused or exploited, we have taken the opportunity to amend the existing standard contract of employment by stipulating, that accommodation must be provided by the employer to certain standards and by emphasizing that employers may make wage deductions from the wages of their employees, save for those circumstances allowed under section 32 of the Employment Ordinance (Chapter 57). I recognize that this may create some problems for those employers who have to rely on external agencies and companies to find workers for them, because their practice is to charge a certain percentage of the workers' pay as a fee for their procurement services. I am confident, however, that these difficulties can be overcome. For example, while the Employment Ordinance does not permit an employer to deduct wages automatically for remittance to employment agencies, the Government would have no objection if an employer were to remit a part of his employees' wages provided that this is done at the explicit request of his employees. In other words we regard the payment of wages in full as being inviolate, but we would not stand in the way of an employer entering into a private arrangement with his employees over remittances.

More importantly, the Immigration Department and the Labour Department will be

provided with additional staff to cope with the work arising from these schemes of importation. Insofar as the Labour Department is concerned the work involved in ensuring that the Employment Ordinance is complied with includes the briefing of both employers and employees on their respective rights and obligations, and on inspections of both workplaces and domestic accommodation. The schemes will, of course, be monitored by the steering group on a regular basis and I shall keep the OMELCO Manpower Panel informed of progress from time to time. I should perhaps add that the Government will have no hesitation in taking both employers and employees to court for breaches of employment legislation or of visa conditions.

Consultation

Sir, in recent weeks the Government has been criticized for having failed to consult the Labour Advisory Board before it announced its decision to allow further imports of labour, and several Members have echoed this criticism today.

We have carefully considered the propriety of consulting the Labour Advisory Board before the Government's proposals were put to Executive Council. We came to the conclusion that it would not be entirely appropriate to take this step. In the first place the Labour Advisory Board advises "the Commissioner for Labour on such matters affecting labour, including legislation and recommendations for the International Labour Organization, as the Commissioner may refer to it", whereas the issues we are debating this afternoon affect the development of Hong Kong's economy and go well beyond purely labour considerations. Secondly, the views of both employers' representatives and trade union representatives are already well known, for they have been debated long and hard in recent years. Thirdly, given that those views are diametrically opposed, the advice of the Labour Advisory Board would most likely have been so finely balanced as to have been inconclusive.

Other points

Turning now, Sir, to other points made in this debate, several Members have echoed suggestions in the media that the Government has not done enough to improve the well-being of local workers, particularly in the area of employment benefits. I am afraid, Sir, I cannot agree. As I said when moving the Second Reading of the Employment (Amendment) (No. 2) Bill 1990 last week, the aim of the Government's labour policies is to achieve a level of statutory protection for our workforce broadly comparable to the best in the Asia Pacific Region. Within the past 12 months

alone, we have extended the scope of the Protection of Wages on Insolvency Fund to cover severance payments, amended the Employment Ordinance to protect regular part-time workers, and introduced into this Council a Bill that will extend paid annual leave from seven to 14 days a year. I expect that, during the next Session, the Government would be introducing new legislation for the prudential supervision of retirement schemes, and amending legislation to provide a much higher degree of security for severance payment entitlements against the risk of business insolvencies. I can assure honourable Members that the Labour Advisory Board will press ahead with foresight and vigour.

Finally, Sir, Mr. TAM Yiu-chung has questioned the need to allow further importation of operatives on the grounds that the Government's Manpower Survey of March 1990 indicates a surplus of manpower at the lower secondary education level by 1991. I would like to make it clear that the manpower survey was designed to help us assess educational and training needs. It was not an exercise to project the demand for and the supply of labour. In other words the excess of about 33 000 people at the lower secondary education level by 1991 means that by next year there will be about 33 000 people in actual employment whose jobs would call for a higher level of education and training than they had actually achieved when they left Form III. The obvious conclusion to be drawn from this is that there will be a greater need for continuing education and re-training, in respect of which we have the help of the Open Learning Institute and the Vocational Training Council. It does not mean that importing experienced operatives would result in these 33 000 people being displaced.

With these remarks, Sir, I support the motion.

MR. TAM (in Cantonese): Sir, the debate which has been going on for three hours is now coming to an end; it is time for the passing of the motion. However, the motion, even when it has been passed, does not signify anything more than that this Council is rather concerned about the relaxation of restriction on foreign workers. It is clear from the debate that resentment within this Council against the Government's discrimination of local workers is not only limited to two of its Members who come from a union background. There is a considerable number of colleagues who hold similar views as we do and who have spoken out just now. It goes without saying that there are many more voices in the community as a whole against the government decision on this issue.

It is not my intention to go into the arguments again because I already gave a

full account of the issue in my first speech. I only wish to respond to certain points which have been raised just now. The explanation offered by the Secretary for Education and Manpower for not consulting the Labour Advisory Board does not hold water and is most unconvincing. I consider the absence of consultation to be the result of stubbornness on the part of the authorities concerned.

A colleague pointed out that Hong Kong is experiencing cost-push inflation, but this is actually making workers the scapegoat of the economic slowdown. Looking back on the economic development of the previous period, we will see that the current inflation has been brought about by other economic factors. The years 1986 and 1987 saw the fall of Hong Kong dollar against European currencies and the Japanese yen, which, combined with the further opening of China, dramatically pushed up the demand for Hong Kong labour service and manufactured goods. It was in this period that our Gross Domestic Product increased substantially but workers' wages had not caught up proportionately. It is only now when our economy has slowed down that wages have reached the peak of the cycle. This is a clear indication of the economic fluctuation cycle preceding the wage growth cycle. The slight wage growth now is only a reflection of economic growth previously. If we take a longer view, the current inflation has in fact been brought about by the earlier, excessive demand. It can therefore be called "demand-pull inflation". Importation of foreign labour regardless of this fact means that workers will be victimized and employers will be the only ones enjoying the fruits of economic growth. It is for this reason that we should not limit ourselves to studying the situation as it stands now, but rather we should look at the whole issue in its historical perspective.

Another point made has it that industry wants to import more workers, but not with the intention of obtaining cheap labour to combat labour shortage and lower production cost by holding down wages. Meanwhile, the Government has made the commitment that it will do its utmost to monitor the situation so that the foreign workers will not become a source of cheap labour. However, we have become more convinced by recent events that foreign workers will be reduced to cheap labour and effective monitoring is simply out of the question.

Earlier on, there were already incidents which showed that the Government was quite powerless to effectively monitor the wages and livelihood of imported workers. Only this morning, the OMELCO Office received a representation from the Construction Industry Employees General Union about the following complaint which a group of foreign labourers had lodged with them. The workers in question were asked to sign

two receipts in respect of their wages by their employer. The first receipt was for \$7,800-plus, which they had to sign if they did not wish to risk being sacked. They were given to understand at the same time that no money would be forthcoming from the document they signed. The other receipt they signed was for \$3,000, which they would receive in due course. It should fool nobody that the false receipt was for the eyes of the Labour Department only. The employer would have got away with it had there been no complaint at all, or in any case, had there been no evidence passing into the hands of the union. What is more, some foreign labourers have been given the sack immediately after they reported the malpractice of their employer to the union or the Labour Department. This state of affairs is a disincentive for foreign workers to come forward to testify against exploitation by their employers. And in the absence of people who are willing to testify, there is nothing the Labour Department can do. The criminal will always be able to outwit the law, however sophisticated it is, as a Chinese proverb says.

Bearing in mind that these are by no means isolated cases, the Secretary for Education and Manpower's promise of effective monitoring is too optimistic. The Labour Inspectors Association and the Labour Inspectorate, who have been tasked with the monitoring, have recently made public their concern that the manpower resources of the Labour Department are not able to carry out the monitoring. It is my opinion that the so-called effective monitoring is at best wishful thinking, if not utter nonsense.

Sir, I wish to take issue with the government work style that underlay the present wrong decision. The decision to import foreign labour which has been taken without sufficient justifications has the following implications:

(i) The Government is entirely subservient to the short-term interest of the business sector. The latter is inclined to reap the largest profit in the shortest time, hence their desire to use foreign labour as a means of holding down wages.

(ii) The Government has failed to take a longer view in mapping out our economic and social development. The Secretary for Education and Manpower has stated that, as we move into the 21st century, there will be less local labour participation (in our economy). This, however, is only a reflection of poor policy making, rather than any long-term view taken by the Government. Importing labour to forestall a shortfall which may happen in 10 years' time is just like using water at hand to douse an imaginary fire distant in time and space. The irony is that we

may actually end up with flooding instead of drought, an over-abundance of labour instead of a shortage of it.

Indeed, if the Government is at all serious about long-term development, it should address itself to the local manpower supply situation with a view to finding out its potential for development. It should map out directions for local economic development and facilitate the reshaping of the trades which are likely to be affected. It should play an active part in the training, and re-training, of local workers so that they will be able to find new jobs if necessary. Importation of foreign labour will only delay the process of economic transformation, apart from jeopardizing the livelihood of local workers at the cost of social stability and social progress.

Lastly, I want to stress here that, contrary to the view expressed in certain quarters, labour leaders in Hong Kong are not short-sighted people who, as the allegation goes, are preoccupied with their own interests and incapable of seeing things in a macro-perspective. We oppose labour importation for the sake of the long-term, overall, socio-economic development of Hong Kong. Workers are part of the Hong Kong community; we wish to continue to live in Hong Kong. We hate to see social development being put at risk due to some short-sighted practice of either the Government or employers.

Sir, what Hong Kong needs now is for us to work together wholeheartedly for the sake of steady social development. Unfortunately, the government decision to relax restrictions over imported labour will only have destructive consequences. It is for this reason that I take it upon myself here to strongly represent the demand of the labour sector for the Government to revoke its decision.

Sir, with this remarks, I support the motion.

Question on the motion 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, 11 July 1990.

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

Note: The short titles of the Bills/motions listed in the Hansard, with the exception of the Supplementary Appropriation (1989-90) Bill 1990 and Merchant Shipping (Safety) (Amendment) Bill, have been translated into Chinese for information and guidance only; they do not have authoritative effect in Chinese.