

1 HONG KONG LEGISLATIVE COUNCIL -- 25 October 1990

HONG KONG LEGISLATIVE COUNCIL -- 25 October 1990 1

OFFICIAL REPORT OF PROCEEDINGS

Thursday, 25 October 1990

The Council met at half-past Two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (PRESIDENT)

SIR DAVID CLIVE WILSON, K.C.M.G.

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

THE HONOURABLE MARIA TAM WAI-CHU, C.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 HUI YIN-FAT, 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 TAI CHIN-WAH, J.P.

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 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 EDWARD HO SING-TIN, J.P.

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

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

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

THE HONOURABLE RONALD CHOW MEI-TAK

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

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

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

THE HONOURABLE MRS MIRIAM LAU KIN-YEE

THE HONOURABLE LAU WAH-SUM, J.P.

DR THE HONOURABLE LEONG CHE-HUNG

THE HONOURABLE LEUNG WAI-TUNG, J.P.

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

THE HONOURABLE KINGSLEY SIT HO-YIN

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

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

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

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

THE HONOURABLE MRS HELEN YU LAI CHING-PING
SECRETARY FOR HEALTH AND WELFARE

ABSENT

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.

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

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

THE HONOURABLE POON CHI-FAI, J.P.

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

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

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE PETER WONG HONG-YUEN, J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR LAW KAM-SANG

Affirmation

Mrs Helen YU LAI Ching-ping made the Affirmation of Allegiance.

Member's motion

MOTION OF THANKS

Resumption of debate on motion which was moved on 24 October 1990

MR TAI: Sir, Hong Kong's economic stand since 4 June last year is making slow turn for the better, largely due to the resilience of our economy and the political stability of China whilst maintaining her open-door policy in a positive manner.

The Gulf crisis recently has changed the world economy because of the unstable political situation in the Middle East region. The world economy takes a downturn and irrespective of how best we manage ourselves, our own economy would be influenced and scratched. Let us hope that the message of his Almighty Allah will be-frequent the dreams of President Saddam Hussein, and stability return to the Middle East -- leading to world economic recovery -- and that our Merciful Buddha will provide guidance upon our executives, providing them with relief from the haunting problems of our proposed new airport and its associated infrastructure projects, as well as on how to put them into operation in the year of 1997.

I, Sir, share the same dream with the Administration that by means of planning control, our environmental issue in particular relating to the New Territories, flooding, traffic congestion and storage of containers, drainage and sewage problems will disappear -- without regular provision of reasonable amount of funds to upkeep our environment, without thorough consultation with the public at large on how the money can be best used, without ascertaining whether the staff situation can cope with this ambitious dream and without assistance as well as commitment to promote recycling of our industrial waste.

Moreover, large amount of our resources would be channelled to our port and

airport development scheme. To hold onto that dream in the high noon of day would be day dreaming.

We speak of freezing the size of our Civil Service, increasing productivity, hence, becoming more efficient.

We ask the private sector to be realistic on wage claim and careful with pricing.

However, the Government, being the biggest employer in Hong Kong, has no effective means to contain the civil service wage claims. This in turn would reflect on private sector wage claims and in time fuels inflation.

We require our civil servants to strive for efficiency and productivity as well as better use of resources. But, in view of our civil service system, lacking competitiveness, incentive, lack of dialogue, and understanding between the service and its future sovereign state, especially in the expatriate and senior and middle ranking sector, lack of long-term commitment built in the Civil Service with large number of civil servants on contractual terms -- in view of all these drawbacks -- how can we be sure of having a dedicated civil service in this transitional period?

Sir, the Administration provides us with a vision of Hong Kong to the year of 2000 and beyond. However, without solid foundation of capital and adequate constant financial resources to support these infrastructure and social projects as well as maintaining its operation, it may be short-sighted to embark on huge infrastructure projects aiming for completion within a relatively short period of time. It may result in unbalanced development of our territory as a whole. We need to meet the aspiration of our people in areas of social welfare, health service and education as well as territorial development in other regions of Hong Kong in this transitional period; otherwise, we may have internal instability. Moreover, Hong Kong is vulnerable to external economic and political factors. Financially, we need to be prepared for these eventualities.

In your address, Sir, you mentioned constructive relationship as well as steps to convince the Chinese Government on a number of measures and decisions, which are proper for the Hong Kong Government to take, and on which Chinese Government should not have a veto power.

All these involve the essential elements of mutual trust, confidence and faith,

which I see very little between the parties.

Approaching 1997 and during this transitional period, major important decisions have to be made or will be made affecting the present and future of Hong Kong. Hence, it is important to be on solid ground to define what type of decision may be subject to the PRC Government's veto power or that she has no veto power at all.

If we go by history, China has, on occasions too numerous to remember, said that sovereignty over Hong Kong belongs and has always belonged to China. The Sino-British treaty in the 18th century was invalid, signed under duress. Hence, the United Kingdom's right to administer Hong Kong derives from the Joint Declaration. If that argument stands, the United Kingdom administering Hong Kong on behalf of the PRC shall be responsible to the PRC as the sovereign state.

If we adopt another approach that by the Joint Declaration, the United Kingdom is conferred with the sovereignty, that is, the legal title to Hong Kong with the PRC as the beneficiary, then there exists a fiduciary duty to administer Hong Kong for the benefit of the PRC, the beneficiary under the Joint Declaration.

Bearing in mind that the treaty is made for the purpose and function of returning Hong Kong to China, it would hence be wrong to interpret that the Joint Declaration gives exact and watertight jurisdiction for the United Kingdom on one hand and China on the other. As I see it, there exists an implied power -- a power to be kept informed, consulted and to exercise a veto power in relation to major questions affecting the present and future of Hong Kong.

Whether we like it or not, it is a political fact. To do otherwise would further jeopardize confidence and stability of Hong Kong.

Sir, you have given an excellent consolidated account on Hong Kong and the problems which she faces. Some can be surmounted but perhaps some cannot. It would not be fair to ask your Administration to resolve all of them. Equally, the Administration should be seen to do its utmost to find solutions with good faith.

With these remarks, I support the motion.

MRS TAM: Sir, I was glad to hear you devote much of your policy speech to the

Government's policy and plans for Hong Kong's social infrastructure, and today I should like to comment particularly on the philosophy underlying your objectives for social services.

Sir, you have restated the principle that there is no intention of Hong Kong's developing the western-style system which has come to be known as a "welfare state". Different countries have developed versions of this system to suit local circumstances and requirements. But their common feature is dependency on Government -- that is, ultimately, dependency on the taxpayer -- for a comprehensive provision of education, health services, retirement and welfare benefits designed to eliminate poverty, services for the disabled, care for the elderly, and many other activities which come under the general heading of "social services". Government is responsible for "cradle to the grave" welfare for all members of the community.

Sir, I accept that this model is not one on which to develop a social infrastructure for Hong Kong. It neither suits the Chinese tradition of self-help, and family responsibility; nor does it seem appropriate in a community whose strengths include a large measure of independence from government intervention or control.

Nevertheless, by whatever name we call it, Hong Kong has a large number of government-funded social provision, and we agree that this should be so. Sir, you refer to medicine, housing, welfare and education, and say that in some of these areas our services match those of much more affluent societies. The territory can be proud of providing virtually free medical services for everyone; and nine years' free education for all our children. One could add that our programme of public housing is immense, and the list of achievements goes on.

While rejecting the welfare-state system, you reaffirm for the 1990s that Government will continue to provide social services for those who need and require them. I think that message must be repeated often. Though we will not accept dependency on Government and the taxpayer, we must aim for a basic standard which is equal to that provided in the best welfare state.

But, Sir, you also recognize a demand for a higher quality of services from those who are able to pay for them. You say that people want more choice, more personal control over their quality of life. And you propose to introduce a system to meet that demand, not through the taxpayer, but directly. Families, you say, must pay for services above the basic level.

Though I think it correct to identify this demand for choice, it is still most important to recognize that the present provision of basic services for those in need is not yet at a satisfactory level.

Sir, I welcome your assurance that things are on the way to improvement. In hospital services, for example, you look forward to the elimination of overcrowding. You set out objectives for the 1990s: "accessible, district-based hospitals run efficiently and cost-effectively by the Hospital Authority; international standards of specialized medical training; more extensive use of preventative health care; and a wider choice of higher quality medical services for all the people of Hong Kong at prices they can afford". And I am glad to see you state the "key principle that no one will be denied adequate medical treatment because of lack of means". There must be a clear message that the Government's priority will always be to put this principle into practice.

The Government must beware of giving any impression at all of reducing its commitment to provide a good quality of social services for those who need them and are unable to pay. It would be damaging to our community if people were to feel that by introducing a greater element of choice and the principle of payment by those who can afford it, there was to be any withdrawal from funding or development of services on the Government's part. I want to ensure that there is no misunderstanding on this matter.

Sir, Government needs the support of the community, and the community largely judges the quality of Government by how it affects everyday life. Vast schemes for airports, transport, land reclamation, involving expenditure of billions, can be properly assessed only by experts. It is the less dramatic, though equally vital, services which come close to home and are easily comprehended. Every family knows when prompt and effective medical care is available in an emergency, whether or not there is a place for their child at a day nursery, whether they can get skilled advice over a difficult problem, or help with caring for an elderly relative.

Government must demonstrate that it cares for the vast majority of Hong Kong's population -- those who are going to stay in the territory and build its future. They will look critically at what most directly affects them, seeking reassurance, and a long-term promise that there will be no retreat from a sound welfare policy.

Sir, not only in the health services must our basic provision be improved. Such

initiatives as the forthcoming Green Paper on assistance to the disabled in the 1990s, your recognition that in some cases families benefit from professional guidance, the extension of the Old Age Allowance, are all to be welcomed.

Quantity and accessibility of services must be improved. It is no use having perfectly equipped child-care centres, advanced body-scan machines, caring and well-staffed homes for the elderly, highly-trained counsellors, if they are insufficient to cope with the community needs. It is no comfort to the man and woman in the street, to know that such facilities exist, if they are unavailable to them when they want them.

Sir, growth and upgrading of our social services are not the responsibility of Government alone. If, as you say, we rank high among the world's economies, measured by the yardstick of income per head, there is room for corporate, private, and voluntary involvement in our social support systems. I urge you, Sir, to encourage and facilitate this involvement. I should like to see a re-examination of the way the subvented sector is controlled. The present rigid centralization needs to be relaxed to encourage more flexibility and innovation, though it must, of course, remain the responsibility of Government to monitor the quality of all services.

Sir, I should now like to cover, briefly, five points which I think are vital to our overall social service policies and strategies.

First there must be a safety net of good basic provisions for those unable to contribute themselves. Let us guard against drawing this safety net too tightly. It must provide not only remedial services to cope with sickness and problems once they have occurred, but should also include preventative and developmental measures. A laissez faire policy is not good enough.

Individuals are not always the best judges of what is in their own or their family's best interest. Neglect in the present can result in people becoming a burden on themselves and society in the future. We should not be left entirely to make our own choice in the field of social services: the interest of the community sometimes has to override individual preference. People must not be put in the position, for example, of saying "I don't want to pay for dental checks for my children, so they won't have them," or "My family may need counselling but I'm not going to pay for it." Preventative services should be available free or at nominal charge, and their use actively encouraged.

Sir, the second point is one you have stressed, the role of the family in our society. If the family unit is to carry some of the burden of social responsibility, there is a need to strengthen family life. In a world where there is constant influence from other cultures, it would be foolish to expect traditions to remain unchanged, without reinforcement. It is especially important to provide opportunities for young people to develop the balance of traditional values and independence which will strengthen them for the future and enable them to play their part in the sort of society you envisage. The Government must take a long-term view by providing family life education programmes, family services centre, children and youth centres as part of the social infrastructure and included among those basic services for which payment should be minimal.

Another essential, Sir, is the relief of poverty. There is very uneven distribution of income in Hong Kong. You say that full employment means that jobs and reasonable wages are available to virtually everyone. That may mean the number needing social welfare benefits is small in real terms, but it is no consolation to say that to the frail old man or woman heaving a wheelbarrow of garbage up the steep incline of d'Aguilar Street. Sights like this, and their juxtaposition against the affluent backdrop of central Hong Kong do our society no credit. The need for drastic help may be comparatively small, but it is all too evidently real. It must always be a priority to help the very poor; yet still that help falls short of what is required.

Sir, in this connection, I was pleased to hear you speak of one much-needed benefit that is now under consideration. I refer to a Child Supplement for those families -- including single parent families -- who are in receipt of welfare payment. This is exactly the sort of extra help which we must be prepared to offer to relieve distress and disadvantage.

Sir, my fourth point concerns that section of our community which has been labelled the "sandwich class" -- sandwiched between the really needy who qualify for welfare services and benefits, and those who are affluent enough to provide for themselves without difficulty. I spoke on their behalf, Sir, in the April Budget debate, and I want to make sure today that their interests are being taken care of. They make up a considerable proportion of Hong Kong's taxpayers. They are not entitled to public housing, but they are by no stretch of the imagination wealthy. Housing themselves decently and balancing their budgets is not easy. This large

middle group of Hong Kong citizens, the backbone of our society, must be reassured that they are not going to be over-burdened, and I hope that this reassurance will be loud and clear.

Government has to put in place a foundation of social support for the whole community, and, as you say, consider then what structure of fees or contributions is appropriate. The lines must always be realistically drawn between those who can rest assured that their health and welfare needs will be met free of charge, and those who can genuinely afford to pay for chosen services. We must not go to extremes, but achieve a fair balance between the various elements of the system -- levels of taxation, provision of good quality, readily accessible free services, and optional services on payment. I suggest thorough research into this question: perhaps you would consider it a task for the Think Tank.

And finally, Sir, a most important aspect of any social service policy: the dignity of the individual should be safeguarded and respected. It must be said that one virtue of a total welfare state is that, with all contributing according to their means and all entitled to the same services, there is no stigma attached to receiving the benefits provided. We in Hong Kong must be careful to ensure that the system we have chosen involves no embarrassment and has no divisive effects. The problem can be avoided only if people clearly understand that they have the right to adequate social provisions and that it is the duty of a caring Government to see that those provisions are in place.

A sound social service policy catering for the needs of everyone in the community will go a long way towards earning the Government the trust and co-operation of the people of Hong Kong. A caring Government is one of the greatest assets Hong Kong can have at a time when confidence, commitment and a long-term vision are required of us all.

Sir, with these remarks, I support the motion.

MR TAM (in Cantonese): Sir, the 1990s will be an extremely crucial decade for Hong Kong. The Government is faced with a great challenge to maintain social and economic stability in Hong Kong during the transitional period and to ensure a smooth transfer of sovereignty in 1997. To meet this challenge, the Government must give heed to the well-being of the majority who will stay here permanently and work out long-

term and well-balanced social and economic policies so as to strengthen their confidence and sense of belonging. I would like to stress that infrastructural development is merely part of the many important social and economic programmes. It is not the only crucial element.

Unfortunately, it is disappointing to note that throughout the policy address, the Government has not adopted this approach in formulating its specific policies.

In recent years, the economic development of Hong Kong has been beset with high inflation and slow growth. The Government should be the one to blame for the present state of affairs. All along our economic policy, especially industrial policy, has been lacking in foresight. Despite requests from various sectors, the Government is still not paying due attention to the need of promoting structural transformation of the manufacturing industry and upgrading its technological level. As a result, the industrial technology and productivity of Hong Kong has fallen far behind that of the other three small dragons in the Asian region and the local industry remains dependent on cheap labour, operating on a labour-intensive basis. Such a short-sighted policy is driving the economic development of Hong Kong into a desperate situation. However, the policy address has only highlighted the impact of the Middle East crisis. The Government may have been too myopic in viewing this problem.

Instead of making any proposal to solve the imminent economic crisis, the policy address states that, in the face of the present economic situation, one should give heed to, "above all, realism when it comes to wage demands. Wages have kept ahead of increases in consumer prices; but we must be alert to the dangers of a wage and price spiral. This would benefit nobody -- neither employers nor workers."

Obviously, the advocated idea is to request the middle and lower income groups to bear all the unfavourable consequence of the short-sighted economic policy adopted by the Government. This is utterly unfair to the general public. The Government has shown no concern for the workers who are thrown into structural unemployment. It even takes a step further now to advocate an absurd solution to the present economic problems by way of suppressing wages. Should this be the attitude of a responsible government? One must be aware that the middle and lower income groups are the people who will permanently stay in Hong Kong. With their interests always at risk in government actions, how will the guarantee made in the policy address that "our primary concern is with the vast majority of our people who will stay here permanently" be materialized?

As mentioned above, the most significant and far-reaching cause for the present economic recession of Hong Kong lies in our economic system. To solve this problem, the Government has to make greater commitment in the economic field. Actually, the Government has been aware of this problem and provided assistance, though piecemeal and inadequate, in manpower training and technological improvement. However, I am puzzled as to why the Government evades this familiar problem in the policy address. Instead, it elaborates on the importance of non-intervention policy without regard to the practical situation of Hong Kong. By doing so, does the Government intend to shirk its responsibility for promoting the economic development of the territory? I do hope that my presumption is wrong. It is never too late to mend. If the Government can face squarely the economic crisis of Hong Kong, I hope it will take the following two aspects into account:

1. The Government should promote structural transformation in our economy. It should work out a comprehensive and effective industrial policy and upgrade the technological skill of our industry to improve productivity and reduce the reliance on cheap labour. I hope the Government will review as soon as possible the merits and defects of the present economic system and set down a long-term economic strategy.

2. In promoting structural transformation in our economy, the Government must at the same time strengthen the education and training for in-service workers to ensure that local workers can adapt to the change of the economic system, remove the problem of structural unemployment and improve the quality of the workforce.

During the transitional period, Hong Kong is exposed to all kinds of disruptions which may lead to social instability. To deal with this problem, the Government has to make greater commitment in its social policy to strengthen confidence and promote a sense of belonging among the people who are to stay in Hong Kong.

A good social policy must give expression to the principle of social justice and facilitate the redistribution of social resources. At the same time, it must provide for the basic needs of the people and promote social stability and progress.

It is stated in the policy address that "people are no longer content simply with a basic level of provision". They now "expect a higher quality of service and more opportunities for the individual to choose particular types of service". I doubt very much the validity of this assumption. In my opinion, there will be growing needs for basic public services in our community and most of the people cannot afford to "choose particular types of services". My judgement is based on the practical

situation of Hong Kong.

First of all, Hong Kong is facing a serious problem of an aging population. The upsurge of a large number of elderly people implies that the basic demands for medical, welfare and housing services are on the increase. Moreover, the high emigration levels in Hong Kong in recent years have a significant impact on the social structure of Hong Kong. The proportion of the lower income group in the population will grow and it is basically beyond their financial capacity to pay for expensive services.

Perhaps, as mentioned in the policy address, Hong Kong ranks among the world's top 20 economies. However, it does not reflect the distribution of wealth in Hong Kong. Although the general public have been complaining about the poor qualities of services provided by the Government and are expecting services of better qualities and efficiency, it does not mean that they (especially the lower income group) can afford "to choose particular types of services" at their own expense. In this respect, the Government must reconsider how to improve the qualities of basic services without adding to the burdens of the lower income group who are already beset with economic difficulties.

The uneven distribution of wealth and the wide gap between the rich and the poor in our society have been overshadowed by the rapid economic growth over the years. Today, Hong Kong is facing a more serious economic recession. While experiencing a lowering of living standards, members of the public will certainly be more sensitive to various forms of social injustice. The emphasis on the "users pay" principle and the reduction of Government's commitment to public services will weaken the mechanism of redistribution of social wealth at this time. This will definitely cause much discontent from the public and affect social stability.

History proves that in an extremely unfair society, there will be serious social crises. Hong Kong has now entered a crucial and sensitive period and it is a great challenge to the Government to strengthen the confidence of the public and social stability. Faced with such challenge, the Government should make positive commitments instead of turning back and retreating.

I hope the Government will give reconsideration to the implementation of rigorous social security schemes, such as the Central Provident Fund and the Central Medical Insurance Scheme. These measures not only provide considerable protection for the livelihood of the public and solve the imminent problem of an aging population but

also give expression to the spirit of active participation and self-reliance, thus strengthening confidence and the sense of belonging among members of the public.

Sir, I have just pointed out that during the transitional period the Government must formulate long-term and balanced social and economic policies. However, it is indicated in the policy address that the Government will not take a positive approach in dealing with the economic recession faced by Hong Kong. As regards social policy, the Government will even reduce its commitment to public services in order to pool resources for the infrastructural development programmes.

Admittedly, infrastructural facilities are vital to Hong Kong's future economic developments. However I must once again stress that long-term economic and social policies are equally important to Hong Kong's developments in future. If the Government only has an eye on the outward glamour of the rose garden without formulating any in-depth economic and social policies to facilitate the development, the rose garden may be but an illusion.

As a matter of fact, should the administration of the Government in the past years have not been lacking in an overall perspective, foresight and long-term planning, the infrastructural programmes would not have got underway in such a hasty manner today. I hope the Government will learn from its past experiences and take note of the following factors in carrying out the infrastructural programmes:

1. Serious consideration should be given to the affordability of our society for these infrastructural developments. The Government must not carry out these projects at the expense of other social interests. Otherwise, the livelihood of the public will be greatly affected, resulting in social instability.

2. In carrying out various infrastructural projects, the primary concern should be cost-effectiveness. The Government must not set a target date of completion on political grounds without regard to the cost incurred.

3. Decision on whether a particular project should be funded by public money or private investment must be based on the interests of the consumers and society as a whole and the reduction of cost in the public sector expenditure must not be the sole criterion.

4. In carrying out infrastructural developments, full consideration should be

given to the economic and infrastructural conditions of areas outside Hong Kong, especially South China, and thus their competitiveness with the infrastructure of Hong Kong, so as to avoid wastage of resources.

In the policy debate last year, I pointed out that in making decisions on major infrastructural projects the Government should "look into what implications the policies for future development of infrastructure will have on its policy initiatives of other matters, and should as far as possible provide members of the public with sufficient information, justification and analysis so that the public can have a better understanding and more options open to them."

In fact, such a major project requires commitment of our community as a whole and inevitably the people of Hong Kong will have to pay. Such being the case, the people of Hong Kong must have the right to know and the right to decide on the project. The Government should release more information and, in particular, let the people of Hong Kong know the prices they will have to pay for the project and the benefit they will get in return and let them make the choice. Unfortunately, throughout the decision making process the Government has taken a "parents know best" attitude instead of letting the public decide on their own. This will certainly affect the acceptability of the rose garden project by the people and place the Government in a greater risk.

The policy address urges the public to participate actively in building Hong Kong for the future. Yet how can such participation be made possible if the Government does not open the channels? The case of the development of infrastructure is a case in point. I therefore suggest that the Government should immediately release more information about the infrastructural programmes and have more extensive consultation with various civic bodies. It is because the middle and lower income groups are the real Hong Kong belongers. They will be the people who have to make greater commitment to this major project. Besides, the Government may consider consulting public opinion by means of public hearings so that this rose garden project can, to a greater extent, meet the needs of the general public and its acceptability by the public may be promoted.

The building of Hong Kong in future relies on the confidence and determination of the general public. I sincerely hope that the Government will positively take the lead in making greater commitment to economic and social developments and in formulating long-term and balanced social and economic policies.

Sir, with these remarks, I support the motion.

MR LAU WONG-FAT (in Cantonese): Sir, in your policy address, you have emphasized the importance of strengthening the Sino-Hongkong relationship and enhancing mutual understanding. This is a very pragmatic and far-sighted view: There is in fact an actual need for both China and Hong Kong to achieve this goal because harmonious and friendly bilateral ties are evidently beneficial to both sides and any development to the contrary will be detrimental.

Different kinds of problems may arise during the transitional period, posing threats to the stability and prosperity of Hong Kong. If there is mutual trust and understanding between China and Hong Kong as well as between China and Britain, a lot of these problems will be alleviated, resolved or even avoided. However, if both sides are in a state of distrust and the relationship is tense, it will not only give rise to disputes but the chance of success for all well-meant improvements will also be reduced even with double efforts. Take for example, the confidence crisis, the brain drain problem and the controversial issue of the new airport. The seriousness of these problems is largely related to the state of Sino-Hongkong and Sino-British relations. Hong Kong people who have withstood a lot of frustration over the past few years should well appreciate the situation.

It certainly depends on the sincerity and endeavour of both sides to improve their relations. As both sides have come to the consensus that the stability and prosperity of Hong Kong should be maintained, it should not be too difficult to make further development on this basis. In this respect, the people of Hong Kong can play a co-ordinating and balancing role in promoting communication and abating the differences.

There has been a rapid deterioration in the state of law and order in the territory lately, in particular the marked increase in the number of armed robberies and organized crimes, causing much anxieties among the public. The Administration has undoubtedly taken certain measures and made some initial accomplishments. However, due to the seriousness of the problem, the Government should devise more effective measures to deal with the situation. I fully support the proposal made by my honourable colleague, Mr Martin LEE Chu-ming, yesterday to re-establish the Central Anti-Triad Bureau. This is not only a more effective way in combating triad crimes

but also a good expression of the determination of our Government in this regard.

Sir, I submit that the most important and fundamental task of any responsible government is to take care of the livelihood of its people. The Administration should not go against or deviate from this principle in making its policies. The Town Planning (Amendment) Bill published earlier by the Government will not only create problems relating to the basic principles of English law but will also affect the livelihood of the New Territories residents. Its implications are far-reaching and I would like to take this opportunity to express some of my views on it.

According to the explanation of the Administration, the purpose of the Bill is to improve the rural environment. I wish to point out that the New Territories residents and the Heung Yee Kuk have all along been in support of the goal to improve our rural environment. Therefore we demonstrated strong support when the Government announced its plan to implement the Rural Planning and Improvement Strategy some years ago, looking forward to a solution to the long-standing problems of severe shortage of infrastructure in rural areas and lack of due attention to rural environment. However, it seems that our expectations will never come true. At the start, the Government has planned to spend \$4 billion over 10 years on the strategy, but for unknown reasons, its commitment has been changed. Only \$0.4 billion will be allocated for this purpose in the first five years. Judging from this, the prospects of implementing the strategy are rather dim.

Since the publication of the Town Planning (Amendment) Bill, strong opposition against the Bill has been raised from many members of the public, professional bodies, organizations of the business sector and multinational corporations, indicating evidently that the Bill is seriously defective. As with the Heung Yee Kuk, they are not against the goal of environmental improvement. What they disapprove of are the harsh and unreasonable provisions in the Bill. Residents of the New Territories and the Kuk are greatly discontented about the Bill, particularly the infringement of private property rights which will threaten the livelihood of the rural residents.

The Town Planning Ordinance has been in force for over 50 years and its provisions have been out of line with social development. Its breach of the legislative spirit of protecting private property rights in a democratic society governed by law is mostly criticized. Such an Ordinance should have been fully reviewed long ago. According to the record of proceedings of the Legislative Council, government officials undertook to carry out such a review as early as in 1974; however the promise

has never been put into practice. Before the review is made, the Administration hastily seeks to extend the application of the controversial provisions to the New Territories without prior public consultation. I think the attempt itself is already a serious shortcoming of the legislative procedure and is not concurrent with the democratic image that the Government has been actively promoting in recent years.

What is even more unreasonable is the announcement of the "Interim Development Permission Area Plan" by the Government before the Bill actually becomes law. The plan proposes in disguise to instantly freeze the legal rights of land use relating to tens of thousands of hectares of private land in the New Territories. The Bill also has retrospective effect. A scholar in the Law Department of a tertiary institution criticized a few days ago that such measures were not consistent with the Bill of Rights and indicated that the Government had no respect for the spirit of the rule of law.

On the other hand, the Bill provides for very harsh and unreasonable penalties up to a fine of \$500,000 and imprisonment for one year. Although the Administration will consider lowering the penalties, I think that is not the crux of the problem. The crux lies in the proposed amendment to section 4(3) of the parent Ordinance to provide that neither the Government nor the Town Planning Board is liable for any loss or damage suffered by any person as a result of anything done or omitted to be done by the former. Hence the public cannot bring the matter to court or request for a judgement and compensation. The proposed amendment not only deprives all property owners in the territory of their statutory property rights, it also infringes the constitutional rights of the public. A few days ago, the Administration announced that a working group will be set up to consider the necessity of any compensation provisions when the Town Planning Ordinance is to be reviewed later after the passage of this Bill. However, this is an undertaking so remote that it may turn out to be a promissory note that can never be honoured. It cannot convince the landowners or make them feel at ease. In my view, the Government should demonstrate greater sincerity by establishing the principle of compensation before the passage of the Bill. As to the details for compensation, the Government can set up a function organ, similar to the Committee on Resumption of New Territories Urban Lands or the Advisory Committee on Agriculture and Fisheries, to work out a satisfactory solution to this controversial problem.

In 1947, the United Kingdom passed the Municipal and Regional Development Act which provides for reasonable compensation to property owners for any loss incurred

or caused to their potential interest relating to such development. Although the Act was amended in 1971, the provisions for compensation still remain therein. Basically, the Administration has been modeling on the English law, but in this case it does not follow suit. It is indeed puzzling.

All in all, the Town Planning (Amendment) Bill is in letter and in spirit unfair, unreasonable, irrational and against the principle of law, nor is it acceptable from a professional point of view. Recently there have been much outcries in society demanding that the Bill be repealed or shelved. I hope the Government will accept the good advice. What it should do now is to conduct a full review on the existing Town Planning Ordinance and carry out an extensive and intensive consultation.

Sir, there are many other better ways of improving our rural environment. I think the adoption of these proposed measures by the Administration is just like taking a musket to kill a butterfly. The destruction will be great but the effect remains dubious. Since the Bill has no legal force over existing lands used for storage purpose, its effect will be limited. I agree to the recommendation put forward by the Hong Kong Institute of Surveyors and Royal Institute of Chartered Surveyors (Hong Kong Branch) that a better alternative for the Government is to implement a licensing system and to introduce a set of guidelines to be abided by owners of lands used for open storage purpose. This will not only meet the goal of environmental protection, but also get in line with the principle of safeguarding human rights and property rights.

All along, the Government in fact has been taking moderate and reasonable steps in dealing with the problems of pollution, taking care of and balancing the interest of different sectors. For instance, the Government would not ban the use of vehicles just because the vehicles pollute our air. Instead, it would try to improve the situation by introducing some relevant regulations.

It is understandable why the rural population in the New Territories feel so strongly against the Bill. A lot of farming lands are no longer arable because water for irrigation has been re-directed to the reservoirs. In addition, with the enforcement of the Waste Disposal (Livestock Waste) Regulations, rural activities have further declined. To many small landowners, renting out their lands for storage is a major source of income to maintain their livelihood. As a matter of fact, this is a normal economic activity in any free and democratic society. Furthermore, the legality of such activities has been confirmed by the court in a legal proceeding

in 1983. Hence all accusations relating to misuse of lands and unauthorized modification in land use are groundless. On the contrary, the present Bill is really trying to remove the legality of the existing rights and make them illegal.

If landowners discover they have been deprived of their legal property rights, it is quite natural for them to cry out against such injustice. And this is the case in any other free and democratic societies, whether they are advanced or developing territories and countries. I know that many people in our community never try to find out the facts before concluding that any action taken in relation to the protection of interest on the part of the New Territories residents are motivated by self-interest. This is most regrettable. I hope this time they will take an objective and open attitude towards the New Territories people's objection against the Bill. Before I conclude, I would like to quote a sensible remark on the Bill from a paragraph in Ming Pao's commentary written by a Mr SO Sam: "The opposition on the part of the New Territories residents to the Town Planning (Amendment) Bill is not a regional incident. The problem involved is whether the legislative spirit in the whole territory is fair and proper. The demand for adequate and reasonable protection of private property rights should command the support of every resident in Hong Kong."

Sir, with these remarks, I support the motion.

MR EDWARD HO: Sir, the agenda for Hong Kong in the 1990s should be the restoration, maintenance and building up of the confidence of Hong Kong people towards the future. This is not going to be an easy task, but it is only when the people of Hong Kong have a positive attitude towards the future that we can solve some of our problems that we are concerned with today: problems such as brain drain, unrest of the Civil Service, law and order and the morale of the disciplined forces.

The key elements in the building up of our confidence are, firstly, our perception of the attitude of the Chinese leadership towards the prosperity and stability of Hong Kong, and, secondly, the demonstration by the Hong Kong Government that it will continue to administer Hong Kong effectively until the transfer of sovereignty in 1997. Both of these key elements are involved in the way that we analyse the port and airport development, the only subject that I shall comment on in this debate due to time constraint.

The Port and Airport Development is very much in people's minds today. Some have derisively dubbed it "The Rose Garden". There has been a lot of negative signals from the Chinese Government, mostly to do with the lack of consultation, and I am glad that a team of experts from China is currently in Hong Kong studying the proposal in detail, as I believe that useful comments can only be obtained from the Chinese Government after it has the opportunity to fully understand the many complex issues connected with such a major undertaking and the many wide-ranging implications the development will have on the future of Hong Kong. I shall leave the examination of facts and figures to the experts on both sides of the border, but I shall take this opportunity to comment on what I see as misconceptions of the development that have clouded the ablest minds.

Firstly, I note with concern that the Minister of State for Foreign and Commonwealth Affairs, Lord CAITHNESS, who is by no means a critic of the development, admitted in response to a question during his press conference in Hong Kong on 20 September 1990 that the Chinese Government would take on a liability through the airport project. It is very unfortunate that this sort of fundamental misconception is pervading. Surely, it is the Hong Kong Special Administrative Region (HKSAR) or the people of Hong Kong then who will be the beneficiaries of the project that will take on the liability; just as today, our own Government takes on the liability and not the British Government.

Secondly, what is even more disturbing in this sort of thinking is that a time bar is inevitably drawn on 1 July 1997 for Hong Kong's development to come to some sort of abrupt stop and to start again.

If we carry this argument to its logical conclusion, all our long-term planning strategies, both by the public and the private sectors, should only aim at a target date of 30 June 1997 and with no liability to be carried forward, as otherwise we would be committing on behalf of the HKSAR. This, in my view, would be a gross disservice to our future generation and is surely contrary to the spirit of the Sino-British Joint Declaration.

According to the Joint Declaration and the Basic Law, Hong Kong people will continue to enjoy its present lifestyle and they will have a high degree of autonomy under the concept of "one country, two systems". In other words, apart from the historic transfer of sovereignty and a few essential changes in our constitutional

system, 1997 is meant to be regarded as just another year in the calendar in the life of the people of Hong Kong.

Indeed, some of our present developments, such as the Long-Term Housing Strategy and the Metroplan, extend beyond 1997. Similarly, in the private sector who would naturally be concerned about the future, many of the major real estate developers that I know are either planning or proceeding with their large scale development schemes without considering 1997 as an obstacle.

The success of the "one country, two systems" concept is considered by many to be dependent upon the usefulness of Hong Kong to China after 1997. Hong Kong will have to retain its prime position as a major financial centre, a major industrial centre, a major tourist destination, a substantial economic partner of Guangdong Province, and a major entrepot serving south China, the region and the western world. Hong Kong will have to possess the same, if not more, of the attributes that have rendered it a vibrant economy in the past: a free, enterprising, industrious and competitive society supported by good physical infrastructure. As a corollary to that, what is beneficial to Hong Kong's economy can only be beneficial to all strata of our society and would help maintain stability.

There is nothing new in building up our physical infrastructure. Since the early 1950s, Hong Kong has never ceased building: the large reservoirs, the Tuen Mun Highway, the cross harbour tunnels, the Mass Transit Railway, the Tolo Highway, the Island Eastern Corridor, the container terminals, the harbour reclamations, the new towns and the massive public housing programme, are just some of the major developments that spring to mind.

We are today getting the benefits and, in some cases, paying for the investment in infrastructure that has been made in the past, just as the people of Hong Kong in future will be getting the benefits that we are investing today. And rightly they will pay for some of them. For any long-term development, the return on capital investment will take some time. The Mass Transit Railway Corporation is still repaying its debts but no one now questions the tremendous contribution it makes to our public transportation system or to urban growth. Yet, when the construction of the MTR or, for that matter, the first cross harbour tunnel was being considered, there were some very vocal objections.

The costs of the new airport project at Chek Lap Kok are often lumped together with other infrastructural projects, such as the future road systems and the port

development. This may project a misleading financial picture. The fact is that expenditure on the Port and Airport Development will span some 15 years and individual projects can be examined and proceed based upon their individual merits, and phased to suit the growth of the economy. Thus, many of the projects would normally be part of our capital works programme.

Nevertheless, planning-wise there is an extremely important reason why the airport should not be considered in isolation. Not only the location of the new airport will have important implications on the future urban growth of Hong Kong, the transportation linking the airport will form an integral part of the transport infrastructure for the next decades. It will form part of Route 3, a major north-south road link which will serve the Western Kowloon Reclamation, an essential part of the Metroplan, and it will provide a third harbour crossing. The road and rail link to the new airport will also open up the tremendous development potential of Lantau Island for decades to come.

Thus, examination of the airport project should take into account the Port and Airport Development Strategy, the Metroplan and the comprehensive transport strategy. Without this sort of integrated planning approach, it is highly tempting to consider apparently cheaper initial options, as has been suggested for the routing of the road and rail link to the new airport.

Lastly, I have heard some people question the motive of the Government in embarking on such ambitious schemes just before the transfer of sovereignty (as they also questioned other initiatives such as the development of representative government and the Bill of Rights). Is there a hidden agenda, they say, such that British interests will gain a huge financial profit before the end of the British sovereignty?

The Government must ensure that no undue advantage is given to British interests, although I would welcome British investment in the Airport and Port Development. Indeed, the Government should ensure that Hong Kong interests should first be served. I am certain that my colleagues in this Council and I will be extremely vigilant in this. It would also be our duty to ensure that the projects are carried out in the most effective manner.

The Government has decided that, due to prevailing conditions, the Tsing Ma Bridge should be tendered out as a conventional construction type contract. I welcome this decision for the reason that this is the only type of contract that we would be assured

that the final contract is up to our specification and we can reasonably anticipate its timely completion.

Sir, during the policy debate last year, I described your plans for the building for the future for Hong Kong as "a demonstration to our community and to foreign countries that the Government is not sitting back and marking time until the day of the transfer of sovereignty" and that these projects were investments "to maintain Hong Kong's leading position as an international city in the 21st century". No one can deny that the Port and Airport Development is a very major commitment for Hong Kong, but with sound financial management and dedicated efforts of both the public and the private sectors, and with God's will and China's endorsement, not necessarily in that order, I have confidence that Hong Kong has the abilities to successfully complete these projects.

With these remarks, Sir, I support the motion.

MR BARROW: Sir, this year's address raised issues as difficult as any from your past years as Governor. We live in unusually difficult and complex times, with economic concerns looming larger than in the past. During another complicated year, Sir, you have led us with great dedication and personal effort, both here in Hong Kong and in your travels overseas.

Today I deal with three topics: inflation, the role of Government in the economy and infrastructure development.

Inflation

I agree that drastic solutions to inflation would be counter productive. There is no easy cure, but the very strict immigration policies of recent years have frustrated the free play of market forces. This is inconsistent with Hong Kong's philosophy and there can be no lasting solution to inflation until our labour supply better balances demand.

We must all accept the need for real growth in living standards. But unless we can first achieve real growth in the economy, this will not be possible. The very people who benefit in the short term from the current wage spiral will be among the first to suffer when, as night follows day, the downturn follows. Recent flexibility

in the import of labour is helpful. It is helpful too that these schemes are to be kept under review and that the private sector will be able to recruit graduates of China origin. The community must take advantage of these developments and the Government should ensure that the schemes are not encumbered by red tape. But if we are to achieve our vision of the future, we will need to look further than these schemes.

The hard reality is that we just do not have enough people to achieve the government medium-term target growth of 5% per annum. A low birth rate, high emigration, and a reducing labour participation rate add up to a long-term structural problem. We should now take a lead from Singapore where Singaporeans are moving up into skilled and semi-skilled positions and vacancies for unskilled workers are being filled by imported labour. I agree, Sir, that the importation of untrained labour should not be indiscriminate. But this does not mean that there should be no importation at all. The inevitable conclusion is that our policy on immigration from China must be re-examined. It is ludicrous that we have too few workers here while there are too many workers just 25 miles to the north. Unlimited movement of people from China there cannot be, but we must come up with a viable arrangement for bringing in more people. This has to be better than filling up our prisons with illegal immigrants caught on building sites; in other words, let us deal with the root cause of the problem, not the symptoms.

The role of Government in the economy

On the role of Government in the economy, I welcome your restatement of the government philosophy. As you said, Sir, it has served us well. There is no reason that it should not serve us as well in the future, provided we safeguard it with all the energies at our disposal.

There are, however, three areas in which your message should lead to action.

Sir, you have set out your vision of Hong Kong as an international centre for business and finance. This, it can be, if we remain true to our principles.

In stating that businessmen and investors must not be hampered by excessive official restrictions, you have set limits on current regulatory trends and I very much welcome this message given the widespread concerns that have existed in the securities industry. I hope your point will be well understood by those involved with regulation. There still remains much to be done to build mutual confidence

amongst all those in that sector, and it would be helpful in achieving this objective if the attitude of the regulators could demonstrate a better feel for the essential elements of what makes Hong Kong successful.

It must be remembered that the 1987 problems were due to weak management and the failure to enforce the available sanctions, not lack of regulation. Furthermore, the idea that regulation actually attracts international investors is often advanced, but is not borne out by the behaviour of investors. I must, however, stress that the market welcomes firm action against wrongdoers and favours the continued pursuit of high standards. Actions against wrongdoers should be quick and decisive.

The proper balance between regulation and market freedom is always difficult to find, but with some needed improvements now in place, we must ensure the original Hay Davison concepts regarding self-regulatory bodies are followed. The high cost of regulation is a concern and savings must be sought if Hong Kong is to be competitive. Each cost element should be reviewed to ensure that there is added value and that duplication is eliminated.

The problem, perhaps, is not the abuse of the regulatory system, but rather the adoption of the United Kingdom-based system itself. Was the decision to follow the United Kingdom model the right decision and does it work for Hong Kong? In this connection, I note that for the second year in a row, there have been more delistings than listings on the Hong Kong Stock Exchange. While this may be due to recent market uncertainties, it is nevertheless a worrying trend. Had market practitioners and, indeed, the Government itself not taken a firm stand over the past two years, Hong Kong would already be over-regulated. What is needed now is a vision for the future; without such a vision, we may end up with clean water, but no fish in it.

Some months ago, I suggested that there should be a development board to provide advice on the promotion of Hong Kong in the financial services sector along the lines of the boards that now exist for trade and industry. Because the sector is broad and diversified, that board might concentrate on the securities sector and draw its membership from market practitioners and others. I urge the Government to examine this proposal.

Secondly, I turn to the policy on privatization, where the Government appears to be running out of steam, the only recent example being the proposal for the Aberdeen Tunnel. While I appreciate there is, quite rightly, preoccupation with new

infrastructure development, I urge the Government to pursue privatization with much more vigour so that funds raised up front can pay for services which cannot be privatized, such as education and health. Some people argue that profits for the operators will mean that the consumers will pay more. To them I say that the profit motive brings efficiency and cost savings which will provide the consumer with a better service in every respect, while providing a fair return for shareholders.

Thirdly, I would mention our Civil Service.

Hong Kong has a dedicated Civil Service. Our community is justly proud of it. But there is an essential need to reduce bureaucracy and increase productivity. Look at structure. How many layers of management do we have? A business school norm is that eight people should report to one person, although yesterday my neighbour, Mr Paul CHENG, was more generous in suggesting only four to six. The civil service norm is too often one where one person reports to one. We hear that work loads have increased; what can be done to cut them? I am sure you too, Sir, suffer from the mountain of paper that is generated. Let us have a real attack on paper generation and question every production. How many inter-office memoranda are created? Does each document produce actionable data or is it merely for information? If it is needed, can it be more concise? Here I commend Winston CHURCHILL's practice of refusing to accept memoranda of more than one page.

Do civil servants spend too much time in meetings? Are there too many people at each meeting? Are there too many meetings?

Maximum delegation, minimum layers of management and reduced flow of paper must add up to a charter for the Civil Service which can directly reduce costs and increase efficiency, but could these objectives be threatened by a more fundamental issue?

Sir, it is fashionable to attribute current problems of morale to concerns about 1997. But I think we need to look further than this and to ask ourselves if problems about morale, productivity and performance do not carry another message. Can a management culture which is self-perpetuating from generation to generation, with perhaps too limited competitive pressure, no supervision, for example, by ministers drawn from different backgrounds, and little infusion of outsiders be dynamic and creative? Training has been stepped up but are enough of our civil servants being sent to business school or the equivalent? To what extent does leadership ability feature in promotion criteria? Is it even mentioned in the performance appraisal

form? Do individual civil servants have the opportunity to perform up to the limit of their potential, to contribute their energies and creativity? Are civil servants delegated the authority and responsibility to do their jobs and are they then held properly to account? Can an organization as complex and large as this really be managed successfully when so much of the control is exercised centrally by the Civil Service and Finance Branches?

Sir, I raise these questions, because I believe that there has been too little debate about these issues and because they are of fundamental importance to our future. In these times of financial stringency, we simply cannot go on trying to solve our management problems by throwing money at them.

I raise the question of productivity because I believe that we, as legislators, have a constructive role to play. Many of us here today may come from small organizations and may find it hard to appreciate the management problems of an organization which is as large and complex as this. But I believe that we need to arrive at a greater understanding of these problems and, in the future, to suggest arrangements which will enable the Civil Service to perform, rather than, as too often in the past, arrangements which set out to tighten up control, and end up by throttling performance. Controlling officers must be encouraged to be imaginative and creative in finding new ways to get the job done effectively and economically.

I believe that we must press civil service management to move in this direction. If we can do so, we can surely sustain a confident, committed and motivated service, which is capable of serving Hong Kong as well in the future as it has done in the past.

Infrastructure development

Sir, some people continue to doubt the need for a new airport. Frankly I am astonished! This is no time for faint hearts. Unless we get on with the new airport, Hong Kong's position as an international centre will be diminished and we might become just another city on the coast of China, of no particular value to ourselves or to the Mainland. This does not of course mean that we should move ahead blindly or without very careful monitoring of costs by the Finance Committee of this Council. The government structure for overseeing this project must be kept simple and the chief executive for the airport must be in place as soon as possible.

Our overall trade figures have been somewhat disappointing, but they mask the continued strong performance of our trade with the Mainland; indeed the August statistics just released show that total exports to the Mainland were at record levels, which highlights Hong Kong's continued entrepot role. There is no reason to suppose that this will not go from strength to strength. At the same time, our tourism industry should continue to grow so that by the year 2000 we could be welcoming over 10 million visitors to Hong Kong who could be spending \$150 billion. But, if trade and tourism are to continue to grow and contribute to our economy, we must nurture our facilities for both, placing emphasis on quality infrastructure.

Conclusion

In conclusion, Sir, you have presented us with essential messages. What we now need is confidence in our own abilities, that the resilience and pragmatism which have served us so well in the past can carry us through to the next century. 1997 is not a full stop, but a comma and if we adhere to our vision of the Special Administrative Region into the 21st century, we can clearly see the vital role which Hong Kong will play in China's modernization. We must ensure a continued, pro-business outlook in Hong Kong. Only a strong business sector can ensure a continued flow of benefits to the people of Hong Kong as a whole.

You rightly stress that we must work with China to increase the mutual understandings. Consultation in no way abrogates the rights of the Hong Kong Government to govern. Our civil servants should visit China and we should encourage their civil servants and others to come here and see Hong Kong for themselves. I strongly endorse the Honourable Allen LEE's appeal for direct dialogue between OMELCO and Beijing. Our value to China remains an absolute cornerstone of our future. We should continue to build on this value, the greatest guarantee we can have of a secure future.

With these words, Sir, I support the motion.

MR MICHAEL CHENG (in Cantonese): Sir, your policy address this year is abundant with heartening and well intended advice aimed at encouraging the Hong Kong people to press ahead with initiative and enterprise. We are indeed grateful for your good will. I am, however, quite disappointed to find that some of the policies mentioned in your address fail to address the actual needs and wishes of the public.

Physical infrastructure

In view of the upcoming economic changes and the requirements vital to our social development in the future, there is a real need for Hong Kong to construct a new airport and develop its port facilities.

However, your policy address has focused only on the effectiveness of these infrastructural facilities but failed to give a specific account of the means to finance these infrastructural programmes. It merely stressed that with proper financial management, these projects would be within our financial capacity. This omission would only cast doubts on this ambitious plan, leaving the public with some unanswered questions such as: Will the Government raise tax in order to secure adequate funds? Will the project be cost effective? Is there a pressing need for the completion of the new airport before 1997? Is the scale of the project geared to actual needs? The Government has overlooked the principle of glasnost in introducing the largest project ever undertaken in Hong Kong which costs billions of dollars, and raised the curtain of the enormous rose garden project by making a surprising announcement recently that it would bear the cost all by itself for the construction of the Lantau Fixed Crossing. In doing so, it has caused greater doubts to the public.

The Government has claimed that it would not raise tax to meet the cost of the Lantau Fixed Crossing. However, for the other parts of this huge project, one cannot be for sure that the Government will not do so by, say, increasing indirect taxes, introducing sales tax, and so on. This will add to the burden of the people. In fact, the Government has already begun to cut back its expenditure on primary services provided by various government departments, shelve the home purchase loan scheme designed for the sandwich class and defer indefinitely the implementation of the recommendations put forward by the Social Welfare Advisory Committee in consolidating existing services. The public will, in one way or another, associate such moves with the rose garden project. At present, Hong Kong is being affected by a world-wide economic recession. In such hard times, we should be more prudent in examining the financial implications and commitment of such a huge project. If the Government insists on pushing ahead the project in full swing with no modification, then in the next seven years, the Hong Kong people will inevitably have to face a heavier financial burden and life will become even harder. This is something that has been worrying us greatly.

The cost of the infrastructural project will no doubt go up with the rise in Consumer Price Index. The \$127 billion budget estimated at the early stage will in all probability rise up to \$200 billion by 1997. Therefore in respect of the construction cost of the rose garden, we hope the Government will adopt a pragmatical approach with an open mind to the views of various sectors, undertake the project in a cost-effective way and reschedule the completion date where and when it is necessary for easing our financial burden and dispelling our doubts and fears.

In the meantime, since the rose garden project is costly, the Government should disclose to the public the details of financial arrangements for the project, the total amount of government commitment in each phase and, in the event of no private participation, who is to be responsible for the entire cost? In addition, consultation should also be widely carried out to solicit the views of both the public and the professionals. All along, the Government has made it a practice to consult public opinion by means of publishing Green Papers and White Papers before implementing its policies in areas such as education, medical services, transport, social welfare and environmental protection. But for this expensive project which is far more important than any of the projects ever covered in previous consultative exercises the Government has, quite contrary to its normal practice, taken lightning action in making a decision. It is not unnatural that the public are puzzled and in doubt.

Education

I agree to the Government's plan to expand tertiary education. It is, however, disappointing to note, in your speech, that there will not be sufficient fund for the development of basic levels of education, that is , secondary, primary and kindergarten education. Over-concentration of resources on tertiary education expansion and neglect of investment in basic levels of education will surely cause our educational system to lose balance.

Apart from the inculcation of knowledge, character building is also of great importance at all basic levels of education. It helps develop integrity, foster correct civic awareness and cultivate a strong sense of social responsibility in paving the way for Hong Kong people ruling Hong Kong. If emphasis is laid only on professional training at the tertiary level without strengthening basic levels of education, it will be tantamount to erecting a high-rise building on a loose

foundation. Such a building is destined to end in a total collapse.

Sir, you have said in this year's policy address that in the area of secondary and primary education, there is a need to move from quantity to quality. However, you have made no mention of any concrete way to materialize the idea except for the plan to introduce new subjects into the curriculum. This is indeed not the best way to improve the quality of education. As an educationist, I think that to provide adequate care and training for secondary students in respect of both academic education and moral education, more qualified teachers should be employed in order to cut down the number of teaching sessions of the school staff. We may make reference to countries like the United Kingdom and Australia in terms of their teacher-class ratio and accordingly reduce the class size so that teachers can have sufficient time to provide guidance for their students in character building.

Furthermore, the Education Department plans to lower the entry requirements for Advanced Level Examination from 1993 onwards with a view to boosting the number of candidates. It bears unmistakable evidence that the Government is only adopting a negative approach to the problem. Laying stress on the increase in quantity instead of positive improvement in quality will inevitably lead to a drop in academic standard at the tertiary level. Our university graduates will inevitably lag behind the international standards. It is doubtful that we can achieve good results in the training of talent. Our wish to move towards high technology in industry will also be hard to fulfil.

To probe deeper into this subject, language is the basis of learning. The Government's efforts in recent years in improving the teaching of English have not achieved much. The standard of English of our students continues to fall. All the Education Department does is to encourage schools to switch their medium of teaching to the mother tongue of their students in a bid to help those whose proficiency in English is not good enough to cope with their studies. In fact, Anglo-Chinese schools have always been the desired choice of most parents who wish to ensure a better future for their children. One of the essential factors that help Hong Kong become the world's third largest financial centre and maintain its status as an international commercial and trade centre is the use of English as our business language -- the most widely and commonly used international language. If we want Hong Kong to continue to develop into a cosmopolitan city, we will have to improve the standard of English of our students. This is an important area in basic education. However, to my deep regret, you have not mentioned in your policy address this year how Hong

Kong is going to meet the urgent need for better results in the teaching of English.

At present, the problem of secondary teacher wastage is serious. The number of new recruits is on the decrease. Some schools even have to employ teachers to take up certain subjects which they are not suitably qualified to teach. The quality of education is therefore directly affected. The Government fails to provide a tangible solution to this problem. You have only stressed in your speech that under the programme of tertiary education expansion, there is a need to recruit sufficient university teachers. However there is no mention of any effective remedy to the problem of secondary teacher wastage. As the problem is more serious in aided schools than in government schools, the Government may consider providing aided school teachers with housing allowance similar to that enjoyed by their counterparts in the Civil Service. This measure, we believe, will help to ease the problem to a certain extent. In addition, your speech made no reference to teacher training or Government's commitment in kindergarten education. As such, the quality of basic education in Hong Kong will inevitably be on the decline. This is indeed contradictory to the policy as mentioned in your speech, which is to shift the focus of efforts from quantity to quality in the field of secondary and primary education.

Civil Service

In order to go ahead with the rose garden project and cope with a slowdown in economic growth which is further affected by the Middle East crisis and inflation, you have stressed in your speech that the Government will keep tighter control on public expenditure and the growth of the Civil Service. It is understandable that in maintaining the standard of public services and coping with new demands under such circumstances, civil servants will have to face an increase in workload and stress. Civil servants have made indisputable contributions to Hong Kong's success through their hard work. In the face of the difficulties lying ahead, our need for a Civil Service of good quality, great drive and dedication is even more compelling.

It is regrettable to see a recent surge of industrial actions in the Civil Service with staff of linked grades in different departments comparing salaries between one another. These incidents have aroused public concern and worry. Their respect and trust for the Civil Service have strained accordingly. I have no objection to civil servants receiving reasonable remuneration in line with that in the labour market. However, in view of the slackening economy and the ever surging inflation, we need to be of the same mind and work hand in hand with each one taking up his share of

responsibility and fulfilling his duty. If everyone only sets his mind on competing for better salary, it will add more financial burden on the public, affect the allocation of resources for other public services and intensify internal conflicts within the Civil Service. This will inevitably affect the operation of the Government. I hope that the civil servants will be able to put the overall interests of the community before other things and take care not to stretch the affordability of the community beyond its limit. I also urge the Government to review and rectify the unfairness currently existing in the pay scales of various linked grades within the Civil Service as soon as possible so as to prevent the situation from further deterioration.

In order to maintain high quality public service while there is a shortage of manpower, reliance must be placed on sound management and efficient distribution of information. It is stated in your policy address that there will be devolution of central authority by delegating to heads of departments sufficient power to improve the quality of their management. It is a wise step to take which may hopefully help the Government minimize bureaucratic practices and do away with the bad habit of following the old ways. In addition, I also urge that the Government should take advantage of the modern information technology and upgrade its office facilities as soon as possible in order to make up for manpower shortage and to enhance the efficiency and quality of the Civil Service.

Hong Kong's relationship with China

With the perseverance, resilience, diligence and professional knowledge of its people, Hong Kong has worked its way up and become one of the world's top 20 affluent regions. China is our largest trading partner. Her open door policy in recent years has led Hong Kong's economy into a new era. Our re-export trade has increased substantially and demonstrated great potential to develop further. If Hong Kong and China step up their economic and cultural links and complement each other's needs on the basis of mutual benefit, it will better serve the interests of both sides.

I am glad that you have, in your policy address, pointed out the need for strengthening the relationship between China and Hong Kong. The liaison work presently under way is just a first move in this direction. In order to promote better understanding and economic tie, both sides should try to build up a good relationship by increasing communication and exchanges. In fact, if both sides act with due regard to Hong Kong's stability and prosperity in accordance with the Sino-British Joint

Declaration and the Basic Law and co-operate sincerely to complement each other there will be a smooth transition for Hong Kong. The future Hong Kong Special Administrative Region will remain stable and continue to enjoy a thriving economy.

Conclusion

Sir, Hong Kong is now subject to both external and internal pressure. Our population of over 5 million have to face the challenge of the prevailing impacts. As we are in the same boat, we should make concerted efforts to surmount every difficulty and press ahead. In the Bible, Noah took shelter from the water of the Flood in his ark. I believe that if we get united and make unceasing efforts to strengthen ourselves, then taking shelter in our own ark, we will also be able to survive all obstacles and crises for a better tomorrow.

Sir, with these remarks, I support the motion.

MR DAVID CHEUNG: Sir, your policy speech this year may not be as sensational as that of last year as expected by many people. Nevertheless, I appreciate many of the points you did raise though I am not totally without disappointment. I am going to elaborate on a few.

I share your concern on the dangers of a wage spiral and your admonition of Hong Kong people to be sensible about wages. The trend is that everyone seems to be fighting for higher and bigger wage increases and will not rest unless and until they achieve their goal. Various tactics are being used, some much less desirable, in order to achieve the goal. This is definitely not good for Hong Kong, particularly in the few years ahead which could be turbulent.

For wage and salary increases, there is no end to it. Human nature is such that who does not want more? But here, we are not talking about the matter of survival; it is how much more we can get to enable us to live just a little bit better. For the sake of the economic stability of Hong Kong, let us be sensible about wage increases. Needless to say, it does not mean no increase, but only greater restraint.

For law and order, statistically, Hong Kong may compare well with other cities of the world; nevertheless, Hong Kong is different from many large cities in the world. Hong Kong is small yet extremely crowded and with a powerful mass media. Whatever happens, a bigger psychological impact is produced. The physical close proximity

with China works against the maintenance of law and order. With 1997 looming in the horizon, law and order has become a prime concern for the people of Hong Kong. The Government's determination not to tolerate violent crimes must be matched by correspondingly successful actions on the part of the police force. Actions speak much louder than words. The people of Hong Kong are eagerly waiting to see results. The recent decision of the police inspectors not to take annual leave so that they can concentrate more in the efforts is indeed commendable.

In this respect, Sir, I deeply appreciate your remarks, which I quote: "Responsible, caring parents are our first line of defence against the sort of law and order problems that threaten many other urban societies". As parent and educator, I could not agree more. Let this message be made loud and clear to the parents. As we witness a disintegration of the institutions of marriage and families, it is high time that parents assumed more responsibilities in a positive way, towards the growth and development of their children. The world renowned King Solomon, in his wisdom said, "Teach a child the way he should go that he will not depart when old." Your comments that our social services are for preserving, supporting and strengthening the family as the foundation of our community is very much in the right direction. For children, no one can replace parents; for stable society, nothing beats stable families.

In commenting on the transition to 1997, Sir, you mentioned that the Government will continue to do what it can to meet the anxieties of the people. I am happy to hear you say and I quote "our primary concern is with the vast majority of our people" . You hit the nail on the head when you say that by the year 2000, it is likely that two out of every three families will own their own homes. This is indeed an enviable goal. I do hope that the Government can continue to demonstrate its primary concern by its policies and policy implementations.

Sir, you spent quite a few lines on relationship with China. No one can dispute the importance of maintaining a constructive and cordial relationship with China. Better communication leading to better understanding and more positive co-operation must be strenuously maintained. That said, the Government must be extremely careful in the handling of such a delicate matter. China must not be given the impression, one way or another, that they can interfere at will; China must be fully aware that she must not overstretch her "authority". China must sensibly realize that the community of Hong Kong can ill afford to have its confidence further eroded. In words and deeds, China must be discreet.

Your emphasis on the importance of civil service dedication and integrity are welcomed by people. To strive for productivity under zero growth constitutes a challenge to the Civil Service, not only to the senior civil servants but to every member of the service. Better management, more able leadership, a stronger sense of service are essential. May I, in thanking the Civil Service for what they have done for Hong Kong in the past, appeal to them simultaneously to eliminate whatever unhealthy image the people may have on them by demonstrating to Hong Kong and the international community that Hong Kong has a Civil Service that not only the people of Hong Kong but also the international community can be justifiably proud of. In the difficult years ahead, civil servants must lead the community by shining examples of dedication, integrity, loyalty and a profound sense of service. Their efforts will not go unappreciated by the people.

Last but not the least, I like to comment on education. Sir, I am somewhat disappointed that you did not address the problem of teacher shortage and wastage and the possible remedies. I am pessimistic that the problem, which has already reached crisis proportions, will go from bad to worse in the years to come. I can only hope that I am proved wrong. With more countries providing emigration quota for teachers, more teachers will leave in the years ahead. Prompt and appropriate actions must be taken to tackle the problem before it is too late. Maybe it is high time for the Administration to consider making the teaching profession an all-degree profession.

The education system, having come thus far, I believe must undergo major surgery. For too long, too many children do not enjoy their school lives. For many primary children, their school bags are too heavy for them to carry. There are too many subjects. For secondary, we can no longer blindly believe that English schools are the solution to the problem related to the standard of English. Since Government has discovered through research that 70% or more of the students cannot benefit from an English education, may I ask, Sir, "What should a responsible government do?" "What should responsible community leaders do?" Government must not be wishy-washy in her language policy. The controversy which is a topic of my utmost concern must be settled to the benefits of not only those who choose to be educated in English but also those to be educated in Chinese. The community must look at education in terms of the development of each child to the best of his or her ability and, in this respect, no two children are identical. It is tragic to compare children one with another. Many of our young people carry with themselves all along an image of failure because

they are told repeatedly that they have failed. Having failed so many times and without the understanding and support of people, not even their own parents, many have lost whatever self esteem they may have. This is certainly not healthy socially for the community of Hong Kong. Parents, members of the community, leaders in particular, must not simply focus on the brighter children only, for in all societies, the great portion of people belong to the so called average. The Education Commission in our long and excruciating deliberations, tried to tackle the problem at the root. Personally, I may not concur fully with all the recommendations which, nevertheless, I believe, if implemented, will bring some fundamental changes to the education of Hong Kong. It is now up to the Government to allocate adequate resources to implement these recommendations and the community at large to accept them. If children do not enjoy school, teachers will have an impossible job.

Finally, I must say that, like many others, I dread the day when Hong Kong becomes a welfare state.

With these words, Sir, I support the motion.

MR CHOW (in Cantonese): Sir, in the introductory paragraph of your policy address last year, you mentioned about "how vulnerable Hong Kong is to developments which occur outside our borders over which we have no control". These words are still ringing in our ears. This year, you also began your policy address by mentioning the far-reaching impact of the Middle East crisis on Hong Kong. The Middle East crisis and inflation have indeed brought about negative effects on the stability of Hong Kong. I totally agree with you on this point.

Since you pointed out that this year's policy address should only take stock of the programmes already launched and services provided, I might as well review the various proposals contained in last year's policy address. You tried last year to save Hong Kong from the confidence crisis then with the announcement of a \$120 billion enormous infrastructural and airport project, complemented by the British Nationality Bill. Nevertheless, after a lapse of one year, we see only a lukewarm response to the promulgation of the new airport and major infrastructural project as well as the point system for the nationality package. The territory's confidence crisis has not been resolved as a result. On the contrary, as the Chinese and British Governments firmly hold on to their own views, misunderstanding frequently arises between the two sides. Moreover, the Hong Kong Government has all along been

releasing very little information on the concrete arrangements and progress of the airport and infrastructural project. As a consequence, both sides have recently turned the airport construction into a highly political issue and their endless squabbles have not only delayed the project but also dealt a further blow to the confidence of Hong Kong people. I hope that the Chinese, British and Hong Kong Governments will handle this political issue with frankness, sincerity and understanding, just like what you said in paragraph 98 of the policy address: "Over the next few years we aim to improve consultation, achieve a greater exchange of information and build up better understanding on both sides".

On the economic front, the Middle East crisis and inflation have indeed exerted pressure on Hong Kong's economy. But are they the only factors contributing to the uncertainty of our economic prospects? To what extent do problems such as the ageing population, emigration, labour shortage as well as slow progress in technological development affect our economy? I hope the Government can face up to these problems and find measures to cope with them as soon as possible.

Take the importation of labour as an example. What is the response of our factory operators to the implementation of a relaxed policy in July this year for the importation of 14 000 skilled and unskilled foreign workers? The Labour Department has not yet made any announcement in this respect. As the processing of applications takes time, most of the foreign workers allowed entry will not reach Hong Kong until early next year. Under the present sluggish economic situation, many trades such as the garment and goldsmith industries are already in the state of "under-employment." If the Government still refuses to make a prompt decision to review the existing policy and collate information on the effect of the import of labour on local workforce as soon as possible, the living standard of our workers is bound to deteriorate, and they will have no share in the fruits brought about by Hong Kong's economic success. Furthermore, on the improvement of science and technology, will the establishment of a new Technology Centre alone as proposed by you last year be sufficient in solving the problem of backwardness in our production technology? Why is there no mention at all of technological development in the policy address this year? All these points warrant the serious deliberation of the Government and officials of the Economic Services Branch.

In addition to social pressure, economic depression also means less income for and in turn less spending by the Government. I worry that it will give the Government grounds to slash expenditure on social service and welfare. In fact, the Government

does intend to raise substantially the fees and charges of various social services under the pretext of improving quality and offering more choices to users. Our economy is not purely run on a free market basis as you have said in the policy address. We must have a suitable degree of government intervention in order to protect the people from the direct impact of economic depressions. At the same time, it is an indisputable fact that there are imperfections in our existing tax system. The proposed introduction of a sales tax is not an effective solution. Efforts must be made to improve the unfair tax system under which the main source of revenue comes from the middle class. There are signs that the Government intends to widen the tax net by increasing indirect tax, but this will only add pressure to the already strained livelihood of our people. In order to have an effective and comprehensive review of the various financial problems faced by Hong Kong, the Government should immediately set up an economic review committee. It should make recommendations on the various existing problems, such as how to reduce the vulnerability of Hong Kong to external developments, how to widen the tax net and to conduct a review on profits tax. It is hoped that by so doing, the Government can shake off the image of solving problems by piecemeal measures.

On the Civil Service, you recognized and commended the service and performance of the 180 000-strong Civil Service in your policy address last year. However, the civil servants may have a completely different perception of this year's policy address. Firstly, the Government has already made it clear that there will be minimal and even zero growth for the Civil Service next year. Thus, the Government will have to face the grave challenge of meeting new demands as well as maintaining the level of service at a time of minimal growth in manpower.

The Government stressed that the Civil Service is well-managed and functioning satisfactorily, but on the other hand, emphasis was laid on the need to improve the quality of management in order to enhance efficiency, without making any concrete proposal. One cannot help feeling that the Government is contradicting herself and feeling quite helpless. The zero-growth policy is in sharp conflict with the civil servants' demands for better terms and conditions of employment. Hence the Government must map out a well-planned strategy to cope with the discontent of its employees. The stop-gap measures taken by the Government will only lead to a greater upsurge of industrial actions by the civil servants in 1991. As regards those civil servants who have to transfer to other posts due to a change in systems or policy, it is even more important for the Government to listen to their views rather than working only behind closed doors. As for the pensions of civil servants, the

Government should provide a reasonable timetable for them to collect their shares in order to uphold staff morale.

After reviewing the promises made in last year's policy address, I would now turn to the section on medical and health in your address this year.

Upon reading the paragraphs on medical and health services, I felt like Alice in the Wonderland because in the policy address, the description of the hospitals under the management of the Hospital Authority in the year 2000 is indeed vivid: we will see an end to camp beds and the long queues at clinics, and the patients will receive better medical services.

Fairy tales may paint beautiful pictures, but they often call for indepth examination too. Whether the Hospital Authority can turn stone into gold is yet to be seen. At present, hospitals are generally short of staff. The disputes concerning the future structure of the Hospital Authority and hospital administration are yet to be solved. Under such circumstances, it is doubtful whether the presumed scenarios can be realized. In order to improve the existing ailing medical services system, it may be insufficient to depend solely on the management of the Hospital Authority. I must reiterate the proposals made in last year's policy debate: A comprehensive White Paper on long-term medical policy must be prepared as soon as possible. The best thing to do is to have a review of our medical services, medical education and training.

Sir, in the area of medical and health service, your concept of priority is open to question. On the whole, you have put the cart before the horse. Hospital service is secondary health care on which the Hospital Authority will concentrate in future. However, to have thorough improvements in our medical services, we must, in the final analysis, accord priority to the development of primary health care, enhance the public's knowledge in medical service, provide them with more health care, help them to prevent illness and in turn reduce the demand for hospital care. (The costs for medical services will be lowered as a result of reduced hospital occupancy rate.) Only by so doing can we really tackle the crux of the problem. As for charges, although the Government repeatedly said that medical charges will not be raised at this stage, the concept of "users to pay for better services" and the abolition of the existing "public assistance" type of service were again mentioned in the policy address. All these show the Government's insistence on raising charges and changing the present system of payment. I am doubtful, however, whether the Government has any information on our citizens' ability to pay higher medical charges, and the extent

to which they can afford to pay. The Government has not yet released any information on the criteria for waiving charges for those who cannot afford to pay. All these questions have direct bearing on any decision on the future charging system. What is most worrying is the intention expressed in the policy address to encourage the introduction of an extensive medical insurance system, which will be allowed to develop by itself when our society still lacks a well-established social security system. This is indeed a very dangerous move.

At present, both the Government and the hospitals lack an efficient information management system to cope with the needs of developing a medical insurance scheme. Basic information such as the R.S.I. index which indicates the occupancy rate of hospitals and the medical charges index has yet to be provided. Given the nature of the medical service market, suppliers of the service could easily create and control market conditions and boost the users' demand, while the patients just play a passive role. Is it really more advisable to advocate a medical insurance scheme when we still do not have any well-established system or independent agency to monitor the provision and quality of medical services. Without checks and balances or monitoring, the scheme may be open to abuse by both the suppliers of services and the end users. This would inevitably lead to cost increases and price fluctuation. I propose that a working party should be formed comprising representatives of the public, the professionals, the insurance trade and the relevant concern groups. It should produce a feasibility study on a central medical insurance system or a tripartite system involving the Government, the employers and the employees, and the provision of a tax exemption incentive for contributors. Recommendations should then be made to the Government in this connection.

Closely linked to the needs of the public, medical and health services are an integral part of social welfare. The Government should therefore consult the public extensively to see whether the above proposals are in the interest of our society as a whole.

Since the Government has not provided any data on the citizens' ability to afford medical charges, I intend to mobilize the relevant groups to conduct a survey by interviewing the general users of public hospitals. I hope that the survey findings will serve as a reference for the Government in finding out the citizen's ability to pay.

In conclusion, after reading this year's policy address, I hope that the

Government will not attach importance solely to the infrastructural projects as a means to boost confidence at the expense of the various social policies. Only a government fully committed to its responsibilities will win the confidence of its people.

Sir, with these remarks, I support the motion.

MRS FONG: Sir, I welcome your annual address for its frank and accurate assessment of Hong Kong's present situation. I welcome the earnest commitment to seeking measured and reasonable solutions to the problems we are confronting in Hong Kong today.

In harmony with your views, I wish to raise a call for constructive action in response to the clouds on the horizon that can threaten Hong Kong's future prosperity and stability. While I have always been a firm believer in taking the optimistic outlook on Hong Kong, it would be wrong to let such optimism obstruct our vision, and our ability to respond forcefully to the problems in our society. We must not be lured into a false sense of security.

Labour shortage

The continued success of the Hong Kong economy, which provides the basis for our entire way of life, will suffer if we do not act decisively to curb the labour shortage. Indications are that this problem will become more serious in the 1990s. It is up to us to solve this problem before its consequences cause too much damage.

Sir, I pay tribute to the Government's plan to relax controls on the importation of skilled and unskilled labour. However, it does not go far enough in light of the seriousness of the problem. Sir, you are correct in saying that we should not stick "too rigidly to outdated policies." We must develop new ones of greater vigour and impact. I believe we need to institute a large-scale organized plan to import skilled and unskilled labour. Our ambitious plans for the 1990s include not only major construction of public housing units, but, of even greater significance, the implementation of the Port and Airport Development Strategy.

These projects are of immense importance to Hong Kong. We need an organized plan to provide the specific labour for major infrastructural projects like these. I believe that if properly handled, we could have the necessary manpower at below

existing market costs. We should make specific arrangements with China or, in the case of certain skills that China does not have, with other countries. This could have many benefits in that the urgent needs of our community would be met at the optimum cost. It would at the same time avoid the strangulation of other activities that require the same types of labour. It could also help stem the flow of illegal immigrant workers and the related problems. And, perhaps most importantly, it would be a major test of our ability to work harmoniously with China.

Law and order

A threat of equal magnitude to the labour shortage is the perceived loss of ground in the area of law and order, and the risk of a breakdown in social order in the run-up to 1997. Sir, I appreciate your strong stand on this issue and especially your persistence in putting the problem in proper perspective. Your reminder of the continued safety of Hong Kong's streets, in comparison to urban environments throughout the world, and even in comparison to our situation earlier in this decade, should serve to restrain the irrational fears that have been growing due to certain recent events.

While we must keep our sense of perspective, we should also take firm action, to end the current upsurge in crime. Just because we are better off than most does not mean we should be complacent. The key to controlling the rise in crime rate is to have the very best police force which has the support of the Government and its citizens.

Sir, we are fortunate to have an excellent, highly professional force. However, it is of great importance that we are vigilant in promoting and supporting the quality and the mission of our police force. Although the pay rise for the junior police officers this year was a positive measure, we need to offer more than just material compensation to our force.

Our policemen risk their lives for our protection and for the protection of our property and freedoms; such a commitment cannot be rewarded only by salaries. People in Hong Kong need to report crime, give support as witnesses and as willing participants in our courts. As legislators, we must try to provide the laws and regulations that make the job of the police easier and more effective. I would like to add my voice to the call for the reinstatement of the Anti-Triad Bureau to prevent the resurgence of a destructive influence of organized crime in the territory. This

reinstitution would create an organizational structure -- a specialized unit within the police force -- which would greatly improve the force's effectiveness in dealing with serious crime.

Civil Service

While standing up for our police force, we must not forget other departments in our Civil Service that make our Government work. We must assure them fair treatment. We must assure them of our society's commitment to the maintenance of the present high standards. Sir, I am concerned about the negative effects of economic downturn on the conditions of service for our civil servants. While we ask our civil servants to respond to the challenge with the show of loyalty and determination to put up with the hardship, it is just as important that we, as legislators, prove our commitment to maintaining a high quality, competent, and professional Civil Service. I would agree that the recent industrial action and labour unrest among civil servant grades are hardly representative of the great majority. Nevertheless, in order not to allow the situation to sink to a point where a problem would exist, we must focus our efforts on keeping lines of communication open.

Hong Kong -- China

As a final note, Sir, I was encouraged by your call for "mutual effort and mutual understanding" between Hong Kong and China. We all bear the responsibility of building a Hong Kong that will not just merely survive 1997 -- but will actually prosper. Our impending unification with China is not something we can ride out or get done with. It is our future and as such should be approached with imagination and innovation. We must see and grasp the opportunity available to us as a leading financial and service center of South China's economic growth.

We must have the courage to stay in Hong Kong and be counted. It is our responsibility as leaders in the community to make our commitment public. Otherwise, how can we ask others to have confidence? At the same time, we must have the maturity not to meddle in the affairs of Beijing in ways that merely create instability. That type of public activity has little, if any, positive effects and simply invites Beijing to involve itself more directly in our community.

We must press our demands to our best advantage with Beijing -- but we must do so from a position of respect and responsibility. We must earn this respect. We

have to take organized measures now to create the kind of mutual respect and understanding that will be essential in 1997 and beyond.

Sir, the continued training programme on China which gives our civil servants a greater understanding of China is very valuable. The commitment to improve China relations must extend beyond the public sector to include the business sector. This kind of commitment to the active pursuit of mutual understanding is what can really protect our society and our freedom.

Sir, with these remarks, I support the motion.

4.39 pm

HIS EXCELLENCY THE PRESIDENT: There is still a substantial number of Members who have their names down to speak. Members might appreciate a short break at this point.

5.10 pm

HIS EXCELLENCY THE PRESIDENT: Council will now resume.

MRS LAM (in Cantonese): Sir, a friend of mine who likes horticulture told me that roses were originally grown in the temperate zone. They would grow best with ample sunshine, good drainage and ventilation, as well as slightly clayish soil. In my opinion, whatever species of flowers are to be planted, the appropriate environment and climate are the prerequisites, apart from such essentials as the skill, care and efforts of the cultivators.

Infrastructure

The Port and Airport Development Strategy put forward by the Governor in his policy address last year is commonly known as the "Rose Garden Project". To turn such a wonderful scheme into reality and to make our home as beautiful as a rose garden in 10 years' time, a pollution-free environment and a favourable climate would be essential. Otherwise, all the plants in the garden will wither before they can blossom; or even if they do bloom, the rose blossoms will be poisonous.

Sir, in your policy address this year, you have stated for the first time the cost and profits of constructing the new airport in concrete terms. By so doing, you have boosted people's confidence in this massive construction project, while demonstrating the determination of the Government to go ahead.

As a matter of fact, to meet the demands of our future development, the new airport is indispensable to Hong Kong. Nevertheless, I believe we would all agree that in the case of a public works project which involves such an enormous amount of money, caution must be exercised in its financial arrangement and technological design.

China-Hong Kong relationship

Your Excellency points out in the policy address that "as we get nearer to 1997, there will be an increasing need to make sure that the Chinese Government is well informed on important matters of policy which will extend beyond 1997." "One thing is clear. A constructive relationship with China is fundamental to the future well-being of Hong Kong, both before 1997 and after." On the issue of airport construction, it is believed that the Hong Kong Government will certainly adhere to this principle. Only when a good relationship exists between China and Hong Kong can there be a favourable climate for the rose garden to materialize.

Under the current social situation, Hong Kong citizens can hardly sustain the repercussions caused by any open dispute and bickering between the two sides. Whatever differences there may be, emphasis should be placed on the long-term interests of Hong Kong, and problem should be resolved through meetings or consultations. As continuity is essential to our society, we must establish a good Hong Kong-China relationship to ensure the smooth transfer of sovereignty.

On the other hand, the smooth transfer of sovereignty certainly hinges on social stability too. In this connection, two aspects, namely, the morale of civil servants and people's hardship should not be overlooked.

Morale of civil servants

When speaking about the Civil Service in your policy address, Sir, you have not mentioned the recent series of industrial actions involving civil servants. Perhaps, you do not want the optimistic tone projected in your address to be undermined by

the question of civil service unrest! Nevertheless, I would like to take this opportunity to appeal to all civil servants in Hong Kong: please take the interest of the whole community into account and remain patient. While fighting for your rights and interests, consideration should also be given to social stability and public interests. Please allow me to urge the Government to resolve with utmost sincerity the dispute of inequality among the civil servants. By so doing, the Government can show its recognition and appreciation of the contributions made by civil servants over the years.

People's hardship

Sir, when commenting on the provision of public housing and public medical services, you lay special emphasis on the improvement of quality in these areas. I am very glad to hear that "over the next five years or so, most of the squatter huts will be cleared from the urban areas; and by the year 2000, two out of every three families will own their own homes." Nevertheless, I am also very concerned about the need to ensure the quality of the premises. Whether they are public housing units, flats under the Home Ownership Scheme or private premises, conditions such as water leakage through window-sills and unstable structure should not be allowed to exist. I am also heartened to hear that the Government, while moving away from our traditional "public assistance" approach to hospital care, will still provide a system of waiving charges for those unable to pay, in order to ensure that people's livelihood will not be affected.

Environmental protection

Sir, as mentioned in the beginning of this speech, if roses are grown in a polluted environment, even if there are blossoms, they will only be poisonous. In this regard, environmental protection has now become an important issue throughout the world.

I am delighted that you point out in your policy address: "In carrying out these massive development plans, both the Government and the community must continue to pay attention to our environment."

In fact, since the establishment of the Environmental Protection Department, we are beginning to see the results of its efforts during the past four years. The water quality at the beaches has been improved. Now if we go to the factory districts during

fine days, we can see again the blue sky and white clouds that were once obscured by smoke and exhaust fumes!

"Environmental protection starts with me" is a slogan put forward by the Environmental Campaign Committee. In fact, to fight for the restoration of a clean Hong Kong is not the franchise of environmental protection bodies or the Government, it is everybody's responsibility.

To ensure the thorough success of our environmental protection work, we must start with promotion and education. Through large-scale promotional campaigns, such as the series of activities organized for the first Environmental Protection Festival scheduled for 10 November, factory proprietors, shop owners and indeed every member of the public will enhance their awareness of environmental protection and hence get a better understanding of the problem areas in environmental protection and the solutions to these problems. I hope that the Government is able to provide more resources to support the promotion and education work so that everybody will realize the importance of the "3Rs", namely, "to reduce", "to reuse" and "to recycle". As a result, people's view on environmental protection will be changed and every day will be turned into an "Environmental Protection Day" in Hong Kong.

Naturally, it is not enough just to reason; we are also in need of adequate legislation to protect the environment and should also adopt effective reward and punishment measures.

By punishment, I am obviously referring to the stepping up of prosecution and penalty against those who violate the anti-pollution legislation.

By reward, I mean the support and incentives given to those who take steps to protect the environment. The Government has already stated its intention to introduce unleaded petrol next year. We ought to follow the example of overseas countries which encourage the use of unleaded fuel by incentives such as the reduction of fuel tax and vehicle registration fee. On the other hand, it is worth considering the setting up of a fund to offer low interest loans to factory operators for the acquisition of anti-pollution facilities. This fund could be financed initially by public money and eventually by penalties from those who breach environmental protection legislation. Some time ago, the Hong Kong Productivity Council contacted a number of banks, urging them to provide credit facilities to industrialists for the purchase of anti-pollution equipment. Unfortunately, the response was not

favourable. It seems that the Government would have to take the lead if the fund is to be established.

At present, the Environmental Protection Department and the Planning, Environment and Lands Branch have decided to switch to the use of recycled paper for printing documents. I hope that other government departments as well as private corporations would follow suit. As for the waste paper recycling scheme, it is now in place in 28 government departments. District boards and public housing estates would soon be joining in. Wan Chai District Board first launched the tree-planting campaign and many other districts followed suit. In respect of this scheme, I would like to appeal for the participation and support of the whole community.

Improvement of law and order

Indeed, there are still a number of matters which the Government has to try its best to tackle. One example is the increasingly rampant triad activities which the Government must stamp out. Ten years ago, armed robberies and murder cases would make headlines in local newspapers. Nowadays, such cases seem to have become part of our daily lives. I am of the view that the present law and order situation in Hong Kong bears much resemblance to that in Chicago in the 1930s. There is no doubt that our crime rate is still lower than those in most major western cities, but actually we should not quote the worst cases for comparison. If an analogy is to be drawn, we should refer to the situation in Hong Kong 10 years ago!

Some people said that the policy address does not propose any effective measures to improve our law and order situation. However, I believe that the Government already has a well-thought-out plan to combat crime. This is indicated in the Government's plan to publish a new set of legislation against organized crimes early next year. Last week, the police carried out a massive anti-triad operation known as the "Operation Levington". As its Chinese name " " implies, the police not only raided the dens of the criminals, but also searched triad and gangster-related establishments and areas. Over 200 arrests involving male and female offenders of all kinds were reported. The police also apprehended more than 20 wanted criminals in the course of the operation. I believe that such large-scale anti-triad operations which are disheartening to the culprits and reassuring to the public should continue to be launched until the total eradication of triad crimes.

In the past, the Independent Commission Against Corruption was set up to solve the serious problem of corruption. Today, we must resort to legislation and the

reinforcement of the police force to combat serious crimes, I am overjoyed to see the Government's determination in maintaining law and order, and believe that the situation in Hong Kong would soon see substantial improvements.

The Government and the public to work side by side

In conclusion, I find your policy address to be a straightforward, realistic frank and sincere report. On the one hand, it takes a pragmatic look at the difficulties and worries facing us; on the other, it proposes concrete and practical plans, not just for next year, but also for the next decade, fully demonstrating the Government's commitment to administer Hong Kong.

It is worth mentioning that this year's policy address not only spells out the Government's duties, but also invites the public to participate in community affairs, such as, to play an important role in the maintenance of law and order in Hong Kong by reporting crimes, or to vote actively in the forthcoming elections.

Sir, with these remarks, I support the motion.

MR LAM (in Cantonese): Sir, I have read the policy address you delivered on 10 October 1990 time and again. As you said, in attaining our common objectives, we are now in a period when we should take stock of the programmes already launched, and also of the services we provide. We should also look back on the promises made in the past and see whether we should review the programmes that have not yet been launched. There should be a continuity in policies from the past into the present and from the present into the future. This leads directly to the issues I wish to address. Sir, in your policy address of 1988, you emphasized the importance of a new and comprehensive strategy for the New Territories rural areas, saying that the strategy should be implemented in conjunction with the rural projects of the City and New Territories Administration and the urban fringe improvement scheme of the Territory Development Department. The Rural Planning and Improvement Strategy released in April 1989 is the new and comprehensive strategy you referred to in your policy address. Under the new strategy, the Government would spend \$6.4 billion in the next 10 years on the rural improvement project, of which \$4.4 billion would be for projects already planned for the New Territories. The remaining \$2 billion would be for proposals under the new strategy, which would bring in a comprehensive improvement plan providing basic infrastructure and other services for the New Territories rural areas.

New Territories residents expressed a warm welcome to the Government's announcement in that respect and placed ardent expectations on the projects.

Sir, you did not look back on past promises in your policy address this year. This represents a break in the continuity of government policy. New Territories residents reacted most promptly and pursued constantly this missing link in the Government's policy. Indeed, every item of public expenditure involves the allocation of resources. In deciding the course and magnitude of public expenditure, we need to take into account the actual state of the economy, and I understand why some government departments are tightening up their budgets. However, the confidence of the people hinges on the credibility of the Government. This is an important factor that the Government should not ignore. To our surprise, the massive \$6.4 billion rural development plan has been left out in this year's policy address. I believe that such an omission may undermine the credibility of the Government.

Sir, while we can emphasize the adequacy of facilities provided by the public sector in the fields of medical and health, housing, welfare and education services for the average families in Hong Kong, the trend of development indicates that it is difficult to adopt an optimistic attitude. The increase in cost for government services as a result of inflation will inevitably impose a heavier burden on the public in the form of higher charges. We cannot treat such deviation from policy objectives lightly. On the principle of using for society's benefit what we get from society, it is true that there should be sound and proper financial management. However, sound and proper financial management does not necessarily mean an equitable allocation of resources. The New Territories is a base of economic development in Hong Kong. From what I know, however, there are very few high-ranking government policy-makers who really understand the situation in the New Territories, which is regarded as a "land bank". Apart from land earmarked for new town development, nothing concrete has come out of the so-called Rural Planning and Improvement Strategy. Thus, for the sake of an equitable allocation of resources, I, on behalf of the New Territories rural residents, have the responsibility to urge the Government to show more concern about this matter.

Sir, you stated frankly in the opening paragraph of your policy address that we have continued to deal successfully with the challenge of preparing for the transfer of sovereignty in 1997. This is a political reality. Under this premise, the first and foremost task for the Government is to turn resistance into assistance and centrifugal force into centripetal force. The New Territories is a special region.

Several decades ago, the Government enacted Chapter 97 of the Laws of Hong Kong for the administration of the New Territories. In the past, the Government took appropriate measures in accordance with local conditions and the needs of the times, and achieved general success in the administration of the New Territories. At present, although the Town Planning (Amendment) Bill 1990 which caused heated controversy between the Government and the public is not included in this year's policy address, the issue is going to have far-reaching effects. An early solution must therefore be sought in order to avoid any aggravation of the situation. I am particularly concerned about this problem and would like to take this opportunity to express my views first. I hope that environmental protection and land administration can be handled as two separate issues. The former is general in nature and can be implemented territory-wide while the latter has a special bearing on the New Territories and should not be treated as a general issue. Therefore, I propose an overall review of the Town Planning (Amendment) Bill and the enactment of separate legislation on rural planning for the improvement of the environment. To meet the challenges of the transfer of sovereignty in 1997, both the Government and the people should be forward-looking in preparation for a new era. I am all for building Hong Kong as a world-renowned metropolis. To do this, we must concentrate our efforts to deal with the mammoth port and airport development project.

Sir, with these remarks, I support the motion.

MRS LAU: Sir, your policy address once again reflects the Government's determination and commitment to consolidate Hong Kong and to create a better future for the territory. For those who may not yet be able to visualize the vast benefits that would be brought to Hong Kong by the massive infrastructural projects which you announced last year, they would most certainly be able to appreciate the new and renewed commitments made this year to more basic social needs such as housing, education, medical care and social welfare. I am sure that continued improvements in these areas will bring long-term benefits to Hong Kong and will serve to encourage more Hong Kong people to stay and contribute to society.

Sir, I am pleased that in your policy address, you not only looked ahead and planned for the future but you also faced up to critical issues that are current in this society. You acknowledged the existence of major problems like the recent upsurge in crime cases involving the use of firearms, the concern caused by continuous brain drain and the sense of instability simmering in the Civil Service. Sir, you

did propose certain long-term measures to tackle these problems. However, unlike other social problems which can afford to wait, problems such as a deteriorating law and order situation and sagging morale of the Civil Service are ailments which require not only long-term cure but also immediate short-term therapy.

Sir, you have firmly declared that the Government will do whatever it can to combat violent crime, in particular triad-related crimes. I strongly support the introduction of tough legislation targeted at triads and organized crime syndicates. Actually we have already been considering such legislation since 1986 and I only wished that it had come earlier. I appreciate that legislation of this kind is complex and perhaps even controversial but we must not delay any further. Even if we do have such legislation in place shortly, we cannot expect changes to occur overnight. The effectiveness of legislation has to be tested over time. However our law and order problem is an imminent one which must be dealt with urgently. Whilst I remain confident in the professionalism of our police force and its capability to control the law and order situation, public confidence in this area appears to be somewhat shaken by recent incidents of crime. There is a pressing need to restore such confidence and to reassure our people of the stability of the territory. Sir, you mentioned in your speech that our crime rate is significantly below those of major cities in the West. Be that as it may, we must not be complacent. Hong Kong may still be one of the safest places in the world but we must not forget that it is Hong Kong which has 1997 and the emigration problem that goes with it and this problem is not shared by other places in the world. If people are already worried about their future and mindful of leaving, any deterioration or perceived deterioration in the crime rate would only precipitate their decision to look for a safer shelter elsewhere.

Apart from the legislative measures and publicity measures which are in the pipeline for fighting crime, I am of the view that we should also realistically look at how we can strengthen our police force and improve on supportive facilities and equipment available to them to enable them to combat crime more efficiently. I appreciate that we are going through a period of austerity but I am sure that we can afford to spend a bit more on building a stronger, better-equipped and more efficient law enforcement agency. This will give the police more confidence when they perform their functions and at the same time give the public more confidence in the police. Furthermore the presence of the police on the streets must not only be felt by the public but must be visible to the public. If recruitment and wastage problems continue, serious consideration should be given to relieving the police of their

duties in looking after Vietnamese boat people camps so that more police officers may be available to resume law enforcement duties on the streets.

Sir, it is also extremely important that the public has a clear and correct perception of the state of crime and the ability of our police in maintaining law and order. The occurrence of violent crimes naturally cause fear in the minds of the public. Such fear may lead them to think that our police is losing control. Frequently, a crime that has occurred attracts considerable public attention. However when the same crime is detected by the police, that fact is not so well publicized. This may result in public perception of the true law and order situation being distorted. Efforts must be made to rectify such misconceptions. As much as members of the public have the right to know about incidents of crime, they have the right to know about the detection of crime. After all, the detection rate of our police is something which we can be proud of and a bit of trumpet-blowing in these times may be very useful in boosting confidence in the efficiency and effectiveness of our police force.

In regard to triads, there appears to be some misunderstanding among the public that serious criminal activities are increasing because the police has unwittingly disbanded the Triad Societies Division (more popularly known as the Central Anti-Triad Bureau). Many people tend to think that there is something magical about that Division. They do not understand and appreciate that although the Division is disbanded, the functions of that Division have actually been incorporated into the Organized and Serious Crime Group for more effective use of police resources. There is a need to clarify this kind of public misunderstanding and to assure the people that our police force is still effectively monitoring the pulse of triad activities.

Sir, I agree that as Hong Kong citizens we have the responsibility to support the police to combat crime. However our people are generally timid and afraid of getting into trouble. They are worried that by reporting crime, especially those connected with triads, they may invite retaliation and thus risk their own safety. Apart from simplification of reporting procedures, we must find ways to increase the sense of security in those who come forth to report crime. We should improve the environment of police reporting rooms so that those who report crime do not have to mix with suspected criminals. Our police should take the initiative to assure protection to potential witnesses and to make themselves ready and available to deliver such protection when the need arises. The procedures for identifying suspects should be improved. In this regard, I am indeed disappointed that though

plans have been made in 1988 to build five identification parade rooms with one way viewers, only two have so far been built. Before we can hope for more readiness from members of the community to co-operate and report crime, we must take appropriate measures to allay their fear and afford to them as much protection as we can.

In addition to encouraging our people to be more forthcoming in reporting crime, I think we should also try to stimulate and foster a stronger sense of righteousness and mutual co-operation within the community. After all, if everybody were prepared to stand up against crime, the job would be more than half done. On this note, it may be worthwhile to review past programmes on promotion of mutual aid among neighbours such as the Neighbourhood Watch Scheme to see whether any useful experience can be drawn from the same.

Sir, I now turn to the brain drain problem. So long as we continue to have the confidence problem, so long will we continue to see Hong Kong bleeding of its professionals and entrepreneurs. This year 62 000 people may emigrate, many of whom are Hong Kong's talented people. Such an outflow of talents will greatly hamper Hong Kong's further development. While the Government is prepared to train more people to replace those leaving, it is obvious that immediate measures are needed to tackle this problem of manpower vacuum. The British Nationality (Hong Kong) Act will provide full British citizenship for 50 000 Hong Kong families. This would undoubtedly give the successful applicants a measure of security to encourage them to stay on in Hong Kong. But we must recognize that these people would be able to leave at any time if they should feel that things are not working right. And we must not forget the rest of the population who do not have the benefit of the safety net. For the sake of giving these 50 000 families continued incentive to stay in Hong Kong and for the sake of providing for those who cannot leave, continued efforts must be made to improve the quality of life and build a stable and secure environment for them to further develop their careers and raise their families here. Sir, you mentioned about the real Hong Kong belongers. I hope that you have not excluded from this expression those who have emigrated to seek insurance policies for the future but whose hearts are still in Hong Kong -- those who still want to come back to where they originally belong. Sir, you mentioned that steps have been taken to remove the disincentives for those who want to return. I fully support this. However in order to fill the foreseeable manpower vacuum, I think that more efforts should be made to actively encourage and attract people to come back.

In relation to the Civil Service, I entirely agree with you, Sir, that we need

a well-motivated and committed Civil Service during the years of transition and beyond 1997. With this in mind, the recent spate of protests by civil servants for better pay and improved conditions of service is indeed a worrying feature. Such protests reflect the growing anxiety of civil servants which may have been caused by the uncertainty in regard to their future. Their lack of confidence in the future is clearly shown by concerns expressed over pensions. The Government must try to understand their feelings and as far as possible address their concerns. I believe in dealing with pay demands fairly and reasonably but I do not believe that the present problem can be solved by conducting endless cycles of pay reviews. It also gives the public the wrong impression that our civil servants are only interested in money. This is a time for the Government to show that it is a firm but fair employer, one who maintains absolute objectivity and fairness when considering pay and conditions of service, one who is able to make decisions without fear or favour, and one who is prepared to firmly stand by its decisions. Only by maintaining such objectivity and firmness can the incessant demands from the different ranks and grades be discouraged.

Sir, I welcome your proposals to adopt better management methods and technology in order to enhance productivity within this public sector. This is certainly a wise move in the right direction. Confronted with virtually zero growth, the Civil Service must become yet more efficient and be prepared to increase its working capacity. In this regard, efforts should be made to streamline the process of work within Government with a view to producing savings. Wherever possible, paperwork should be minimized, reporting procedures simplified, bureaucracy reduced and duplication of responsibilities avoided. Civil servants should be permitted and indeed encouraged to adopt more flexibility in their work, with emphasis placed on both speed and quality. There must also be deeper understanding and trust between management and staff. Sir, we must not underestimate the potentials of civil servants. You mentioned that civil servants already perform well and therefore improving productivity will not be easy. I am aware that in the private sector, many people are prepared to work that much harder and for longer hours provided there is sufficient incentive. Such incentive may not necessarily be monetary and may take the form of better promotion prospects or more readiness to acknowledge excellence. Given the right incentive and motivation, I believe that there is still room for further tapping of the potentials and resourcefulness of our civil servants. Perhaps it is time that we should look at the system of our Civil Service to see whether we can build in more incentives and reward schemes to induce greater exertion of personal efforts with a view to improving productivity.

Sir, yesterday the Honourable Martin LEE criticized your policy address for lack of vision. With respect, I cannot agree with him. Hong Kong is entering into a difficult era. In my view, the new and renewed commitments which you have made in your policy address to building Hong Kong's physical and social infrastructure over the next decade provide a vision of a bright and better future for Hong Kong. It may well be that the path before us is rugged and there are many hurdles to overcome, but when there is vision, there is hope and incentive to move on. With a committed Government and the concerted efforts of all, I am sure that Hong Kong can look forward to brighter skies in the dawn and a better tomorrow.

Sir, with these remarks, I support the motion.

MR LAU WAH-SUM: Sir, I support the direction you have reaffirmed in your policy address in which our community will be moving in the 1990s. I also agree with you that the 1990s will be a decade of consolidation and steady progress.

We all appreciate the vital contributions of the major infrastructural projects towards our future growth, and we must make our best efforts to complete these projects even though they will impose heavy demand on our scarce resources. At this point when the world economy is slowing down and yet we are still in the battle against high inflation, it is most important for Government to contain actual public expenditure strictly within the projected percentage share of our gross domestic product. In this regard, I am worried over the recent waves of demand by civil servants for pay increases and improvement of fringe benefits. Government must take firm action to ensure that these would not result in an undue increase in public expenditure.

Sir, you have advocated the policy of zero growth in head count in the Civil Service in order to control public expenditure. In my opinion, the mere adoption of this policy might, in the absence of proper motivation, lead to a reduction of the level of public services, including those that are revenue-generating. If we want to contain public expenditure while maintaining the level of service, we must try to increase the productivity of our civil servants. But how could we increase productivity? May I make a few suggestions.

In my opinion, first, Government is not making full use of modern information

technology to improve office efficiency. This includes, among other things, the use of electronic devices for internal communication. The private sector has good examples in achieving higher productivity through the introduction of modern office technology. This is therefore an area where more resources should be allocated and civil servants should be encouraged to reduce the actual volume of paper work by taking full advantage of modern electronic technology.

Second, I think Government should rationalize the civil service structure. I told this Council before about the existence of numerous unnecessary ranks within grades and the over-complicated structural hierarchy. This inflates salary costs, reduces efficiency, and causes delays in making decisions. Sir, I urge again that Government should seriously review the complicated organizational structural of most of its departments with a view to reducing unnecessary layers of authority, thereby generating savings in manpower.

Third, I think Government should consider reducing the generous fringe benefits for the civil servants, including in particular the leave-earning rate which is far better than in the private sector. Furthermore, the majority of civil servants are allowed to accumulate leave up to six months. It is high time that Government should seriously review these practices. In my opinion, leave entitlements should be reduced to the level comparable with the private sector and the maximum accumulation should be cut down to, say, three months. These measures could effectively increase the total working hours and improve the level of service. In this connection, I suggest that a reduction in the fringe benefit package should start from the top level to set the lead for the Civil Service and this may well encourage the private sector to follow.

Sir, you mentioned the importance of the International Business Committee established under the chairmanship of the Chief Secretary. I understand that one of the issues discussed by this Committee related to the possibility of Hong Kong negotiating tax treaties with some of its more important trading partners. This is the right time for such negotiations as many of our trading partners would be willing to support Hong Kong to maintain its international status, particularly when we are getting near to the year 1997. I would like to urge the Government to pursue this matter without delay.

I believe an effective tax treaty network would benefit Hong Kong in a number of the priority areas covered by you. First, entering into such treaties would help

maintain and increase the international links you indicated Hong Kong would be depending on in the 1990s. Hong Kong must try and find ways and means to attract and keep more international investments. Among other things, a tax treaty network could attract multinationals to establish their base in Hong Kong because of their home country tax benefits. Singapore has already negotiated tax treaties with more than 25 countries and could provide a powerful tax incentive to these multinationals to establish themselves there.

Second, you mentioned the difficulty facing Government in meeting competing claims for additional public spending. I believe a substantial network of tax treaties could provide Hong Kong with many opportunities for growth in revenue without increase in our standard tax rates. More multinationals would come to Hong Kong, thereby creating jobs and generating extra tax and other revenues for Government. Such opportunities are clearly much needed given the slowing down of our economy and the significant funding needs on government services and programmes.

One particularly important benefit which I believe tax treaties can bring about is the help to reverse "brain drain". We could structure these tax treaties to help attract back to Hong Kong those of our key people who have left Hong Kong to qualify for citizenship in other countries. Because many of the countries to which they have emigrated impose relatively high rates of tax on a global basis, the existence of well drafted tax treaties could permit those who maintain close economic and personal links here to minimize their tax exposure in the country in which they may have qualified for citizenship.

Sir, I believe that the enormous benefits from such tax treaties would far outweigh the additional costs of securing the necessary expertise and extra staff. Despite a policy of zero growth in the Civil Service, I urge Government to consider providing resources to the relevant department for negotiating and implementing such treaties. I understand that China has already successfully negotiated a number of tax treaties with most of our most important trading partners. I believe that following some prior consultations, China would support our stand. In any event, Hong Kong has the necessary constitutional power to enter into tax treaties in its own name. Given that Hong Kong is faced with the problem of brain drain, I think there is a high chance that our trading partners would be lenient to our request and Hong Kong might strike a favourable deal.

Sir, I would like to say a few words on health matters. The substantial growth

in family incomes in recent years has enabled families to look for wider choice of better medical services. This is why private medical insurance schemes have flourished today in our society. While these schemes have helped the general public to meet rising medical costs, they have nevertheless also contributed to the medical costs escalation. This is because people who are fully covered by medical insurance sometimes make unnecessary use of the coverage in order to maximize their benefits. Such action will in turn cause the insurance premium to go up, thereby creating a vicious circle. In my view, a combined medical insurance and savings programme with contributions from employers and employees would be more appropriate for Hong Kong. Such a programme could be broadly similar to the Medi-save scheme in Singapore but supplemented by an excess insurance policy to cover unexpected and major illnesses. I believe such a programme would effectively reduce the amount of direct subsidies from Government towards the provision of medical services.

I do not underrate the administrative and technical problems in introducing such a medical savings scheme but I believe that these problems could be resolved. I therefore urge Government to establish either within itself or through the future Hospital Authority a working party to examine the possibility of introducing such a programme with the objective of bringing the eventual level of government subsidies for in-patient services down to around 80% or 85%. At this level of subsidy, the fees for in-patient service would, according to a recent survey, be within the financial reach of most families.

Sir, Hong Kong has enjoyed several years of relatively rapid growth. The time has come for us to face a year of consolidation. To help ensure successful completion of our social and physical infrastructure on time and within budget, Government should take the lead in containing inflation through improvement in civil service productivity and proper expenditure control, strengthening the international stand of Hong Kong and reaping benefits through tax treaties. We should also explore the possibility of a medical savings scheme in order to ease our burden in hospital service costs. Let us all be patient and be prepared to make sacrifices in the interest of the long-term future of Hong Kong.

Sir, with these remarks, I support the motion.

DR LEONG: Sir, due to time constraint and to save yourself and Honourable Members of this Council the pain or boredom, I will base what I am going to say only in response

to your address on medical and health issues. Other issues of your address such as the airport and political structure on which the Hong Kong Democratic Foundation has some views will be dealt with in detail by the Honourable LEUNG Wai-tung, and, of course, I am in unison with some of the thoughts that the Honourable Jimmy McGREGOR would like to say subsequently.

I rise to express the gratitude of the medical profession to the very hopeful picture that you have offered to the medical scene by the year 2000. If all these could be true, it must be the day of jubilation not only for the medical staff but for the citizens of Hong Kong at large.

We are grateful too, Sir, for your continued reminiscence of our proud health statistics, but it is obvious to us that we cannot and should not rest on our laurels but have to look forward.

To quote you, Sir: "If we can meet the challenge, we will soon see an end to camp beds, to long queues at clinics and many other unsatisfactory features of our present system. By the year 2000, there will be accessible, district-based hospitals run efficiently and cost-effectively by the Hospital Authority; international standards of specialized medical training, more extensive use of preventive health care; and a wider choice of higher quality medical services for all the people of Hong Kong at prices they can afford." This has to be the ideal, or perhaps the end point. The important issue of course is how to get to that promised land. It is obvious that we cannot get there by empty words, by bureaucracy, by procrastination, but by leadership; by determination; and by a committed Government working hand in hand with the concerned professions.

It is on how to get there that I thought I would air the views of myself, the medical profession that I represent, and hopefully, we can arrive at Shangri-La and beyond.

The Hospital Authority

Throughout the last two to three years, everything in the field of health appears to rotate around the Hospital Authority (HA). "Wait for the HA" is the usual reply. It is befitting therefore that I should also use the HA as the starting point of discussion on some of the issues to follow. Members of this Council are well aware of the long and protracted conception the Provisional Hospital Authority (PHA) has

gone through and the very difficult labour before the Hospital Authority Bill was finally delivered and passed in July this year. But what is happening to the HA? The initial promise of having the HA formed and well running by spring this year has drifted through summer and we are now entering autumn. When is it to come about? All this delay, Sir, or slippage, to use the government word, would only add to the suspicion of both the staff and the public as to Government's sincerity and commitment to the idea of a medical service reform.

The Government Doctors Association has said on Monday that their members are willing to face the challenges of change and looking forward to the quick establishment of the HA. These too, I am sure, are the sentiments of the subvented colleagues. We have a willing profession. Let us hope that their enthusiasm will not be suppressed by procrastination.

Some may wonder why there were very few strong words on the PHA in the last three to four months from the profession and the public. Let us not be complacent and consider all is going well. Let me caution that this may well be the calm before the storm. Many issues are still outstanding in the HA and we should take stock of the situation and have it mended before it is too late.

To wit, the transparency of the deliberation of the HA staff salary and benefits package still leaves much to be desired.

The working relationship between the staff unions and the HA or with the Administration has not been defined, that is to say, at what level will the staff union be able to have a meaningful dialogue with the HA?

More important, Sir, is the composition of the Hospital Authority Board. Whilst the medical profession accepts that expertise in management and representation of the public are essential, adequate input from the medical and health professionals is vital for running an organization which aims primarily at saving life. More important is the need for representation of the different grades of front-line workers for they can claim in all honesty to be able to reflect the feelings of both the staff and patients.

6.00 pm

HIS EXCELLENCY THE PRESIDENT: Dr LEONG, I am afraid I must apply a temporary

"tourniquet". It is now 6 o'clock and under Standing Order 8(2), the Council should now adjourn.

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

Question proposed, put and agreed to.

HIS EXCELLENCY THE PRESIDENT: Dr LEONG, you may continue.

DR LEONG: Thank you, Sir, for releasing the "tourniquet". All these, Sir, really boil down to one point: can the HA really achieve its autonomy as promised? Can this autonomy be perceived by the staff and the public for the betterment of hospital services in Hong Kong? Or is it, after all these, another government department in disguise?

What is pertinent to ask is: what is next after the HA? Yes, we know that a group is looking into the primary health care situation and working towards initiating a reform. The medical profession is also aware of a working party that is looking into the formation of an Academy of Medicine. A body, though years overdue, will determine and accredit the standard of post-graduate medicine. But are all these enough? Will they work? Where are we heading towards? What are the target objectives of the standards of medicine for Hong Kong in the next decade? What type of health service will the Government provide in the next 10 years?

It has to be remembered Sir, that the HA, the primary health care reform and the Academy of Medicine are but just sectoral management exercise. We need a complete policy review and new set of guidelines. It sounds repetitive, but I have to say again that the last White Paper on Medical and Health Development was in 1974. A new policy direction is long overdue!

Health economics

Sir, I would like to turn to say a few words on health economics. Budgeting for health has been around 1.2% GDP for the public sector for the last 10 years (or around

8% to 10% of the annual total expenditure of Hong Kong). This is offset by the fact that expenditure for health is ever increasing. To wit, we have an ageing population which requires more medical treatment than the young; we have a more demanding population and we have a tremendous high cost of new medical technology to keep up with.

The charges are however minimal. For hospital stay it is \$34 today tagged on food cost. This highly subsidized service applies to any member of the public, rich or poor.

It is obvious that in order to at least maintain the current standard of medical service, and obviously if we want to keep abreast of medical advances, more and more money would be needed for the health services. No doubt we could press for a bigger slice of the total budget as the "health of the population" is the "wealth of the population", yet will it ever be enough especially in the light of competitive demands from housing, from education, from social welfare and from other public spending? There is therefore a dire need to look for alternative funding sources.

A few months ago, Sir, when the PHA threw out the idea of a possible percentage cost recovery in relation to fees and charges of hospitals, there were strong objections from the public and rightly so. The concern of the public was obvious, for up till now we have never had accurate information of the actual cost of running a hospital bed. Instead of looking positively at the whole issue of health economics, the Administration unfortunately retracts back into a cocoon rapidly, proclaiming that percentage cost recovery is "not on". Yet, the charge of hospital bed has increased, taking the disguise of tagging it on to the rise in the cost of food.

Sir, in your address you have made reference to private medical insurance schemes and I quote: "The growing number of families in the 1990s will wish to use their increasing incomes to purchase the type of health care they want. Their ability to do so will be made that much greater by the expansion of medical insurance schemes."

On a positive side, Sir, I look at this as Government's response, though perhaps in a preliminary and rudimentary way, to the need for alternative funding resources for health care.

Let me however pause to sound a word of caution. Private medical insurance alone would not sustain the needs of society. The high premium charged is only affordable

to perhaps the high income bracket. The "sandwich class" will thus suffer from the fact that they might be "too poor" to afford private medical insurance, yet "too rich" to fall into the category of the possible government waiver system. It has to be remembered that this class of people -- the "sandwich class" -- forms perhaps the main bulk of population. The tax they pay constitutes our main bulk of tax revenue, yet they are receiving the least benefits. Such a concept of penalizing the "good", as it were, will never be accepted.

It is imperative that Government should set in concrete the fact that there is a need for alternative funding resources and study the issue of health economics in more detail. It is only with this that we can face the onslaught of increasing health cost of the 21st century. One solution is to use a government monitored obligatory medical insurance, whereby with small contributions from both employers and employees, a territory-wide insurance scheme could be set into motion. Patients in this scheme can use the money to pay for a treatment either in the public or private hospital. And I am glad today that both the Honourable Ronald CHOW and the Honourable LAU Wah-sum have the same feeling.

The corollary is that these will decrease some of the load in the overburdened public sector leaving more time for the public staff, and more bed space in public hospitals to provide a more acceptable level to the genuine poor and the needy.

Social infrastructure

Sir, many have criticized that there were no new innovations in your address in this particular aspect. This I do not agree. Messages are subtly written all over the wall for us to see except that the Administration is not brave enough to make a clean breast of it to explain to the public. This is obvious in your deliberations on the plans for social infrastructure. You have dwelt at length, for example, on the need of "choices" on all social infrastructure -- education, social services, medical and health. You also stress that Government will not shirk its responsibility from the poor and the needy. Deep inside the message sounds loud and clear: "This is all Government can provide; if you want more, get it yourself". Perhaps this is the right direction. Yet it is still the prerogative of a caring government to come clean and clear to explain to the public and show its commitment by demonstrating how the Administration will assist in guiding and monitoring this move towards the proper path. At the end of the day, it takes more than a glamorous physical infrastructure to make a rose garden.

Manpower

In your address, Sir, very little has been mentioned of manpower problem in the area of health care; yet we all know the brain drain still remains a headache issue that is obvious for us to see. In your same address, you have indicated that the process is already in the pipeline to increase the output of our tertiary education bodies to cope with the demand, and the brain drain.

Ironically, however, in the field of medicine and dentistry, enrolment figures have continuously declined. This departure is obviously due to political, economic and social reasons. Yet the issue has to be addressed. Along the same line, to train young people to be future doctors we need dedicated and experienced trainers. These trainers who are doctors in the universities are unique in serving two roles. As university teachers, they devote as much time in teaching as other university academics and as doctors serving in government hospitals, they take up the same responsibility of any government and subvented colleagues. Unfortunately, there will be a disparity between their emolument package and that of the employees of HA. This issue must be addressed before a mass exodus occurs in our teaching institutes to the detriment of the students under training.

Sir, in the above text, if I did sound too negative it is because I am worried of the phenomenon "the mind is willing but the body is not". With all the taxpayers' money spent, I shudder to see the HA being transformed into "an old can with a new label" by bureaucracy. With all the fervor of the staff, I tremble to see them getting more and more frustrated because of procrastination, and finally with the determination of the medical profession to go forward to meet the challenge of the advancement of medical science, I hate to see the medical service come to a state of infinite hibernation because of lack of policy.

Vision

Sir, when I was a young medical student many decades ago, I had a vision: a vision of complete absence of camp beds; a vision of patients being seen almost immediately without having to sustain a long queue; a vision of as many patients as possible leaving hospitals happily back into the arms of their families and a vision of seeing Hong Kong achieving the highest accolade in the advancement of medical science. Surprisingly, this is very similar to yours. And this, I am sure, is not just a vision

of my own but rather a vision shared by the 8 000 doctors and dentists in Hong Kong alike. It is but only a humble rose garden. For the past few years, the profession has contributed many ideas and participated in many deliberations to see an improvement of medical and health services. We are bursting with enthusiasm to see it work. All it needs Sir, is the Administration to pull the trigger and say the word "go".

With these remarks, Sir, I support the motion.

MISS LEUNG (in Cantonese): Sir, at last year's policy debate, I described your address as "a document which represented a departure from the tradition of previous address. It was delivered more for the benefit of the international investors and the Chinese Government than for the average man in the street in Hong Kong."

This year's policy address, as I see it, is obviously another departure from previous addresses; more so, perhaps, from last year's. Be that as it may, the address appears, yet again, to be meant more for the local and international investors and the Chinese Government than for the general public of Hong Kong.

Sir, the June 4 incident in Beijing has been a severe blow to the confidence of people in all sectors of our community. For this reason, last year's policy address lost no time in reassuring local and international investors that Hong Kong was still the promised land and paradise for investors. The address also urged the Chinese Government to maintain its basic policy towards Hong Kong and adopt prompt and appropriate measures to restore to the people of Hong Kong their confidence in the future of the territory. The plan on "Building for the Future: Political, Social and Physical Infrastructure", which dominated the address, came just at the right time to serve as a confidence booster. You, Sir, were of course delighted to describe these important investment projects in great detail in the hope that they can help restore and, to go a step further, bolster our confidence in the investment prospects and future of Hong Kong.

An old saying has it that: "Life is full of surprises." Nothing seems to last long. The reverberations of the significant events that happened in China and other parts of the world have swept through the territory and, directly and indirectly, affected its development, particularly on the economic front. As pointed out by you, Sir, in your address last year, "We have all been forcefully reminded how vulnerable

Hong Kong is to developments which occur outside our borders over which we have no control." This is indeed an expression of deep resignation.

It is obvious that the recent Iraqi invasion of Kuwait will affect the development and worsen the already sagging condition of the world economy. The sluggish growth Hong Kong has been facing may suffer another blow with growth rate further declining to a level lowest among the four little dragons in Asia.

With the various problems of last year remaining unresolved and the emergence of new ones, this year's policy address has maintained an unequivocal position of reaffirming government policies on building for the future which were put forward last year in your address. The progress of those important investment projects during the past year has also been dealt with in great detail in this year's policy address. Needless to say, infrastructural development has been given a leading position in your address. These development strategies and projects will, I believe, still be attractive to local and international investors, and perhaps even the Chinese Government.

Sir, this year's policy address is, if I may say so, unprecedented in one aspect. It seems that the Government is very proud of and has given much praise to the present capitalist system which is unique to Hong Kong. Anyway, there are good grounds indeed for such sentiments.

The progress Hong Kong has made during the past 40 years -- in particular the last two decades under a system of capitalism unique to Hong Kong -- can be said to be very successful. It has aroused envy as well as jealousy. As pointed out in your address this year, "By the standard of income per head, Hong Kong today ranks among the world's top 20 economies. In 1950s and 1960s, this community struggled and made sacrifice to achieve even minimal standards of health care, shelter and social services. Now the facilities provided by the public sector in medicine, housing, welfare and education meet the basic requirements of our families. Indeed, in some areas, these services match the standards of much more affluent societies. We have created a thriving, well-equipped, urban community."

Sir, now I would like to turn to "physical infrastructure". You have pointed out clearly at the beginning of the section on "Physical Infrastructure" in your address that you "first should like to dispel some common misconceptions about the nature of PADS and its long-term costs and benefits".

Due to lack of sufficient information, many people, including scores who have openly expressed their views on PADS, have so far failed to have a clear understanding of the project. The clarification you have made in your address, I suppose, should be of substantial use to those who care to find out and know more about the project.

Sir, since you delivered your address last year, the promotion target of the new airport development project has been the investors only. You, Sir, the Chief Secretary, the Financial Secretary and other high-ranking officials have, during the past year, been striving hard to sell the new airport and related development project to local and overseas consortia. The effort can be said to be quite satisfactory.

However, the Administration has never provided, in a systematic way, the public with appropriate information on the new airport project. Hence, recently, some commentators have grumbled about this and criticized the Government's mishandling of the matter. This is only understandable. Although the Administration has already provided some information on the progress of the new airport project through some news releases, luncheons, talks, seminars and so on, they are incomplete and grossly insufficient. Therefore, I urge the Government to provide, as soon as possible, pamphlets with proper content to the public on the PADS especially on the new airport. The pamphlets must be written in plain language and with illustrations to help explain the urgency of the need for a new airport, the projected saturation point of Kai Tak Airport, the site of the new airport, the financial arrangements, and others.

Sir, I have commented on the development strategies and plans of major infrastructural projects for the territory in this Council as well as in other forums. To quote what I said in the last two Budget debates: "..... for the sake of sustaining our economic growth in the 1990s so as to place Hong Kong in a better position to face the challenges of the next century, I think substantial improvements to the existing infrastructural facilities and implementation of adequate new infrastructural projects of large scale are the correct approach that should be adopted without delay. I believe if we embark upon the various essential infrastructural programmes, it will not only provide a better foundation for our future economic growth, but also be of great political value."

Sir, you pointed out in your policy address that, "The new airport will make a significant contribution to the economic development of south China in general and

Guangdong in particular. In turn, economic expansion in south China will generate more than enough business for the other existing and proposed airports in the vicinity of Hong Kong."

For the past few years, I have already pointed out openly that Hong Kong needs to build a new international airport to replace Kai Tak as soon as possible. Otherwise, by mid-1990s, Hong Kong's economic development will be irremediably constrained by Kai Tak Airport's inadequate capacity. Besides, the present serious noise nuisance caused to almost half a million of residents around Kai Tak should also be dealt with urgently.

All along, I have held that Chek Lap Kok is a more suitable site for the building of a new airport as compared to the western harbour, Nim Wan and Deep Bay. This site will also most reasonably fit in with the development of new generation port facilities.

Sir, on the question of funding for the new airport and related infrastructural development projects, I have always advocated private sector funding as far as possible. The recent drawn-out and seemingly endless debate on funding has caused the Government to decide to fund the construction of the Lantau Fixed Crossing by itself. Though this decision is understandable, still, the Administration should try to attract maximum private sector participation and funding for those parts of the projects which admit of such a participating mode.

I pointed out in the last Budget debate that the Chinese Government's attitude towards these large-scale infrastructural development projects, which are going to stretch well beyond 1997, can affect the success or otherwise of these projects. To quote: "if only the Chinese Government gives active support to these development projects, be it in substance, spirit or both, we believe they will certainly gain ready and extensive support from private enterprises overseas, thereby reducing the pressure on our public finance. If so, the success of these projects will surely be within sight."

Unfortunately, up to now, the Chinese Government has not yet made known its stance as to whether it will support the new airport project. They claim that the reason is that the information provided by the Hong Kong Government is not sufficient for them to make a decision. Nonetheless, both China and Hong Kong have finally set up a team of specialists on PADS. They have already held meetings for a number of days in Hong Kong, and might have already achieved a few successes satisfactory to both

sides.

Sir, I believe that almost all of us hope to see an early appearance of the so-called "Rose Garden". I agree to what is said in your policy address: "By any measure, PADS offers excellent future returns as a sound investment."

Sir, now I would like to turn to political development. Apparently, all of us do earnestly hope that our existing capitalist system will continue its successful development. In fact, the Sino-British Joint Declaration has already made it clear that Hong Kong's own capitalist system will remain unchanged and continue its development for 50 years when the territory reverts to Chinese sovereignty in 1997. Everyone knows about this, and welcomes it. I have also pointed out in the last policy debate that we need a genuinely democratic political system which can best keep in line with the development of our existing capitalist system.

However, an old saying has it that: "Most things fall short of expectations." The political model set out in the Hong Kong Special Administrative Region Basic Law is so conservative and regressive that it fails to get in line with the development of our social systems. It obviously cannot reflect the wishes of the great majority of Hong Kong people except those conservative and regressive views of a minority of capitalists in the territory. I pointed out in the debate on the Basic law in April that "democracy mainly finds expression in a government that practises popular elections on the basis of universal suffrage and absolute equality and a parliamentary system that truly represents all the people." "Since the two special devices, that is, the so-called functional constituencies and the grand electoral college, are instituted the political model stipulated in the Basic Law will definitely be adequate in safeguarding the absolute position of the capitalists in the legislature, not to mention the Executive Council of the future SAR. Such a political model will also ensure that the elected Chief Executive will become the central core of power and run the Government to the best advantage of the capitalists."

Sir, I really do not want to know why the majority of OMELCO members could easily have given up the only consensus model which was a product of lengthy study and deliberation. This more progressive model proposes that by 2003 all members of the legislature will be returned by universal suffrage, and it is indeed a political model accepted by the majority of the public!

In order to meet the demands for democracy and actively promote the development

of true democracy, we, a group of enthusiasts with the same belief, have formed the Hong Kong Democratic Foundation. I would like to let everybody know that the foundation insists on pursuing the consensus model which was abandoned by the majority of OMELCO Members but supported by the majority of the public.

Sir, in the development of representative government, the emergence of political bodies and parties is a natural and necessary phenomenon. This is also a sure and set pattern for the development of social and political systems. As a matter of fact, this is now the case.

Anyway, the foundation holds that the Government has the responsibility to take proper measures to encourage the establishment and promote the growth of political bodies and parties in the territory so as to help develop true democracy. It also has the responsibility to inculcate among the public the correct concepts of democracy and encourage them to participate in next year's elections to different tiers of boards and Councils.

The Hong Kong Democratic Foundation does hope that it can work together with other democrats for the future of Hong Kong. In the spirit of true democracy, the rule of law and free economy, we will urge the Government to formulate more reasonable strategies so that Hong Kong can become a more open and progressive society, and all citizens can enjoy fruits of greater success.

Lastly, Sir, I would like to point out that even up till now, as far as political participation is concerned, sex discrimination to a certain extent does exist in Hong Kong and elsewhere. Almost without exception women are the victims of sex discrimination. Not only do men discriminate against women but, it is sad to see, women also discriminate against women!

It is a common and universal phenomenon that women taking up seats in parliaments and public consultative bodies are rarities, which shows that women are restrained by the various male-oriented social conventions.

Sir, I do not intend to dwell on the unfair treatment women receive in society. I would only take this opportunity to tell my colleagues, in particular the male colleagues, that a Commonwealth Women Parliamentarians' Group was formed at the 36th Commonwealth Parliamentary Association (CPA) annual general meeting held in Zimbabwe. The group aims at securing parliamentary seats and equal rights for women. I am honoured to be one of the members. In a meeting of the group, I made it clear that

I would try my best to encourage more women to participate in next year's elections to boards and councils at various tiers.

In next year's CPA annual general meeting, group members will have to give a report on what has been achieved this year in women's participation in politics and efforts to strive for equal rights in their respective branches, organizations or regions.

Sir, I do hope that Honourable Members, government officials and the public can accord due recognition to this serious problem so that women can reclaim and get back the rights which are their due.

Sir, with these remarks, I support the motion.

MR MCGREGOR: Sir, with regard to discrimination against women, may I point out that Miss LEUNG is the vice-chairman of the Hong Kong Democratic Foundation and I am only a member of the board. (Laughter)

As you will be aware, Sir, my constituency, the Hong Kong General Chamber of Commerce, has already advised the Government that it agrees with all the points you made in your address to this Council two weeks ago. My remarks today are therefore my own and especially any overt or implied criticisms I may include.

We are moving rapidly into what will become a highly political year. My first comments, therefore, will be about our rather rocky path towards a more democratic system of government. That includes, of course, the ways by which this Council is organized and administered.

It is very easy for those who do not have to make major decisions which affect the lives and livelihood of millions of people to criticize those who do. No matter which macro-policy is adopted there will be those who oppose it, often for legitimate and well enunciated reasons. Those who govern in a free society accept the burden of decision. Those who are governed must be able to exercise their right to disagree and to seek change where change seems necessary.

We in this Council seem to be in a sort of halfway house. We are part of the system of government and we must assist you, Sir, and your executive arm to govern well by making all the right decisions and following all the right policies.

But we also have the responsibility of doing our best to represent the best interests of the people of Hong Kong and to ensure that the Government makes its decisions with this sole purpose in mind. We all individually have special knowledge and experience which may be of great use in the work of the Council and therefore of the Government. However, we do not represent narrow sectoral interests in this Council when we have to consider Hong Kong as a whole. We must represent the people of Hong Kong for, if we do not, they will have no representation in this Council nor can their real interests be looked after properly. This, Sir, is an issue which has never clearly been addressed and which will become more and more important as we move towards and through the 1991 elections. We shall then have a legislature composed of 18 councillors representing the people and the rest representing narrow sectoral interests or no particular interest at all. There is a danger in this situation that there will be serious divisions along electoral lines in this Council. Where will be the meeting ground when macro-policies are under discussion? There is likely to be an uneasy relationship between those who are directly and indirectly elected, each group having a different view of legitimacy and seniority. Will the new fully elected members for example accept a junior role to so called senior members as many of us elected in 1988 have had to do? I do not think they will. There will be many pressures for change in the organization and administration of this Council. It would help if in the meantime it was made clear that it is the bounden duty of each and every councillor to place the interests of the people of Hong Kong before any other interest. Only you, Sir, or the Chief Secretary can make such a statement of clarification. I ask you to make it soon.

Sir, in your speech you did not say much about the further development of representative government in Hong Kong nor of the emergence of political parties and organizations. You did not give them your blessing nor did you encourage them to do their best to make the 1991 elections successful. I think it is a pity that you did not take this opportunity to do so, especially so since a senior Chinese official is reported as wishing at least one political party well. China seems therefore to be a little ahead of Hong Kong in recognizing that party politics are here to stay and that they may have a significant role in future. Sir, I would urge you to take a positive position in encouraging Hong Kong people to think about their political future as well as their economic one. Parties dedicated to the principles of democracy and equality before the law can surely play an important part in arousing the interest of Hong Kong people to vote in 1991 and to select those who will represent them best. Even so, however, the people will have a terrible problem in identifying

the political parties. They are all composed of liberals and they are all democrats as well. Who knows, Sir, I may be able to return to this Council under false pretences. People may vote for me as a liberal democrat whereas I am really a democratic liberal and united with other liberals. On the other hand, it may be simple to change my name to Martin McGREGOR. (Laughter)

The Government of this colonial territory has always provided the leadership in public policy and administration often with spectacular success. With the changing nature of our system of government, leadership responsibility is also changing. We will need political leaders of high calibre who can take us forward surely and confidently and who will have the support of the people. These leaders are among us already, some in this Chamber and some waiting to enter. We must try to ensure that the system they inherit can make full use of their talent and dedication without outside interference or intervention and without undue influence being applied. As far as possible this must be a territory which governs itself through the exercise of all the powers and privileges granted to it under the Basic Law and the Joint Declaration. Hong Kong's political leadership is therefore of paramount importance and we must soon see the shape of our future leaders. This must include the future Chief Executive on whose sagacity and acceptability the whole edifice will rest. I hope he will be identified long before 1997.

Before I leave the area of politics, let me also suggest that we have already reached the point where the Government must consider providing for full time politicians. This Council is a club at present. It is however a very hard working club, so much so that it is totally impossible for any Member to carry out his full duties effectively without spending more than half of his available time on Legislative Council work. He must read thousands of pages of material, reports, papers and minutes every year, attend an average of one meeting a day on all sorts of subjects, complete ward duties, see incoming V.I.P.s, ministers and specialist groups at short notice, represent Hong Kong here and abroad and so on and so on. The workload increases rapidly. Next year there will be fully elected councillors in this Chamber all seeking to justify the faith of their constituents. They may have to relinquish their jobs to come here.

I feel sure it is time for Government to recognize this important change in the membership of the Legislative Council Club by providing full time salaries and services for full time politicians.

Economy

I will not speak at any length on economic matters. This is an area where the Government has always enjoyed the best possible advice from the most experienced people. I have to say that the economic philosophy which you referred to and the policies which flow from it are fundamentally sound, need no major changes and have embodied in them the mechanisms for effective adjustment when necessary. There is not therefore, frankly, a great deal to worry about in the fact that we face a downturn in our external trade and even some recessionary pressure from events in other parts of the world. We have had a long history of similar cyclical movements and our economy over time has adjusted quite easily.

We should not be too concerned whether we have zero growth or 2.5% GDP growth this year or next year. What matters much more is whether we can maintain relatively full employment, keep wage increases within our means and thus help to reduce inflation to a more acceptable level than at present. Prices, generally, will take care of themselves as the market adjusts to lower demand. Rentals, in fact, are already doing so. Dare I say it, this Council has not done a great deal to shape and promote our economy although we sometimes talked as if we had. I would readily concede that the Government itself established our economic philosophy and policies a long time ago and it is the Government that can take credit for maintaining its almost pristine market-oriented condition. However, we must attempt to advise the Government from time to time to ensure that it stays on the road to success.

In passing, I would also suggest that wage restraint in the private sector must be encouraged by wage restraint in the public sector. Many employers feel that government servants are well paid for their work especially given the added attraction of long-term security and final pension. The police are generally accepted as having a special claim but this has now been met and there should be no further concessions which will distort the present relativity of Government salaries and pay scales. Otherwise we shall have serious unrest among government servants.

Law and order

Others have spoken on the vital subject of law and order. I agree with most of the views expressed. I wish to add however that departments whose staff are asked to help maintain a high standard of law and order in Hong Kong, often at considerable risk to their personal safety, must be protected by the provision of effective law

within which to operate. The Bill of Rights for example must recognize, in this respect, that it is the right of all citizens of Hong Kong to be fully protected at all times against the criminal elements in our midst. I hope it will be possible for the Bill of Rights to be fully compatible with the legislation which provides such protection. I am glad to hear that we are at last going after the habitual criminal who is a member of a criminal gang. They have preyed on our society long enough.

Environment

I am glad also to note the quite substantial progress made during the last year in the improvement of environmental protection measures both short and long term. This Council has been heavily engaged with the consideration and passage of legislation which will form the first line of attack against the serious pollution which has been allowed to challenge our health and our environment for far too long. Air and water pollution have been tackled resolutely and much improvement in air pollution standards has already been achieved. Water pollution is now under discussion with industry and other sectors. Despite problems I have no doubt we shall reach a satisfactory solution. Other environmental objectives must be established and reached before too long so that the people of Hong Kong can enjoy the fruits of the success which their labour has created. Incidentally, is it beyond our power to prevent the massive pollution of Statue Square and its immediate vicinity every weekend? The centre of our scenic city becomes a garbage dump for many hours at that time. It is a deteriorating situation.

Social welfare

Sir, you have outlined progress and intentions in many areas of our social infrastructure. You have referred to the established principle that economic growth must provide for social development. No one will seriously disagree with that. However, it is also important to establish basic objectives in some areas of social welfare and then seek by all means at our disposal to reach them within a reasonable amount of time. This has, in fact, been done many times with policy objectives in housing, education, health and so on. One area where the objective is missing however is that of the old age pension. Despite many calls on Government over the years for a full scale study of this vital social service, I am not aware that this has been done. Certainly there appears to be no government intention at present of

introducing an old age pension for all our citizens of 65 years or over.

We have an old age allowance of less than \$400 a month and a number of other allowances that must be subject to application and some of which are means tested. As you have said, Sir, by next year we shall have 380 000 old people who receive this allowance of less than \$400 a month. What can be done in Hong Kong with \$400? What can such a sum buy for each elderly recipient? Soon 15% of our entire population will be over 60 years of age and a large proportion of this number will be eligible to claim the old age allowance. I have to say that \$400 a month or \$13 a day is a poor reward for a lifetime of work in Hong Kong especially since we claim proudly to have one of the world's strongest economies with a per capita income approaching that of developed countries and second in Asia only to Japan. These two characteristics of our society, high per capita wealth and old age poverty do not sit easily together.

We claim we are a caring society yet tens of thousands of our elderly citizens live isolated, lonely lives close to the breadline. I would like to quote from a recent letter to me from a 77-year-old Chinese retiree:

"The reason why so many people are pressing Government to improve the old age allowance is because it affects members of the family concerned as well. The people in the family obviously have to look after the old thus creating financial problems in the family. There are many old people who have been discarded and isolated by their family due to the existing high cost of living conditions. They cannot afford to look after them even if they wish to do so because of financial problems. This may be one of the causes for so many old people committing suicide in recent years."

Old people do not wish to seek charity and they should not have to do so after a lifetime of service to Hong Kong. They should have a secure old age pension by right and without means testing. The best system to provide this in future is probably a contributory scheme which many countries have adopted. I wish to suggest that the Government commission a detailed study of how such a scheme might be brought into use. In the meantime, the scale of the old age allowances clearly seems inadequate in this day and age when we are talking about one major project which alone will cost upwards of \$130 billion.

Whilst I am on the subject of pensions let me also say that the Government's treatment of ex-Japanese prisoners of war and their dependents' for the past 45 years has been mean and often contemptible. They have been treated like pariahs unworthy

of our gratitude for the suffering they endured and for the renewed life they helped to bring to Hong Kong. There are precious few of these ancient heroes left and each year there are fewer still. They ask that the grants now given to them as a form of charity be converted into pensions on a par with all other government pensions and subject to the same increases each year. That is the least that we must do for them and it should be done now. Without them and others like them there would not be a Hong Kong Government to consider their plea.

Infrastructure

Enough has been written about the proposed new port and airport facilities to fill many volumes. I am in full support of the government proposals and I do not doubt that we will need this huge additional capacity as quickly as the facilities can be built. Our economy is totally dependent on external trade and on the rapid movement of goods and people into and out of Hong Kong. We are the most efficient port in the world and our air services are second to none. We shall no doubt obtain China's approval for the location of the airport and for our proposed methods of financing it. I wish we had consulted China sooner about this project, however. There is a lesson to be learnt in co-operation and co-ordination between China and Hong Kong. Both have to contribute.

Cable television

Whilst speaking about the value of co-ordination, might I also suggest that it is high time that the Government placed the public interest before commercial interest in allowing Hong Kong people access to international television services. The progress, if that is the right word, towards cable television seems to me to be one of bureaucratic indecision, confusion, and downright inefficiency over a long period of time. At this stage it is clear that international television services can be made available within a few months by satellite transmission, without thousands of kilometres of roads being dug up yet again. That service should be made available now and as soon as possible and should not be subject to the kind of bureaucratic contortions that we have witnessed. If, in addition to satellite television, we can enjoy cable television as well some years later, good, let us have it. Protection of one, however, should not be provided at the expense of the other. If Government does not resolve this issue soon, and I am glad to see recent movement, I believe it should be brought into this Council as a matter of major public interest.

Sports

In sport, all the world loves a winner. Hong Kong is no exception. We have made great effort and some progress in recent years with the encouragement and training given to our sportsmen and sportswomen. Large sums of money have been spent on facilities and the media have bent over backwards to publicize even the smallest sporting success for Hong Kong.

Despite the effort, we have had very little to cheer about at the national level. We seem to have a malaise in our sports system that produces good excuses for failure rather than champagne for success. We claim to be a small territory whose young people are not really interested in sport; yet millions walk for charity and our tennis and badminton courts cannot cope with the demand. New Zealand is also a small country but produces world class athletes in many sports. The British tradition that how you play the game is what matters frankly speaking, Sir, belongs to the last century. Winning or getting close to it is what matters when sports are considered at the national level. It is high time that Hong Kong recognized that local sportsmen have the potential and, I believe, the will to become Asian champions if given the dedicated coaching and facilities they must have to reach the peak of their performance.

The future

I wish to reiterate my belief that, whilst our economy is still strong and with great further potential, the present rate of emigration of some of our best and most experienced people must be viewed with deep concern. They cannot be replaced readily and most do not return to Hong Kong once they have gone. They will only stay if they are unafraid of the future. They will only face the future with confidence if China takes all the necessary steps to reassure them that they will be trusted to run the Hong Kong that they know and love. China therefore holds the key to our future, not Britain, not the Hong Kong Government. We must persuade China to treat us with magnanimity and understanding.

Finally, Sir, many Members have mentioned your "rose garden". But the old song tells us that you never promised us a "rose garden". We had better all join together in planting the "rose bushes". Then, perhaps, we shall all have our "rose gardens" in future. Sir, with these remarks, I support the motion.

MR SIT: Sir, this is my third time to speak on the Motion of Thanks to the Governor's policy speech. This time, like the last two, when drafting my speech, the very question that dominates my mind is: what is the purpose of this speech, and indeed, what is the purpose of this Council? I therefore venture to comment on the role of the Legislative Council.

Many of my colleagues have already spoken. To my surprise, the common feature in their speeches seems to be an orchestration of their reserved faith and trust of the Administration. Of course, one has to acknowledge the fact that this Government has built up a good record of governance. I personally have no doubt on their ability to perform well, if they so wish, and I agree that they had done well in the past.

However, the purpose of having this Council and the fact that we are each given the opportunity as of right to speak on this motion is to demonstrate to the public that we are seriously scrutinizing the Government and its policies in the coming year for the benefits of all in Hong Kong. To perform this job well, one has to query all the related facts and figures and to appraise the policy speech on a case by case merit. It would not serve the purpose if we just add to the laurel of past successes without actually deliberating in detail on policies and programmes that are yet to be launched.

Significance of the Port and Airport Development Strategy projects

Sir, I would like to embark on the subject of significance of the Port and Airport Development Strategy (PADS) projects. I must draw attention of this Council to the mammoth airport project which will not only affect the coming year's government Budget and its policy priorities, but also affect subsequent Budgets to at least 25 years from now, no matter whether this Council is under British or Chinese sovereignty.

My honourable colleagues would find ample evidence already given in the policy address, explicitly or implicitly, that in order to meet the costs of the new airport, a retrenchment has already started not only in the growth of the Civil Service, but also in government spending in many vital social and welfare services.

Up till this moment, what this Council has been given by the Government are very crude figures on the costs and benefits of one of the three possible airport options. Government has made no efforts at all to solicit public support through genuine consultation.

In the course of the year since the announcement of the decision to build the replacement airport at Chek Lap Kok, what we have witnessed is a vigorous public relations campaign to promote acceptance of the Government's decision, rather than involvement of the public in serious discussions on the "wheres", "whys" and "hows" of the project. Although we might all appreciate the efforts of Your Excellency and the principal policy Secretaries during past year in travelling extensively round the world trying to lobby for foreign investors to take part in this so-called "Rose Garden Project", the result seems to be disappointing. Since apart from oral support, none of them responded favourably in committing themselves in real terms. It appears that those overseas co-operations including the big hongks here in Hong Kong are interested in obtaining construction or building contracts rather than in investing money in our airport and related projects. Against this background, public dissatisfaction has been rising and further agitated by the Government's sudden decision to foot the construction cost of the Tsing Ma Bridge.

The announced government figures have given rise to a number of key issues. They include, briefly,

1. choice of site;
2. actual total cost of the airport;
3. whether there is an urgency that we need to have one runway of the airport completed by 1997.

In addition, I have read some of the key PADS consultants reports. To my mind, I am not certain that the Chek Lap Kok is a viable site since I am given to understand in the PADS study brief dated 31 July 1987 issued by the Government. That the estimated cost for the Chek Lap Kok airport to meet demand up to 2014 is HK\$51.6 billion (1989 price). This piece of information contradicts with your announced figure of HK\$38 billion, which is about 10% loading on 1989 price, that is, HK\$34 billion. Of course, I have also noticed from the same source that your figure possibly refers to the construction cost required for meeting the demand for air traffic at Chek Lap Kok up to 2006, or at the completion of the first runway in 1997.

Public skepticism and my reading of the huge gaps of difference between the key figures announced by you and those contained in your PADS consultants reports worry me considerably. I therefore insist that the true facts and figures of the airport projects should be made known in greater detail and clearly deliberated in this

Council. Otherwise, I am so sorry to say, this Council would be seen not to be performing its duty.

Finally, I would like to put to all of us the question of: Are we confident of what we are doing in the governance of Hong Kong?

Sir, you have made a very interesting statement in your address. I quote:

"For Chinese leaders to have a full understanding of how Hong Kong works, what our key priorities are and how we go about taking decisions, (I repeat: taking decisions) will be helpful to Hong Kong both now and after 1997."

Sir, you have certainly set a very high standard. I wish you and your Government could measure up to it, so that Hong Kong will serve as a model for China.

However, I regret to say that this Government has not enlightened us on how the Government actually goes about doing its business and making decisions. As in the case of the airport decision, it is a very bad example, if I may say so, for it has not provided any formal opportunity to even professional groups to express their point of view, not to mention the ordinary citizens. I have reasons to believe that this kind of decision-making process is a gross deviation or derogation from Hong Kong's long and highly praised tradition of making decision by consensus through consultation. I am, therefore, very much concerned if this is the right kind of message that Your Excellency intends to pass onto the Chinese Government or the Hong Kong future special administrative region government.

Recently, the Government has on a number of occasions stressed that the Chinese Government's understanding and recognition of the "Rose Garden Project" is of paramount importance and significance. Of course, seeking blessing from the Chinese side is helpful in this case. But we cannot afford to lose sight of the opinion and genuine support of the people of Hong Kong. I fully agree with what you once said that the airport decision is purely a Hong Kong decision. However, what constitutes Hong Kong is not its government alone. I believe, you, Sir, would not go ahead with any project without the support of the general public.

We are already in the period of transition to the Special Administrative Region in 1997 and Hong Kong's present maxim is "Hong Kong people to rule Hong Kong". Maybe the PADS projects provide the golden opportunity for the people of Hong Kong to grasp

the meaning of this principle and to learn how to exercise their right for their own good.

Sir, with these remarks, I support the motion.

MRS SO (in Cantonese): Sir, as you have pointed out in your policy address, 1990 has been a year of consolidation. In the face of the difficulties caused by a slowdown in the rate of economic growth, it is impossible to please each and every one in the process of consolidating our services. Because of this and at a time when resources are more stringent than ever, the Government is confronted with a great challenge to set its priorities sensibly. Today, I would like to speak on five aspects, namely the new airport, the future direction of our economic development, education, the Civil Service and the relationship between Hong Kong and China.

New airport

Last year, you announced in your policy address the costly port and airport development strategy. The intention was to bolster the confidence of the people of Hong Kong which had plunged to a very low point at that time. After one year's time, the general public finally realize that the building of a new airport should be the first and foremost task of the Government. With the discussion digging into more details, however, members of the public have begun to worry about problems as to whether the building of the new airport would add to the burden of taxpayers, whether it would lead to a slowdown in the development of other social services and a deterioration of the quality of such services. Furthermore, the Chinese side has expressed considerable reservation about the project. There is obviously discord between China and Britain and between China and Hong Kong. Apparently, the "confidence-boosting project" has become a "worry-inducing project", which runs counter to the intention of the Administration.

At present, there are queries whether Chek Lap Kok is a suitable site for the new airport. In my opinion, it is no longer meaningful to argue about the suitability of the site at this stage since a lot of work has been under way. To reject the site at Chek Lap Kok only means that the money and efforts injected into the programme over the years will go down the drain. Besides, it will give a great blow to the credibility of the Government and thus have an adverse effect on its administration in the transitional period. Therefore, to enlist support from the public and the Chinese side has become more important than ever.

I believe that it is never too late to bring in the remedy. The Government may consider the following two points:

Firstly, there must be a high level of transparency in respect of the financial arrangements for the new airport. The Administration should formally make it clear as to whether the building of the new airport would lead to tax increases, whether a large amount of our financial reserve would be used and whether it would bring about liability for the future Government of the Special Administrative Region.

Secondly, it is the question of whether the new airport must be completed by 1997. You mentioned that based on the growth rate over the past 12 months, the Kai Tak Airport would reach saturation point by 1994. Nevertheless, the airports in Shenzhen and Macau should have been in operation by that time and they can alleviate the pressure on Kai Tak. The number of passengers from Taiwan and South Korea to mainland China via Hong Kong will reduce after Beijing has reached direct flight agreements with both Taipei and Seoul. Thus, the Kai Tak Airport may reach its maximum capacity at a later time. Given that there is no hurry for the building of the new airport, cost control will be easier.

The future direction of our economic development

Sir, the policy address only reiterates the role taken by the Government in the economy and it is disappointing that the direction of our economy has not been addressed to in the future developments in the next decade.

In the 1990s, Hong Kong will face new challenges continuously on the economic front. These challenges cannot be easily coped with solely by referring to past experience. Had our industrialists not set up massive processing points on their own initiative in the Pearl River Delta region in the 1980s, the competitiveness of our export might have been greatly impaired and the economic performance of Hong Kong might have fallen behind that of other little dragons in Asia.

At the end of the 1970s, the Government set up the Advisory Committee on Diversification to study the economic strategy of Hong Kong. Now that more than a decade has lapsed, it is high time to make an overall review of the strengths and weaknesses of our economic development. In recent years, there have been repeated calls for the establishment of an ad hoc committee consisting of talents of various

sectors to review the future direction of our economic development. I think the Government should make positive response to this request.

Education

Sir, the programme of speeding up training for the right people as reiterated in the policy address is indeed ambitious. However, the goal that, by 1994, six out of 10 students leaving the sixth form will have an opportunity to study for a degree course at one of our tertiary institutions seems to be too optimistic. Taking the position of this year as an example, vacant places in the sixth form is close to 20% while less than eight out of 10 students can complete their courses for reasons of dropping out, employment or overseas studies. In order to meet the enrolment target, a choice has to be made between quality and quantity. It will affect the development of our society to a certain extent, if we fail to bring in students of good quality after a large amount of resources has been spent. The result of the hastily implemented nine-year free education in 1979 is far from satisfactory and the mistake must not be repeated when vigorous efforts are being made in the development of tertiary education.

Primary and secondary education is the foundation for tertiary education. The goals set down in the policy address can hardly be realized if priority is given to the development of tertiary education while primary and secondary education is left to maintain the status quo without improvement. The upgrading of primary and secondary levels has become imminent.

Another issue I would like to touch upon is pre-primary education. Nowadays, almost all parents send their children to kindergartens at a suitable age. But the Government has paid no heed to such need. It is disappointing to note that pre-primary education has not been included in the education system. In the policy debate last year. I requested the Government to attach importance to pre-primary education and improve the widely varied standards of existing kindergartens. May I once again urge the Government to pay heed to this suggestion to tie in with the development of our society.

The Civil Service

In recent years, the issue of 1997 has given rise to civil service unrest, and

at times this kind of sentiments takes the form of drastic actions in the fight for higher pays and better conditions of service. Though the situation is understandable, it will affect the confidence of the public in the Government and lead to social instability.

To maintain stability and prosperity in Hong Kong during the transitional period, all of us must be steadfast in our post and perform our duty. The community expects a good deal of its Civil Service and hope that the latter can set an example in this respect. The Government must seriously consider how to consolidate the Civil Service and work out a practical solution.

The relationship between Hong Kong and China

Sir, you have rightly pointed out that over the next few years, it is necessary to improve consultation with China, achieve a greater exchange of information and build up better understanding on both sides. However, I feel that our contact with China on working level is still inadequate. At present, up to 2 million workers are employed by Hong Kong factories in southern China. As the economic and trading relationship between both regions is increasingly closer, it is extremely necessary to have a formal channel through which problems arising from practical work can be regularly discussed.

Hong Kong has already set up high-level economic co-operation committees with her major trading partners including the United States and Japan and similar organization should be established between Hong Kong and China. With the rapid development in the Pearl River Delta region, co-ordination between Hong Kong and the Guangdong authorities must not be overlooked. Infrastructural projects such as airports, ports and roads in the two regions should not be carried out arbitrarily without mutual co-operation. I hope that in future the Government will vigorously promote contacts and exchange of information between China and Hong Kong which will be conducive to our economic development.

Sir, with these remarks, I support the motion.

MR TIEN: Sir, many of my fellow Councillors have adequately covered a number of important topics in the field of social services, education, medical matters and the new airport. For my part, I believe I have something further to say about our

relations with China, trade, industry, labour, corruption and political development.

Let me begin by considering certain aspects of our relationship with China. In particular, there is a real difficulty over the question of our right to decide on important and sensitive matters on the one hand, and the views of China, on the other. The policy speech contained a number of references to this important question.

The Sino-British Agreement speaks of a high degree of autonomy. As I interpret this phrase it means that we, in Hong Kong, decide on the overwhelming majority of matters relating to Hong Kong. This includes the timing, the pace and the feasibility of everything in the fields of policy making and capital expenditure except for defence and foreign policy.

The relevant paragraphs from section 6 page 38 of the 1984 Agreement ensures that Hong Kong's distinct position within the international trading community, on the basis of which Hong Kong enjoys its present rights of access, will continue. Both the Joint Declaration and the Basic Law state that the SAR will have the authority to manage airports in the SAR.

I am convinced that, on the basis of these words, we, and we alone in Hong Kong, have the right to make decisions about such questions as our new airport. For an airport surely is a "method of access". One also cannot manage an airport on their own without being able to decide when you need to replace it.

Sir, if we cannot build what we want, when we want and where we want, then the Agreement solemnly signed between the two Governments has already been consigned to the dustbin of history.

We are very anxious to ensure that our autonomy is in no way jeopardized. The recent misunderstandings over the nationality package, the draft Bill of Rights, and now, the airport, should, we hope, be quickly resolved.

Let me reiterate I do not oppose constructive and meaningful comment and questions from the Chinese authorities. I fully support the Honourable Allen LEE's call that those in the Government and OMELCO should open a sincere dialogue with them. We need to engage in prudent discussions with our future sovereign as well as in keeping them informed of all our major decisions. However, I agree that the Chinese authorities should realize that they must only be right informed but must not expect to enjoy

a veto over our policy-making.

Sir, now moving on to the subject of labour shortage, it is gratifying to find that Government has finally reached the same conclusion as myself. Your policy address clearly describes the conditions for economic growth, and appreciates how hard industrialists have worked for the cause. We have improved productivity -- for example by automation -- and have used new plants, equipments and techniques to this end.

Nevertheless, numerous firms have reached their limits in this regard. Hence only importation of labour on a controlled basis can assist in maintaining our desired levels of economic growth. The comments made in the address on the subject of labour importation are indeed most welcome.

Let me put the matter in some perspective. Out of a total workforce of about 2.7 million, 755 000 are in the manufacturing sector. If we bring in, say, 10 000 workers, spread over this 2.7 million, then, no significant effect on our workforce can be expected. The newcomers will quickly be absorbed, and, the integrity of our present workers will not be upset. In fact, even if the Middle East crisis were to continue, and even if the United States were to drift into recession our economy should not unduly suffer.

Sir, permit me also to say something about the very recent proposal to bring in mainland "white-collar" workers, subject to the safeguards which Government has spelt out. There are approximately 40 000 of these people in the United States, and 22 000 in Australia, but only a limited number may wish to come to Hong Kong for whatever reason.

Some may be reluctant to leave established jobs in these countries. Moreover, many of these will be untrained students whose knowledge of the world of commerce, industry and even of basic administration will be slight. We cannot do much in these areas, say, for mainland graduates in music, fine arts, and literature. The reality is that it is only the engineers, computer scientists and MBAs, who are readily employable in Hong Kong. With these reservations I do, of course, naturally welcome the scheme. But, at the end of the day, we should not expect the final figure settling here to be too large. Hence, there is no fear that Hong Kong people will not be governing Hong Kong.

Sir, I must agree that inflation still remains a serious impediment to economic growth. I very much welcome your strong suggestion that excessive wage demands are contributing greatly to our unacceptably high level of inflation. For me, and for industrialists generally, there is no doubt whatsoever that, when wage demands become excessive, inflation follows as naturally as night follows day.

Uncontrolled inflation causes misery; but, so does its cousin, stagflation.

Against this background, therefore, I would like to consider the question of public sector expenditure. When business is buoyant and the private sector enjoys good health, we should, naturally, restrain public expenditure. When the private sector, by contrast, sinks into the doldrums, we should, equally naturally, stimulate production and construction in the public sector.

If current indicators point towards the possibility of recession, then this is the time to spend. It may now be therefore opportune to build the \$7 billion fixed crossing to Lantau. Such a venture is helpful towards the employment of workers in general affected by an economic downturn.

Building an airport requires a good number of "blue-collar" workers as well as administrators and technicians.

The construction of an airport will create a "spin-off" effect. Jobs will be created in many sectors: transport, catering and maintenance -- to name but a few. So if we bring in these people it will have a positive effect on our economy especially in the "blue-collar" sector.

In fact, what is wrong is for the public and private sectors to surge ahead together, in competition with each other. I am opposed to government intervention, but I am certainly concerned to think that we must not allocate our resources in such a way that results in grossly overheating the economy. Sir, on the question of problems facing the industry such as the protectionist stance of the United States and EEC Governments -- the President-vetoed Textile Bill merely surviving by a 10-vote margin, the allegation of anti-dumping by the United States and EEC manufacturers, the call to set up a Hong Kong anti-dumping fund together with industry support of a cleaner environment, all these were fully addressed by the Honourable NGAI Shiu-kit yesterday. To be brief, I fully share his sentiment.

Sir, most of the remarks made here on law and order this afternoon have my full support. One related and relevant matter is that of corruption.

I am quite disappointed that the address has only a single word reference to the question of corruption. In fact given the increase in private sector corruption, I must strongly urge our policy-makers to put it at the head of the agenda. In 1988, there were 1 153 reported cases of private sector corruption. In 1989, this figure had risen to 1 326, a rise of one-sixth overall.

Corruption is no remote or abstract matter. In the Philippines, we have seen what it can do both to the state, and to society. In due course, departments and whole governments are undermined by the cancer of corruption. For that reason, I support the retention of the strong powers accorded to the Independent Commission Against Corruption now and after 1997. This is our safeguard against corruption.

We must avoid a resurgence of corruption in Hong Kong. We are going in for big, big projects. Yet, big, big projects imply big, big temptations.

Such temptations, at the level of contractors and sub-contractors, will be almost irresistible. Contracts will be large, mouth-watering and difficult to monitor. The cult of the fast buck will become and well entrenched, unless we are on top of the problem. We may also import corruption from over the border. We have all read about the allocation of defence contracts in the United States -- how the taxpayer paid US\$100 for a screwdriver -- on padded and excessive estimates. We do not want such practices here.

Sir, the changes envisaged for this Council in 1991 are briefly referred to in the address and we are evolving a system to meet the "special needs and position of Hong Kong".

There is no one, final and perfect "democracy". Universal suffrage is a very recent idea. In France and Italy, women were given the vote in 1945 (and, in Switzerland, only in 1971). In Britain, voters could have more than one vote as late as 1949, and one Chamber there, the Upper House, is not elected at all.

In Britain, a poll taken in 1985 found that only 55% of those polled believed that Britain had a sound democratic system. In the United States, you can measure quite precisely the relationship between money and politics. It costs at least US\$4

million to run for the Senate; it costs at least US\$6 million each candidate to run for a governorship of a state. We would not like such an arrangement.

Finally, let me conclude that the address is right to indicate the need to allow Hong Kong's future government and politics to evolve naturally, and I congratulate this recognition of our need not to take on board forms of government which do not suit our needs. Hong Kong should progress on two fronts -- commercial-industrial on the one hand, and measured political evolution on the other. Sir, with these words, I support the motion before Council.

MRS TU: Sir, no one would deny what you said in your speech, Sir, that Hong Kong now faces a harsh economic climate, worsened by the Gulf crisis. No one would deny that wage demands need to be curbed -- that task would be made easier if the directorate level would set a good example, because they suffer less from inflation than the rank and file.

In this harsher economic climate, Sir, it is imperative that the Government should take the lead in maintaining public confidence. However, confidence cannot be maintained unless the Government is consistent in its confidence-boosting promises.

It is inconsistent, for example, to push for autonomous management of transport, housing and hospitals, and at the same time to commit an unspecified amount of money on airport development which a year ago we were told would be funded by private investment. It is inconsistent to invite a fact-finding mission from China, and then suddenly to announce a change of course a few days before the arrival of the delegates. It is disturbing that the decision announced on 5 October was made without consultation with the public or even with this Council. This "father knows best" attitude, coupled with inconsistent decisions by father, make poor public relations, and undermine the goodwill and confidence achieved by last year's promises.

Turning to education, Sir, you promised more tertiary education, more well-trained and motivated teachers, and a report and consultations on the school curriculum. These are brave words at a time of economic constraint. But these needs were neglected when Hong Kong was more prosperous, and one wonders where the resources in manpower and finance will be found now to carry out these recent promises. Our present system provides no infrastructure to lead a child from kindergarten to tertiary college. There are no fixed crossings from childhood to adulthood but only a haphazard journey that fails to deal with the low-average, the average or the non-academically-minded intelligent child. Little heed is paid to a child's ability,

and consequently the inflexible system plays havoc with schools, drives teachers from the profession, and feeds the triads who recruit best from among children who cannot cope with their home and school environment. I would suggest, Sir, that unless we can provide apprenticeships, practical workshops and other vocational training for the non-academically-minded, we should drop the compulsory element from our secondary school system.

On the issue of law and order, if you will forgive me for saying so, Sir, I think it is quite unhelpful to remind us that our crime rate is below that of other major cities. We do not know the true crime rate of Hong Kong because many Hong Kong people are afraid to report crime out of fear of triad reprisals. I do not expect the Government to produce statistics on unreported crime, but I do expect the Government to be aware of the widespread fear of triads. You referred to a recent arson crime, but is it not strange that although a number of persons were at the scene, so far as I am aware, no witnesses have come forward and no arrests have been made? Advising people to report triad activity gives little comfort to the public because they have no faith that any protection will be provided, and a recent statement by a senior policeman gave little hope of protection. I have repeatedly suggested that the Independent Commission Against Corruption would fare better in dealing with triads because of the close connection between triads and corruption, and because they have been able generally speaking to conceal the identity of witnesses. However, the Government seems adamantly opposed to this proposal, and the public remains unwilling to risk reporting triad crimes.

I should now like to refer to the treatment of illegal immigrant workers. In my estimation it is totally contrary to human rights for young first offenders to be sent to prison for 15 months or more in order to deter others coming to work in Hong Kong. Since these young people apparently come here to answer job advertisements and answered job advertisements in China, they are probably unaware that they are breaking our laws, and the Government must share the blame for changing its policy and importing semi-skilled workers. How are these young people to know the difference between those legally and those illegally imported to work? They are getting all wrong messages, therefore, about what we are pleased to call British Justice. I pay tribute to those magistrates who have had the courage to uphold justice and attempted to preserve the independence of their judiciary. Steps should be taken at once to stop what has become virtually a mandatory sentence, and which in any case has failed in its objective.

Finally, Sir, I should like to propose that we renegotiate the 75 a day quota of legal immigrants from China. We are told there is a labour shortage due to people emigrating, and that the birth rate has dropped dramatically. So why not double or treble the daily quota, on the condition that one-way visas be restricted to spouses and children of Hong Kong residents? Such a move would increase the labour force now a little, and a great deal in future when the children grow up. There is no shortage of kindergartens and primary schools now, and soon there will be enough secondary school places too. What reason have we for keeping families apart when we are having to import others and workers? If we need the replacement for an airport, surely we need also to prepare for a replacement of people?

And with these words, I support the motion, Sir.

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

Question on adjournment proposed, put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: My respects to those who have sat here through two days of the debate so far. In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 31 October 1990.

Adjourned accordingly at twenty-nine minutes past Seven o'clock.

Note: The short title of the motion listed in the Hansard has been translated into Chinese for information and guidance only; it does not have authoritative effect in Chinese.