

1 HONG KONG LEGISLATIVE COUNCIL -- 30 October 1991

HONG KONG LEGISLATIVE COUNCIL -- 30 October 1991 1

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 30 October 1991

The Council met at half-past Two o'clock

PRESENT

THE DEPUTY PRESIDENT

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

THE CHIEF SECRETARY

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

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, 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 STEPHEN CHEONG KAM-CHUEN, C.B.E., J.P.

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

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

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

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

THE HONOURABLE DAVID LI KWOK-PO, O.B.E., J.P.

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

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

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

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

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

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

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

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, J.P.

THE HONOURABLE LAU WAH-SUM, O.B.E., J.P.

DR THE HONOURABLE LEONG CHE-HUNG

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

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

PROF THE HONOURABLE EDWARD CHEN KWAN-YIU

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE TIMOTHY HA WING-HO, M.B.E., J.P.

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE SIMON IP SIK-ON

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE MISS EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE GILBERT LEUNG KAM-HO

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

THE HONOURABLE FRED LI WAH-MING

PROF THE HONOURABLE FELICE LIEH MAK, O.B.E., J.P.

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE NG MING-YUM

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE HENRY TANG YING-YEN, J.P.

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR LAW KAM-SANG

Papers

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

Subject

Subsidiary Legislation L.N. No.

Legal Practitioners (Fees) (Amendment) (No. 2) Rules 1991.....	385/91
Admission and Registration (Amendment) Rules 1991.....	386/91
Barristers (Qualification) (Amendment) Rules 1991.....	387/91
Practising Certificate (Barristers) (Amendment) Rules 1991.....	388/91
Shipping and Port Control Regulations (Amendment of Schedules) Notice 1991.....	389/91
Legal Practitioners (Amendment) Ordinance 1991 (Commencement) (No. 2) Notice 1991.....	390/91

Sessional Paper 1991-92

- No. 11 -- Vegetable Marketing Organization -- Statement of Accounts for the year ended 31 March 1991
- No. 12 -- Fish Marketing Organization -- Statement of Accounts for the year ended 31 March 1991
- No. 13 -- Agricultural Products Scholarship Fund Report for the period from 1 April 1990 to 31 March 1991
- No. 14 -- Marine Fish Scholarship Fund Report for the period from 1 April 1990 to 31 March 1991

Written answers to questions

Legal Aid (Amendment) Ordinance

1. MR JIMMY MCGREGOR asked: The Legal Aid (Amendment) Ordinance 1991, which will widen the scope of legal aid for Hong Kong people of modest means, was enacted in May 1991 but has not yet been brought into legal effect. When will this legislation become effective and what is the reason for the delay?

CHIEF SECRETARY: The Legal Aid (Amendment) Ordinance 1991 has not been brought into effect because funds originally earmarked for its implementation have to be made available for the expansion of legal assistance in Magistrates' Courts in compliance with our obligations under the Bill of Rights.

The enactment of the Bill of Rights has necessitated a review of the priorities of providing legal aid in the various courts of Hong Kong. Having regard to the need to restrain public expenditure and the Government's obligation under Article 11(2)(d) of the Bill of Rights to provide free legal representation to people of insufficient means in Magistrates' Courts, the Government decided to give priority to expanding the subvented Duty Lawyer Scheme jointly administered by the Law Society and the Bar Association in Magistrates' Courts. The necessary funds (\$30 million) would be provided by deferring the implementation of the Legal Aid (Amendment) Ordinance.

The expanded Duty Lawyer Scheme approved by Finance Committee on 12 July 1991 came into full operation on 14 October 1991. Public response to the expansion so far has been highly positive. It has enabled the Government to comply fully with its statutory obligation to provide legal representation in Magistrates' Courts under the Bill of Rights and is expected to benefit an additional 17 000 people a year compared with an estimated 1 600 people that would benefit from the implementation of the relaxation of the financial criteria for legal aid under the Legal Aid (Amendment) Ordinance.

The Legal Aid (Amendment) Ordinance will be brought into effect as soon as additional funds are obtained for its implementation. Consideration is also being given to phasing the implementation so that some of the improvements proposed in the Ordinance can be brought into effect earlier.

Official Receiver's charges on deposits of bankrupts and insolvent companies

2. MR PETER WONG asked: Will the Administration inform this Council the basis of charges by the Official Receiver on deposits of bankrupts and insolvent companies under his care, and in the most recent year, to what extent these charges have resulted in recovering the cost of providing the particular services?

SECRETARY FOR MONETARY AFFAIRS: Mr Deputy President, the basis on which the Official Receiver imposes charges on the deposits of bankrupts and insolvent companies under his care is that the cost of the services provided by the Official Receiver should, as far as is reasonable, be funded by those who use such services.

Under section 128A of the Bankruptcy Ordinance, the Official Receiver is required to place on bank deposit monies which are in excess of the amount which, in his opinion, is required for the time being to answer demands of debtors' estates. Interest accruing on those deposits is then required to be paid into the General Revenue at the end of each financial year.

Under section 285 of the Companies Ordinance, liquidators of insolvent companies are required to pay into the Companies Liquidation Account maintained by the Official Receiver monies which have remained unclaimed or undistributed for six months after the date of their receipt.

Under section 294 of the Companies Ordinance the Official Receiver is required, in respect of insolvent companies, to place on bank deposit all monies in his hands as liquidator which are in excess of the amount which, in his opinion, is required for the time being to answer demands in respect of the company's estate. Interest accruing on those deposits is then required to be paid into the General Revenue at the end of each financial year.

Different arrangements apply when the cash balance standing to the credit of the account of any company exceeds by \$100,000 or more the amount which, in the opinion of the Committee of Inspection, or, where there is no Committee of Inspection, in the opinion of the liquidator, is required for the time being to answer demands in respect of the company's estate. In such cases, the Official Receiver is required on the request of the Committee of Inspection, or where there is no Committee of Inspection on the request of the liquidator, to invest the amount of such excess on bank deposit. Out of the interest paid on such deposits, an amount equal to 1% to 1.5% per annum (or such other rate as may be fixed by the Financial Secretary) of the money invested is required to be paid to the Official Receiver. Again, such interest is then paid into the General Revenue at the end of each financial year. The balance of the interest is paid to the credit of the company.

The cost of operating the Official Receiver's Office during the last financial year, 1990-91, was \$103 million; interest paid to the General Revenue on bank deposits totalled \$25.5 million. Thus this interest contributed about 25% to the overall operating costs of the Official Receiver's Office during the year.

Off-course betting centres

3. MR NG MING-YUM asked (in Cantonese): Will Government inform this Council:

(1) what criteria are used under the existing policy when giving approval to an application for the setting up of an off-course betting centre;

(2) how many off-course betting centres were in operation in each district in each of the past 10 years;

(3) whether any assessment has been made of the effectiveness of these off-course

betting centres in putting the gambling problem under control and in curbing illegal gambling activities, if so, what are the findings; and

(4) whether consideration would be given to introducing a more effective policy so that stronger measures may be taken to deal with the gambling problem and to curb illegal gambling activities?

SECRETARY FOR HOME AFFAIRS: Mr Deputy President, before I answer the Honourable Member's questions, I feel I should explain the government policy on gambling.

The Government's policy on gambling has always been to restrict opportunities for gambling but to allow controlled outlets for such gambling activities as exist so as to counter illegal gambling. In practice, this means strict laws and firm enforcement action against illegal gambling activities, supported by the provision of controlled alternatives where a cogent need for such alternatives has been established. Off-Course Betting Centres are one of the main weapons in the fight against illegal gambling.

Each application for the setting up of a new Off-Course Betting Centre (OCBC) is considered on its individual merits. In assessing the suitability of a particular site, the following factors are taken into consideration :

(a) An assessment of public views made by the District Officer as a result of his contact with members of Mutual Aid Committee, Area Committee, District Board and other local organizations, as appropriate;

(b) an assessment by the police on potential or existing illegal gambling activities in the area;

(c) an assessment by the police of the suitability of the premises on operational grounds, including such matters as security, accessibility, obstruction and nuisance;

(d) where practicable, OCBC should generally be located in purpose built buildings or commercial premises including the commercial areas of commercial/residential buildings, MTR station complexes or public housing estate commercial complexes; and

(e) as a general guideline, where possible, a reasonable physical separation should be maintained between an OCBC and social services, educational institutions and recreational facilities catering primarily to children and youths. In addition, OCBC should not be situated on popular routes between such social, educational and recreational facilities.

The number of OCBC in operation in each district over the past ten years is shown in the table at Annex 1.

The effect of the establishment of OCBC is closely monitored. The first off-course betting centre was opened in April 1974. Before this off-course betting was the most popular form of illegal gambling. It was estimated that the combined turnover of betting on horse and greyhound racing exceeded \$7,000 million a year. It was against this background that in October 1973, the Executive Council approved the legalization of off-course betting. Since 1974, the incidence of illegal off-course betting has declined, and related social problems caused by loansharking and triad intimidation have been alleviated.

The table at Annex 1 shows that the overall number of OCBC has not grown significantly since 1981. However, with the shift in population to the new towns, away from the urban area, the police have detected an upsurge in illegal gambling in these areas from time to time. Where OCBC have been established, the incidence of illegal gambling has once again declined.

The current gambling policy is effective. However, this does not mean that the Government is complacent. New forms of gambling are detected from time to time; steps are taken to modify the policy or amend the Gambling Ordinance as necessary to ensure that the police have the power they need to tackle illegal gambling in all its forms.

The most recent amendment to the Gambling Ordinance took place in 1990. The Ordinance was amended to increase substantially the sentences for offences related to illegal gambling and to tighten certain provisions in the Ordinance to allow the law to be enforced more effectively. With these amendments, the maximum fine for operating illegal gambling establishment, for bookmaking and for operating illegal lotteries was raised from \$500,000 to \$5,000,000.

The number of off-course betting centres from 1982 - 1992

Year

1982-83 1983-84 1984-85 1985-86 1986-87 1987-88 1988-89 1989-90 1990-91
1991-92

District

HK & K Region

Central 14 and Western	14	13	13	13	13	13	13	13	13
Wanchai 9	8	9	9	9	9	9	9	9	9
Eastern 9	11	11	11	11	11	11	11	11	10
Southern 5	5	5	5	5	5	5	5	5	5
Yau Tsim 8	11	10	10	10	10	9	9	9	9
Mongkok 14	15	14	14	14	14	14	14	14	14
Sham Shui Po 11 11	12	11	11	11	11	11	11	11	11
Kowloon City 10 10	10	10	10	10	10	10	10	10	10
Wong Tai Sin	7	7	7	7	8	8	8	8	8

8 8

Kwun Tong 8 6 6 7 7 8 8 8 7
7

NT Region

Islands 2 2 2 2 2 2 2 2 2
2

Sai Kung 1 1 1 1 1 1 1 2 2
2

North 2 2 2 2 2 2 2 2 2
2

Tai Po 2 2 2 2 2 2 2 2 2
2

Sha Tin 2 3 3 4 4 5 6 6 6
6

Tsuen Wan 5 5 5 5 5 4 4 4 4
4

Kwai Tsing 4 4 5 6 6 6 6 6 6
6

Tuen Mun 2 3 3 3 3 3 3 3 3
3

Yuen Long 3 3 5 5 5 5 5 5 5
5

Total: 124 121 124 127 128 128 129 130 128 127

=== === === === === === === === ===

Training and career development for professional officers in the Civil Service

4. DR SAMUEL WONG asked: Will the Administration inform this Council what training and career development opportunities are available to prepare senior professional officers in the Civil Service for higher level management positions?

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President, the Administration attaches great importance to providing its employees with appropriate training and career development opportunities to prepare them for higher responsibilities in the Civil Service. This is certainly so in the case of senior professional officers. There is a wide range of training opportunities for such officers, both locally and overseas, many of which are in the management field and specifically designed to equip officers for higher level management positions. There is also an established system of career planning for senior professionals which is designed to identify those with potential to assume directorate responsibilities and to provide them with postings, training and exposure which will help them to realize that potential. Civil Service Branch, in consultation with policy branches and departments concerned, formulates and reassesses directorate succession plans for each department on a regular basis, usually annually.

As regards training the Civil Service Training Centre organizes a variety of courses of different duration for officers throughout the Civil Service. Courses particularly relevant to senior professional officers in improving their management skills are those relating to management development, problem solving and decision making; leadership skill and team building; staff management and staff relations techniques; organization skills; presentation skills; management of work stress, and so on. In addition the centre offers courses on information technology including the use of personal computers, and in language and communication skills.

The Civil Service Training Centre also provides support and advice to departments for in-house training. It has a Resource and Information Centre providing reading material for officers who wish to enhance their knowledge of management and other subjects. This year the centre has been allocated \$26.3 million for expenditure on in-house training, an increase over the \$18.36 million provided in 1988-89.

In 1984, the Senior Staff Course Centre was established to provide officers at

the senior professional level with management training specially tailored to meet the needs of the Civil Service. The centre runs a three-month full time senior management training programme twice a year. The objectives of the programme are to broaden the perspective of the officers, to increase their knowledge of how the Government operates and to improve their overall management skill. Since its establishment 500 officers, mostly professional staff, have benefited from the programme. A sum of \$5.67 million has been allocated to the centre for training during the current financial year.

Officers are also sponsored to attend courses organized by local and overseas educational institutions. These include courses to enable professional officers to update their professional knowledge but also courses, seminars or conferences in the management field. Last financial year more than 9 000 officers benefited from government sponsored courses of this nature including nearly 450 who benefited from training overseas.

As regards career development planning, the Civil Service Branch calls for and examines directorate succession plans for each department. Part of the process of grooming officers for higher management responsibilities involves identifying those with potential and providing for them, where necessary, to attend appropriate management training courses either locally or overseas. On-the-job training is also an important element in career development, and departments are required to provide as much exposure as possible through inter- or intra-departmental postings. To enable senior professional officers who normally work in departments to acquire work experience of the operation of the Government at the central level, the Civil Service Branch has an established arrangement for seconding selected professional officers to policy or resource branches in the Government Secretariat. This helps to broaden their perspective.

It remains the Administration's policy to provide senior professional officers and others with the training and career development opportunities required to assume higher responsibilities within the Civil Service, in order to ensure the continued provision of efficient and effective service to the community.

Unleaded petrol

5. MR MOSES CHENG asked: Will the Administration inform this Council:

(a) why was unleaded petroleum with Octane level of 98 not introduced when unleaded petroleum was first introduced in Hong Kong;

(b) what is the agreement between the Government and the oil companies regarding the price increase of leaded petroleum and the price incentive on unleaded petroleum;

(c) are the provisions of the said agreement applicable to the pricing of unleaded petroleum with Octane level of 98;

(d) if not, what steps will be taken by the Government to regulate such pricing so that the same incentive would be applicable to unleaded petroleum with Octane level of 98?

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, 98 unleaded petrol (98 ULP) was not readily available for supply to Hong Kong when preparations were made to introduce ULP. It was, therefore, not a practical option for introduction then. In addition, 95 ULP is the major fuel in most countries and it is likely to be the prevalent petrol in the future worldwide. Some 77% of all existing petrol cars can run properly on 95 ULP and virtually all new cars are designed to be able to run smoothly on this fuel. It was, therefore, felt more appropriate to introduce from the beginning this grade of petrol which would provide for the optimum long-term fuel requirements of Hong Kong. Discussions were also held with the oil companies and they agreed that the grade of ULP which should be provided ought to be 95.

For those cars which can operate effectively on 95 ULP -- an ever-growing percentage of the fleet -- there are no tangible advantages in 98 ULP, merely higher costs. For that smaller, and reducing, percentage where use of 95 ULP causes a drop in power, 98 ULP may well be of advantage.

As to parts (b) and (c) of the question, there has not been any formal agreement between the oil companies and the Government. However, the understanding reached at a meeting shortly before the launching of ULP was that the Government would apply a revenue-neutral duty differential of 45 cents as between leaded and unleaded petrol, to encourage usage of unleaded, and the oil companies would charge 56 cents more on leaded petrol, bringing about a combined effect of making leaded petrol \$1.01 more

expensive than ULP. The oil companies also agreed that they would drop the 56 cents on leaded petrol when the total investment on introducing ULP was recovered. As 98 ULP was not considered as an option when the above understanding was reached, the provisions are not applicable to this petrol. However, the 45 cents duty differential as between unleaded and leaded petrol is applicable to both grades of the unleaded product.

With regard to the last part of the question, the Government is satisfied with the current usage of ULP, which is at about 46%. There are indications that 98 ULP is increasing ULP usage since its introduction. Nevertheless, the Government will closely monitor the effect of the introduction of 98 ULP and take it into consideration, among other factors, in reviewing the price differential in due course.

Heavy goods vehicles and concrete mixers

6. MRS PEGGY LAM asked: Will the Administration inform this Council:

(a) of the numbers of goods vehicles having a permitted gross weight exceeding 24 tonnes and all kinds of concrete mixers used on the roads of Hong Kong at present; and the number of accidents and casualties caused by these vehicles over the past three years;

(b) of the number of other categories of vehicles used on the roads of Hong Kong; and the number of accidents and casualties caused by these vehicles over the same period; and

(c) whether there are plans to set a special speed limit for the goods vehicles having a permitted gross weight exceeding 24 tonnes and all kinds of concrete mixers?

SECRETARY FOR TRANSPORT: Mr Deputy President, there are at present 824 licensed goods vehicles with permitted gross vehicle weight exceeding 24 tonnes. These are classified as heavy goods vehicles. Concrete mixers are normally classified as medium goods vehicles. There are 1 212 licensed concrete mixers using our roads. Statistics on accidents involving heavy goods vehicles and concrete mixers and numbers of casualties, in the period 1988 to September 1991, are provided at Annex A.

There are at present 374 988 vehicles in Hong Kong other than medium and heavy goods vehicles. Statistics on the number of accidents involving these vehicles and casualty figures are provided at Annex B.

Under the provisions of the Road Traffic Ordinance (Cap 374), there is a speed limit of 50 km per hour on all roads for all classes of vehicles, unless otherwise indicated. On expressways where higher speeds are allowed, that is up to 100 km per hour on certain sections of Tolo Highway, the upper speed limit for medium and heavy goods vehicles is restricted to 70 km per hour.

The present restrictions are considered adequate for the time being but will be kept under constant review.

Annex A

Heavy Goods Vehicles

Year	No. of Accidents	No. of casualties			
		Fatal	Serious	Slight	Total
1988	34	0	19	39	58
1989	44	2	18	56	66
1990	79	5	19	87	111
1991	40	2	9	40	51

(Jan - Sept)

Concrete Mixers

Year	No. of Accidents	No. of casualties			
		Fatal	Serious	Slight	Total
1988	31	0	9	61	70
1989	41	2	14	41	57
1990	33	2	9	34	45
1991	28	3	7	32	42

(Jan - Sept)

Annex B

Vehicles other than Heavy Vehicles
and Concrete Mixers

Year	No. of Accidents	No. of casualties			
		Fatal	Serious	Slight	Total
1988	16 318	301	4 825	17 071	22 197
1989	16 214	346	4 554	16 697	21 597
1990	15 255	321	3 978	16 050	20 349
1991 (Jan - Sept)	11 272	226	2 905	11 999	15 130

Tseung Kwan O Tunnel

7. MR LAU WAH-SUM asked: Will the Administration inform this Council:

(a) of the reasons for not opening the Tseung Kwan O Tunnel round the clock, like other major tunnels in the territory; and

(b) whether there is any plan to extend its opening hours from the present 10.30 pm to at least 11.30 pm, for the convenience of residents living in nearby areas?

SECRETARY FOR TRANSPORT: Mr Deputy President, the Tseung Kwan O Tunnel was opened to traffic on 9 November 1990, initially for 16 hours each day from 6.30 am to 10.30 pm.

As at September 1991, an average of 11 500 vehicles used the tunnel each day, which is well below the design capacity of 80 000 vehicles.

We do not propose to extend the opening hours of the tunnel at present for two reasons. First, the number of vehicles likely to use the tunnel during the hours

of closure is not large enough to justify the deployment of more staff than the 66 now working in two shifts. Second, during the hours of closure vehicles can still use the alternative route via Po Lam Road.

The situation is being kept under review and the opening hours of the tunnel may be adjusted if future demand so warrants.

Overloaded goods vehicles

8. MR ALBERT CHAN asked: Will Government inform this Council:

(1) what plans are in hand to check overloaded goods vehicles and institute prosecution against offenders;

(2) what measures and plans are in hand to reduce the accidents caused by overloaded goods vehicles; and

(3) whether the Administration will install more vehicle weighing facilities at major roads and locations throughout the territory?

SECRETARY FOR TRANSPORT: Mr Deputy President, at present the police operate 18 weigh stations at various locations throughout the territory, to check vehicles that may be overloaded. Of these, five are permanent weigh stations. The remaining 13 are portable weigh pads.

In addition, the Highways Department has installed five dynamic weighbridges at various locations to collect statistical data on the extent of overloading, for monitoring and planning purposes.

Suspected overloaded vehicles are checked at police weigh stations and are required to off-load any excess goods. Depending on the extent of overloading, the drivers are warned, subjected to fixed penalty fine or prosecuted as appropriate. In addition, enforcement action is also taken against the owners of the vehicles if there is sufficient evidence. In 1990, police enforcement action was taken in 33 340 cases.

As regards the second part of the question, to strengthen action against the overloading of goods vehicles, the Administration is at present considering a number of proposals. These include raising the amount of the fixed penalty, making the overloading of individual axles an offence, including overloading as a scheduled offence under the Driving Offence Points system, and tightening owners' liability for overloading offences.

As regards the third part of the question, sites for building three additional weigh stations have already been identified in Chai Wan near the Island Eastern Corridor, Tai Lam Chung near Tuen Mun Road and the West Kowloon Reclamation near the future West Kowloon Expressway. Subject to the availability of resources, these are expected to be installed by stages over the next few years.

Safety at road junctions

9. MR ALBERT CHAN asked: Will Government inform this Council what safety standards have been adopted in road planning to ensure that road junctions are safely designed and what criteria are being applied to assess their effectiveness in regard to road safety?

SECRETARY FOR TRANSPORT: Mr Deputy President, the safety of vehicular and pedestrian traffic is given the highest priority in designing road junctions. In each case, the design takes account of the type of road, the projected traffic volume, pedestrian needs and sight distance. The standards adopted accord with the best international practice.

The safety of road junctions is kept under regular review, having regard to changing traffic patterns and analysis of traffic accidents. Based on the results of these reviews and feedback from the public including district boards, improvements are made as necessary.

Return of "double backers"

10. MRS RITA FAN asked: In relation to the agreement reached with the Vietnamese Government on the return of "double backers", will the Administration inform this

Council:

(a) what are the procedures currently adopted to identify "double backers" from amongst the newly arrived Vietnamese boat people; and

(b) whether it is satisfied with the current procedures; if not, whether it will consider ways of improving the current procedures?

SECRETARY FOR SECURITY: There are well established procedures for the detection and identification of the so-called double backers. First, the Immigration Department has a central register containing the details (including photographs) of all Vietnamese migrants who have entered Hong Kong illegally. The central register is regularly updated to reflect the latest changes in the Vietnamese population, including details of those who have been repatriated to Vietnam.

Secondly, upon disembarkation at Green Island, all Vietnamese migrants are subject to a series of interviews by Immigration and Correctional Services Officers well experienced in identifying double backers through careful questioning.

In the course of these interviews, a substantial number of double backers are identified through self-admission, disclosure by other Vietnamese migrants or detection by the interviewers. Where the interviewers have doubts over the identity of any Vietnamese migrant, an extensive record check is carried out to ascertain whether a particular Vietnamese migrant has previously returned to Vietnam through the voluntary repatriation scheme.

The Government is satisfied that the present procedures are effective in identifying and detecting so-called double backers. The Government recognizes that a few may have escaped detection through the use of different or fictitious names. However, we believe that these will be subsequently detected in the screening process.

Member's motion

MOTION OF THANKS

MR ALLEN LEE moved the following motion:

"That this Council thanks the Governor for his address."

MR ALLEN LEE: Mr Deputy President, I move the motion standing in my name on the Order Paper that this Council thanks the Governor for his address.

I would like first to congratulate you, Mr Deputy President, on being appointed by the Governor to preside over most of the Legislative Council proceedings. Your appointment along with the newly constituted legislature reflect the changes in our political scene. I am sure Members of this Council are looking forward to working with you for the betterment of Hong Kong.

This afternoon, because of the time constraint, I want to address only two issues which I think are vital to our long-term future and the implications are very wide-ranging. They are constitutional development, and our relations with China.

Constitutional development

The Governor, in his annual address to this Council, talked about a working partnership between this Council and the Administration. In my view, this is a very important message. The question is how to put this into practice. There is the old saying, it takes two to tango. I believe the Government recognizes the changing political scene and would require the co-operation and support of this Council in the implementation of its policies; therefore proper communication channels between this Council and the Administration must be established in order to succeed. The partnership must be built on mutual trust and respect. I realize it is easier said than done, but I believe we must spend our energy and effort to build this foundation. I call upon my colleagues in this Council and the officials to work together in the interest of Hong Kong. We must find ways that we can work together; if it fails, then we must think about other practical means to achieve the smooth running of Hong Kong affairs. I am encouraged to hear from the Governor that the Administration will provide Members with all the information and explanation that we need to assess, and the Administration will respond positively to the suggestions and criticisms of all Members of this Council. At this time, I would like to say a few words about the Executive Council and its relationship with the Legislative Council. We all know the Executive Council is the policy making body. However, it seems it is a myth to Members of this Council and to the general public how the Executive Council works. Being a Member of the Executive Council for over six years, of course I know how and

why policies were made, and once the decision is made by the Executive Council, it should be public knowledge, and the Executive Council Members being involved in the decision making process, of course, are responsible for their decisions and they have a duty to explain to Legislative Council Members and the general public why these decisions were made and should solicit the support of Legislative Council Members in due course. Therefore I firmly believe the Executive Council/Legislative Council link is of vital importance. It is of course another form of working partnership. A number of my colleagues in this Council perhaps do not believe in this system. I had been on both sides of the fence for many years and I can say with conviction that the current system has served Hong Kong well. I recognize that time has changed and I believe in making progress in view of the new situation. But I cannot believe in change for the sake of change because we may live to regret it if we have not thought about our unique situation and our political system as a whole. I ask Members of this Council to give some deep thoughts about this subject as we are embarking on reviewing the work of this Council.

Relations with China

The Governor mentioned that there were many contacts at the official level between Britain and China. He also stressed the importance of a harmonious and effective partnership with our Chinese counterparts. Admittedly all of these are important for the future of Hong Kong. In fact the more the better. What is disappointing is the lack of direct contact between Members of this Council and China. I had been trying for many years to establish some communication channel with the Chinese but failed. I am disappointed but not discouraged. I see the importance of establishing a working partnership between the two, and I firmly believe that confrontation with China will not get us anywhere. Therefore, we must find ways to establish mutual understanding and trust with the Chinese. In order to do that, we must be open and frank, yet be prepared to explain if necessary our differences of opinion. I said it before and I want to say it today, again, that if we want to ask the Chinese Government to understand and trust us, we must understand and trust them. In this case, there is no one-way street. I want to pose this question to Members of this Council: Do we want a cordial and trusting relationship with China? Or do we want a hostile and confronting relationship with China? What is best for Hong Kong? Here, I also urge the Chinese Government, particularly those officials at the Hong Kong and Macau Affairs Office, to establish a dialogue with Members of this Council. This is why I have written a letter to Director LU Ping personally to try to convince him of the need to establish our communication channel. If I fail, it is certainly not for lack

of trying on my part. Hong Kong today is the largest investor in China; our economic relationship is very close. I hope our political relationship with China will flourish as much as our economic relationship. I am working on it. I hope I have the support from Members of this Council.

Mr Deputy President, I care about other subjects such as the economy, education, environment, transport, housing, social services, security and many other aspects that affect our lives in Hong Kong. I will find other occasions to address them. In this debate, if I can just make my colleagues think about the two subjects I have mentioned, I believe I have already achieved a lot. I am sure during the course of this debate, there will be critical comments about the Administration. I hope our officials will listen with care. In order to achieve the working partnership as mentioned by the Governor, you must face music and I am sure you will hear different types of music during the course of the next two days.

Mr Deputy President, I beg to move.

DEPUTY PRESIDENT: Before we start this debate, I have to invite Members' attention to new Standing Order 27(5) which limits a Member's speech to not more than 15 minutes. This limit does not, however, apply to a Member who is moving a motion or to an ex officio Member. A timer has been installed on my desk which will buzz intermittently 13 minutes after a Member has spoken in order to give a two-minute warning. The timer will buzz again when the time limit of 15 minutes is up but this time it will buzz continuously. I can only extend the time limit in exceptional circumstances under Standing Orders. So I would expect a Member to resume his or her seat as soon as the timer buzzes the second time, taking if absolutely necessary no more than a few seconds to complete what he/she has been saying. I propose to take a tea break at about 4.45 pm for about 15 minutes and to take a supper break at about 7.15 pm for about 30 minutes.

Question on the motion proposed.

MR STEPHEN CHEONG: Mr Deputy President, much has been commented on His Excellency the Governor's address before this debate. Many expressed disappointments over the lack of clear policy directions on areas which concern the people of Hong Kong. I believe, however, His Excellency was right to devote a significant portion of his

address to the two most important macro issues facing Hong Kong, namely relations with China and constitutional development.

Relations with China

China and Hong Kong have, over the past 40 years, developed a great difference over systems, lifestyles and values. It is totally understandable that Hong Kong people are worried over what will transpire after the change of sovereignty in 1997. Yet, whatever the odds, it must be every Hongkonger's wish to retain and maintain our lifestyles and values in the years ahead. The fact that China is different underlines even more the need to work closely with China so as to generate more mutual understandings. His Excellency advised us of the urgent need of establishing a harmonious and effective partnership with China at all levels, so that a smooth and successful transfer of sovereignty could be achieved in 1997. This is an advice we should listen to seriously, particularly for those who aspire to be the future leaders of Hong Kong.

Mr Deputy President, improvement of our relationship with China is not a political expediency; it is also now an economic necessity. Over the past decade, Hong Kong has continued to prosper largely because of our proximity to China which has enabled us to take full advantage of China's economic reform and open door policies. Given that the world economic situation is likely to be in a prolonged sluggish growth pattern, to scale further heights in our economic development will depend very much on the business opportunities offered by China's continued economic reforms. I believe my views are shared by many local as well as international businessmen. I am therefore amazed when some of our political leaders warn openly against improvements of our relationship with China. I wonder if they are too engrossed with their own political ideologies to get to grips with reality.

Constitutional development

Let me turn to our new constitutional setup. I am in no doubt that the introduction of the directly elected Members into this Council would be a significant development in the constitutional evolution of Hong Kong. But this should in no way affect the principal functions of this Council, which are to serve the people of Hong Kong and to ensure that the Administration exercises its power properly.

The presence of directly elected Members, however, should not diminish the

importance of the contribution made by other Members. There are people who try to categorize Members only by their different ways of being chosen to this Council. This tendency could have counter productive effects on the operation of the Council and the relationship between Members. In this Council, we are all striving to achieve the common goal of serving the interests of the Hong Kong people. I am sure my honourable colleagues will agree with me that, in the four critical years ahead, the smooth operation of this Council can only be achieved by the joint efforts of us all.

I should like now to turn to some of the problems which require our immediate attention.

Hong Kong Convention and Exhibition Centre

As a member of the Trade Development Council, I would like to reflect my own and fellow members' disappointment at the lack of progress on the proposal to build an extension to the Hong Kong Convention and Exhibition Centre. This proposal was first put forward to the Government by the Council in December 1987. His Excellency gave his endorsement to the plan as it formed part of his bold vision of the future as outlined in his address to this Council in the year 1989.

Two years have now passed and the bold vision of 1989 has faded and appears as if it may disappear in the face of what Baroness DUNN has recently described as a "government inertia". In the meantime, however, the success of our Convention Centre has been well noted by our competitors in this field and new and expanded facilities are being developed in major cities throughout the region. If Hong Kong do not act now, we will lose our economic competitive edge to cities like Bangkok and Singapore. I therefore urge the Government to break away from its "inertia" and give the approval to build the extension immediately. After all, TDC do not expect any financial assistance from the Government on the project. All we need is the word to go ahead.

Inflation

The Governor has rightly pointed out that inflation continues to be a major concern. He also warned that there was the real danger that inflation would remain at too high a level if we did not tackle some of the obstacles to economic growth, chiefly the acute shortage of labour in some sector of our economy. Partial solution has been proposed and implemented, by importing a limited number of foreign workers. Yet even this partial solution has raised strong objections from our own labour force.

The Governor has spoken about the Government's responsibility to our labour force, about safeguarding their interests from importation of labour, and the provision of statutory protection in respect of health safety, employment conditions and compensation. Yet in spite of this, one notices a glaring omission on an important duty which the Government should have taken up long ago -- the retraining of our labour force.

The transformation of our economy has been largely predicted and yet no strategic planning has been initiated by the Government to retrain our workers to take advantage of this anticipated change. The painful reality which Hong Kong now faces is that the only short-term solution to ease inflationary pressure will be to increase the intake of foreign workers and the urgency of such measures will become more apparent with the launching of the PADS projects. However, such measures must be taken in the wider context of a long-term strategy for balanced growth in both the economy and the labour force. The development of this long-term strategy, which must be a responsibility of the Government, should include plans for the retraining of local workers as well as the upgrading of some of the manufacturing industries. Ill-conceived stop-gap measures, on the other hand, will only aggravate the problem and prolong our pains.

The spiralling costs of residential property

The spectacular run-up in residential property prices this year has also caused public concern, not just for the psychological fear of further inflationary pressure, but also the possibility of social instability generated by the frustration of genuine would-be home buyers. The price of residential property units is set at a level that is even out of reach of the so-called middle-upper class. Let us take a 500 sq ft flat for an example. Given the market price of \$3,000 per sq ft, many young couples will find it difficult to afford even they make \$30,000 a month. It is unavoidable that the people who have worked so hard for their savings become frustrated when they finally realize they could hardly buy their own homes in the property market.

One way, Mr Deputy President, to ease the current price spiral is for the Government to review the existing procedures of granting consents by the Registrar General so that more flats will become available quickly to cope with the demand in the property market. Perhaps the Government can consider a centralized committee comprising various government departments to work on the applications so that it could

be done in an effective way and modify the procedures of granting consensus to residential unit in a much smoother and quicker way. Secondly, the Government should start negotiating within the Land Commission so that there would be more land available for housing development. Thirdly, schemes should also be devised to provide preferential treatment for people who are genuine first-time home buyers. Given the many statistics many government departments keep, I do not see any difficulty whatsoever in trying to come up with a scheme that would at least take care of the genuine home buyers' interest.

Law and order

Another issue which has most recently become a hot topic of public discussion has been the continued deterioration of law and order. The latest figures released by the Royal Hong Kong Police Force indicated that there had been a dramatic increase of robberies involving firearms in the third quarter of this year.

In his address, the Governor did not find any comfort in the recent increase of violent crime and spoke of a real cause of concern. He also reminded us that robberies involving firearms or imitation firearms had increased threefold in the past five years.

The Administration has assured Members that such crime would not be tolerated and that determined measures would be taken to prevent it. Honourable colleagues will no doubt agree that we have one of the best police forces in the world and that its ability to deal with crimes when they occur remains as good as ever.

What we are concerned about, however, is not the ability of our police force to deal with crime. Rather, I think we should be concerned about the social causes which may drive people to such desperate crime. Are they related to the approach of 1997 or to pressures generated by a long period of sustained inflation? Some may blame illegal immigrants for the increase in armed robberies. But does that reflect the truth or simply a convenient excuse to cover up our own internal social ills?

It is understandable that people tend to choose an easy way out when facing difficult problems. But as a responsible Member of this Council, I believe it is our duty to get to the roots of every problem and try to find a solution. Much of what we can achieve depends on the initiative and the determination of the Government as well as the co-operation of the Members of this particular Council.

Mr Deputy President, our society needs more than what the Administration promises or even what we as legislator promise, if we are to face the challenges of the coming years. And one of these needs is security -- security against violence and hardship, and security of a home of one's own.

With these remarks, I support the motion.

MRS SELINA CHOW: Mr Deputy President, in his address, the Governor spoke of the great changes that are upon us, and are likely to dictate the course of our development, suggesting that the success or failure of that development depends on the way we "manage" that development.

Here, I would attempt to examine the impact that these changes have had and are likely to have on the heart and mind of Hong Kong, and venture to put forward some suggestions of my own as to how we might "manager" these difficult and yet challenging years ahead and some obstacles that stand in our way.

By focussing on the three crucial areas highlighted in the address, we run the risk of identifying them in separation, and seeing them as the only factors that demand our concentration and attention, without recognizing the vital relationship between them, or the other important elements in the broader picture which may play an equally important part in enabling or limiting us to chart our way through the transition.

Many have criticized the address as broad-brushed, lacking in vision, conviction and leadership, and short of specific and concrete proposals that many were hoping to hear from the Government.

While I accept the explanation that the change of approach could be justified somewhat by the belief that it was not the time or place to be bogged down by the mundane and the nitty-gritty, I do however detect a tone of resignation through the acceptance of a reality which cannot be described as rosy.

Rarely would an Administration have to go to such lengths to explain the consequence of its powerlessness, and to place the burden of effective government on a co-operative partnership which is at present non-existent, and the establishment of which cannot be taken for granted easily, for surely a successful partnership

should at least be founded on a common objective to further the same cause. Well, there are many causes being championed and represented in this Council today, given the varied background and constituencies of the Members, but from what has been expounded by Members in general and the directly elected Members in particular, they see their primary role to be the check of the Administration on behalf of their constituents, which cast them in the role of discerning customers and consumers of the public services and those providing the services in the Government. There are conflicting interests at play here, and it is not conducive to strong and successful partnership.

Another consequence of changes to the make-up and operation of this Council is the demoralizing effect it may have on our Civil Service, which, for all its sins of being bureaucratic and autocratic even at times, has served Hong Kong well, in fact very well, in providing the framework in which business and freedom thrive. In fact in spite of many advantages that an increasingly open system brings, there have also been complaints on the increasing reluctance of senior civil servants to take decisions. "Act not, err not" , so a Chinese saying goes. The inertia that is prevalent in any big clean bureaucracy is about to be given a new lease of life. More pressure from what they regard as the opposition would only provide further excuse for the surrendering of the will to govern.

With the shift in power and influence, we can already detect a shift in the emphasis within our Civil Service. Politics has come to the fore. Much more effort is now going to form and presentation. One has only to note the time and effort that senior civil servants devote to the task of lobbying, and the elevation of "media relation" on their priority lists, to come to the conclusion that bureaucrats are taking public relations as seriously as the politicians do. In fact I have it on good authority that apart from the United Democrats, no other political group or individual conduct more briefings, on and off the record, than the Administration.

It is therefore logical and desirable to strengthen links between this Council and the Administration through common membership of Legislative Council and Executive Council. Such links have worked well for Hong Kong, and have taken on a more valuable dimension with the evolution of our system.

Whereas in the distant past policy-making was more a top-down affair, it has become increasingly evident that this important responsibility was not readily accepted and appreciated if views and aspirations of the community were not fully

taken into account. This has formed the basis of the enormous network of advisory committees. Today with the expanding representativeness of our constitutional structure, there has been a re-think, I am given to understand, on the role to be served by these advisory committees. Instead of acting as political and technical advisors as before, they are now supposed to be specialists and technical experts serving the Administration so as to enable it to examine issues and problems in more depth and with more perspectives, leaving the task of political assessment to the politicians. I do not recall any statement and explanation of this fundamental change in the policy of the establishment of advisory committees. This omission may have given rise to the suspicion that it is the Administration's intention to "Divide and Rule", a notion that can easily be dispelled by the sharing of information and advice and, most importantly, the basis for such advice tendered by the relevant committees with non-government Members.

Now that the grounds for decisions rely more heavily on the formal constitutional structure, it becomes inevitable, indeed essential, for the Executive Council to listen to this Council before major policies are taken. As policy initiatives are the exclusive authority and responsibility of the Administration, it is reasonable to assume that a certain position has been adopted, with much work and thought behind it, when a recommendation is made by the relevant Secretary to the Executive Council. The non-government Members on that Council tackle the recommendation from the perspective and the interest of citizens, balancing the acceptability of policies with the maintenance of effective government by acting as critical advisors to the Governor in the process approving, rejecting or shaping recommendations. Having exercised that very important power, Members must accept the responsibility of decisions that have been taken collectively if the integrity of the Executive Council as a body is to be preserved.

A lot has been said about the United Democrats' refusal to serve on the Executive Council. Some have criticized the Governor for not appointing any of its members into the Executive Council. Personally I cannot accept the rationale given by the United Democrats that if they were to abide by the rule of collective responsibility, it would damage their chances of being returned in the 1995 elections. Such an argument can only be substantiated by the assumptions that the people of Hong Kong place no trust in the Executive Council or their elected representatives. Whereas I would agree that questions, and even suspicion, arise from time to time regarding decisions taken, by and large both the Administration and the Executive Council enjoy the trust and support of our people. It is a great pity that our elected

representatives choose to put their political survival above the need to involve themselves in the decision making process, an essential step in their quest to serve Hong Kong.

Not only are they unwilling to take on that responsibility, they are in fact advocating the total separation of the two Councils. This is a fundamental change in our system of government which will have far-reaching implications, one of which will be a much more confrontational style. The pressure that results from such a style may create more sound and fury, but may have more negative than positive effect on the process of policy-making. It is more likely to undermine the already fragile will to govern. However, I am prepared to be open-minded about this question which demands our urgent study and debate.

We have to constantly remind ourselves that in pushing forward our constitutional development, we are walking a tight-rope. Given the unique arrangements for our future, we do not have the luxury of a lot of room. It is only by exercising the greatest caution that we would not fall. We may want to get it over as quickly as we can, but missing half a step could be fatal. We cannot afford to be reckless. We are not alone. We are the pivot on whom the weight of Hong Kong hangs together. It has to be a united balancing act.

Yet so many forces are acting against that unity. With all the uncertainty that is surrounding us, we have undergone a serious haemorrhage of trust in and between ourselves. We want to convince ourselves that there is a sinister motive behind every move, a conspiracy at the back of every compromise. Such suspicion breeds the tendency to reduce people and issue to unfair and untrue over-simplifications. I watched with horror some of the tactics used by so-called "liberals" to throw doubt and suspicion on the integrity of candidates who are labelled pro-China. I watched with even more horror when voters fell prey to such tactics. Viewed from the perspective of Beijing, what was the September election if it was not an anti-China, anti-Beijing campaign? After all that, can we really wonder why Beijing does not recognize this Council? The seniority of some of our political leaders must be called to question when they pay lip service to the need to communicate with China, after they have worked so actively, and in my view savagely, to destroy the chances of participation of pro-China candidates in the Legislative Council.

I am afraid the bias against this Council must by now be deeply entrenched in the minds of the Beijing leadership, and this will work against bridging the gap

between Hong Kong and Beijing. Nevertheless circumstances will ensure renewed efforts on the part of Members of this Council to break down obstacles to communication and understanding, and I hope the need for this will be recognized by China, as it is in the interest of Hong Kong and China that such obstacles are removed wherever possible and in the nearest future to facilitate a smooth transition.

Last Sunday I attended a conference on Policy and 1991 Elections in Hong Kong, organized by the City Polytechnic. Apart from the invaluable information and analysis presented by a number of eminent social and political scientists and scholars, the one recurring message that struck me was the ambivalence that characterizes the psychology and emotion of our people regarding our political situation. It confirms the conclusions that I have drawn from my own experience and contacts. I hope China will recognize it, come to terms with it, address it and not dismiss, suppress or counteract it.

The ambivalence goes like this: 1997 looms large. Hong Kong has been promised a high degree of autonomy through the concept of one country two systems. The good will that existed before June 4 is wearing thin at the moment. China's attitude and public stance has indicated a hard-headed refusal to acknowledge, let alone address, the concerns of our people; China's insistence in cutting our people out of any negotiation with the British over our future has put her on the opposite side of our people. In spite of all this, and in spite of the fact that we may hold different views as to how Hong Kong should be administered in the future, our people recognize and accept the racial, social and cultural ties that exist between us and China, and the reality of 1997. We accept the Basic Law as foundation, but as the concept of one country two systems is so new and unique, we would hope that China is reasonable enough to make changes to the Basic Law according to the wishes and aspirations of our people so long as the long-term and overall interest of Hong Kong is not jeopardized.

It is in this spirit that the views on the Court of Final Appeal are presented. It is futile to look back and ask what went wrong, except to recognize that it did. It is still not too late to rectify it. To do so would be a tremendous boost to confidence, not only of our people, but of all those who choose to live and do business here in future.

Between now and 1997, there will be so many more issues that the Chinese and British Governments are likely to discuss our future. It is wrong and unfair to leave

Hong Kong out in the cold.

MRS RITA FAN (in Cantonese): Mr Deputy President, in this year's policy address, I am most impressed by the term "partnership". This term appeared four times in reference to the relationship between this Council and the Administration and again, it was mentioned twice in the section on relations with China. It seems that the Governor, in stressing repeatedly the term "partnership", believes firmly that the establishment of such a relationship is the underpinning of the further development of Hong Kong.

I basically agree to such a view. However, a successful partnership hinges firstly on the sincerity of the two parties concerned to understand the situation of their counterparts and to seek, through rational and objective discussion, the best way out. If such a partnership is to sustain, both sides must have mutual trust, believing at least that there is a common objective shared by them. Should one party form a preconceived, prejudiced or distorted view on certain people or events from the outset, or should it merely care to protect its own interest, or purposefully vilify others to raise its own reputation, the relationship between the two sides, even if they are partners, is strained and doomed to "failure". Such "failure" can still be tolerated if it only affects an individual person, an individual organization or political party. However, if the consequence has to be borne by the general public, the price is really too great and the public is unjustly victimized.

As a Member of this Council, I am obliged to strive for the most pragmatic and effective "partnership" for the community. I believe that this is a common goal by other colleagues of this Council and government officials. I further hope that Chinese officials and leaders and those who are influential in matters concerning the relations between Hong Kong and China also share the same view. We should free ourselves from all preconceived views as well as from the entanglement of power, interests and prestige. We should avoid politicalization of events and adopt a reasonable and pragmatic approach through serious consideration of the practical situation and sincere co-operation.

Mr Deputy President, the Governor has expressed the wish to establish an effective working partnership. It is a step in the right direction but the path is not a smooth one. Partners may have diverging points of view and there may also be ideological differences. Arguments are therefore inevitable and the public need not be too

anxious about this. To cite an example, government policy, I believe, will draw severe criticisms from many of my colleagues in the debate today though I have not read their draft speeches beforehand. They will criticize the Administration for the lack of effective solution to problems such as inflation, property speculation and public order. But in fact such practice is very common in the parliament of any democratic countries and does not necessarily mean that Members take a negative attitude toward all government policies. By doing so, they want to show that they are accountable to the public, make their positions known as well as exert pressure upon the Administration. It is important that members of the public should understand such a relationship, or they may easily get the wrong picture. The efforts of this Council aside, I must say that the mass media has also a role to play in helping the general public to achieve a better understanding of the situation.

In reviewing the administrative achievements made in the past few years, I feel that a lot of time has been spent on handling of political issues. Comparatively, problems related to the livelihood of people, such as the deterioration of public order, increase in the number of robbery cases, abominable acts of triad societies, rampant smuggling activities, low morale and insufficient manpower of the police force are neglected. Despite the fact that the Administration has given a lot of explanation and that the Secretary for Security and the Commissioner of Police have provided us with statistics to prove that law and order is in good state, members of the public cannot put their heart at ease. Eventually, having been urged by various sectors, the police carried out a series of successful operations in combating crime. However, there are still cases from time to time in which criminals flagrantly challenge the authority of the police. The police force needs strong support from the judiciary, the legislature and the Central Government to deal with the outlaws. The management of the force should also make efforts to utilize its manpower resources and to boost their morale. Both the public and Members of this Council, I believe, will not hesitate to support the demands for more resources and stronger police power if it is so required in maintaining law and order. However, any waste of resources caused by mismanagement and abuse of police power will not be tolerated. I welcome the determination of the Governor to combat crime and wish that this determination will be backed up by persevering efforts. I also hope that the Secretary for Security and the Commissioner of Police can truly regard Members of this Council as their "partners" and work with us in a sincere and co-operative manner to strengthen the public order and maintain the stability of our community.

We need prosperity besides stability. Prosperity should not only benefit a small

group of people but all sectors of our society. In the process of making wealth, the important role of industry other than the development of the financial and service sectors in our gross domestic product must not be overlooked. Since the labour and land costs are comparatively low in Mainland China, many Hong Kong manufacturers have moved their factories across the border. This is advantageous to both China and Hong Kong. But it also means that Hong Kong industry is undergoing a transformation. The Government and the industrial sector have consensus regarding the direction of further development of industry. A survey conducted by the Industry Department in May this year has clearly reflected that the industry of Hong Kong should move along the line of high technology and automation. Such kind of industry requires low density plants of which a major area should be used as offices. The present auction policy of crown land is such that industrial land is available to buyers who pay the highest price. The average sale price of land is ten times higher than the development cost borne by the Government. Many investors have been discouraged by the high cost of plant sites on top of the advanced machinery and massive investment often involved in high technology industry. If the Government wishes to maintain a strong industrial sector for Hong Kong, it should formulate a comprehensive strategy for our industrial development instead of evading its responsibilities under the excuse of "positive non-intervention". Actually, it is absolutely correct and necessary for the Government to prepare for the setting up of the Industry and Technology Development Council which is empowered to give grants for industrial research and development. But in my view the Government lacks initiative as it still cannot free itself from the concept of "non-intervention". I think that the Government should adopt a "positive and progressive" approach in its industrial policy so as to remedy our inadequacies, co-ordinate the existing services to tie in with the overall policy, encourage industrial investment as well as promote and assist in the transformation of local industry.

Technicians and professionals are indispensable if we are to successfully switch to high technology industry. In the process of industrial transformation, the present work force should have an opportunity to receive training and the resources required in this aspect should be provided by the Government and its "partner", the industrial sector. After training, workers will have improvement in respect of their working ability and capacity and therefore should receive better pay.

The major problem of our education lies in the inadequacy of resources. The expansion of degree courses in tertiary institutions, though itself a timely development, has somehow given additional strain to the limited education expenditure.

This burden will become heavier in the next three years. Improvements to primary and secondary schools will have to be subject to the constraint of resources despite the fact that they are already mapped out in policy. For issues under discussions such as training for teachers, it is all the more difficult to know when the proposals will be put into implementation. But have we ever thought of the impact on the quality of primary and secondary school students if the wastage of teachers in these schools is high while eligible candidates are not attracted to join the profession? How will this affect the quality of the new recruits in tertiary institutions? And in what way will it affect the quality of the professionals in the younger generation? How can the ingenious plan of the top floor of a skyscraper be realized if there are problems at the foundation? To maintain the quality of education, we must utilize our resources, open up more sources of income and reduce expenses. I raise this question today because I wish the Financial Secretary will be more concerned with the needs in education in his Budget next year. Education is a social investment and the foundation of economic prosperity. It should never be neglected.

Mr Deputy President, there is still time left before your timer buzzes. May I ask why, instead of the buzzer, the electronic devices on the galleries cannot be used, having regard to the fact that the digital display on the devices can serve as time indicators enabling Members to adjust their speed on delivery of speeches. But with the present practice, we almost jump out of our skin whenever your timer buzzes. May I again ask you, Mr Deputy President, to solicit the help of the Clerk to see if the devices can be of any use in this respect?

Mr Deputy President, with these remarks, I support the motion.

MR HUI YIN-FAT (in Cantonese): Mr Deputy President, while the Governor's policy address this year is noted for its succinctness and fluent style of writing, its first and foremost task as a yearly policy speech should be to concretely delineate policies implemented by the Government to meet future social needs. Regrettably, apart from stressing the importance of "partnership" between this Council and the Administration as well as between Hong Kong and China, there is a lack of direction in this year's policy address as far as our economy and the people's livelihood are concerned. As a consequence, no one can grasp from the address how the Government is to guide the community towards prosperity and stability in the next century. No wonder public opinion generally regards this policy address as an illustration that the "sunset Government" has no intention to make long-term commitment for Hong Kong's future.

To the people of Hong Kong who are feeling increasingly resigned and helpless, the entire speech brings no heartening news.

As a matter of fact, this is an era in which much importance is being attached to faith and commitment. The problems Hong Kong will have to face are not simply the rapid changes in constitutional development. Many external and internal issues also urgently require long-term solutions from the Government. I may even suggest that through the able administration of Hong Kong, people can be made to realize that the Government is working arduously with them to overcome the hardships of our times and to continuously create improved living conditions for the next generation. This can be more effective than high-sounding promises or even construction of the new airport in strengthening the local people's resolve to stay. That is basically what I would expect from the policy address, but the result is of course one of disappointment. Because of the time constraint, I would like to concentrate on talking about the Government's unrealistic attitude towards social welfare issues and on proposing practicable solutions.

First of all, I must clear up one misunderstanding, that is, many people think that now that a blueprint has been drawn up for social welfare development in the 1990s with the publication of the White Paper on Social Welfare into the 1990s and Beyond, professional social workers engaged in the provision of such services should be contented. It is wrong to have such an impression because the social work sector is always worried that the Government might relinquish its long-standing commitment to social welfare, especially in respect of financial provisions, in an attempt to raise revenue to meet huge expenses from future infrastructural projects, as well as to contain the growth of public sector expenditure to combat inflation.

In order to show that my worries are not entirely unfounded, I specifically asked the secretary of the Social Welfare Advisory Committee (SWAC) to provide some statistical information before the Governor delivered his policy address. Information shows that five of the projects/programmes endorsed by SWAC involving some \$10 million in this financial year have been put on hold because of a lack of funds. The number of aborted projects will be increased to 19 by 1994-95, amounting to as much as \$228 million. In other words, procrastination will only make it more difficult to solve problems.

As Honourable Members will be aware, it is no easy task for a policy or project to be endorsed by the committee responsible for fund allocation. Moreover, policies

formulated to meet new social needs are generally urgent in nature and may become things that are no longer of interest or relevance should funds be not forthcoming. This may also give the Government an excuse for non-implementation. Therefore, I sternly urge the Government to state whether it is sincere in implementing welfare and investment plans which are designed to be "protective of its disadvantaged members". If not, why not simply say so? There is no need to make "pretentious promises" repeatedly while frantically seeking excuses for buck-passing!

The social welfare sector has never ventured to suggest that the Government should cut back on school places, hospital beds or public housing programmes to make available more funds for welfare services. This is because we know perfectly well that in the eyes of the Government and the public, social welfare only plays second fiddle to education, medical services and housing both in importance and in the allocation of resources. This being the case, I hold out no extravagant expectations but only urge the Government to revise the allocation ratio of the Mark Six lottery proceeds so that the Lotteries Fund designated for welfare use can generate more revenue. However, the Lotteries Fund's share of the Mark Six pool was secretly reduced from 5.75% in the early days to 1.5% in 1985, despite the fact that the public coffers were showing a surplus. It was only after repeated calls from the welfare sector that the Government finally raised the percentage to 3.5% in 1987, which is still lower than the original level. This is just like grabbing rice from a beggar's bowl.

At present, the apportionment of the Mark Six betting pool is as follows: 59% goes to the prize money, 30% goes to betting tax, 7.5% goes to the Jockey Club as commission, and the remaining 3.5% is allocated to the Lotteries Fund. In fact, the Government should feel ashamed that it has to rely on the proceeds of Mark Six lotteries for welfare provisions. So it should be more generous in the allocation of funds so as to make Mark Six lotteries truly a charitable enterprise.

What is particularly infuriating is that the Government had purposely delayed allocations from the Lotteries Fund at that time to fool the public, making them believe that the Fund had a surplus because there were few applications from the agencies. But facts speak louder than sophistry. According to the 1991 Budget's revised estimates, the Lotteries Fund had a deficit of \$64 million last year, which is expected to increase to \$107 million this year.

If we may put it this way, the Government's tricks were not only attempts to

deceive the public, but also a waste of social resources. Five years ago, a voluntary agency with a shortfall of \$350,000 to implement a programme approved by the Social Welfare Department applied to the Lotteries Fund for the sum, but the application has not been approved till now. Meanwhile, the estimated cost of the programme has risen from the original \$850,000 to \$3 million as a result of inflation. Cases of this kind are in fact very common. I hope the Administration will earnestly review and improve the existing arrangements for the allocation of funds to voluntary agencies.

On the other hand, I also hope the Government will seriously consider the proposal I put forward during the Budget debate in March this year, that is, the Government and the Jockey Club should cut back their shares in the Mark Six lottery proceeds by 5% and 1.5% respectively so that the portion designated for welfare purpose can be increased to 10%. Half of the Fund will be used on non-recurrent investment items as before, while the other half will be saved as capital, with its interest earnings allocated to service improvement programmes endorsed by the Social Welfare Department. I believe this will be more effective in increasing the income of the Lotteries Fund than a pilot scheme to expand the sales network of Mark Six tickets proposed by the Hong Kong Lotteries Board. This can also ensure a stable source of income for social services without any extra "social price" to pay. Mr Deputy President, as Chairman of the Lotteries Board, I am sure you are very familiar with the procedure and are well aware of the need.

Lastly, I would like to reiterate that the social welfare sector is by no means gluttonous. We only want to get back the rights and resources we deserve so as to ensure a stable development in social services and the supply of manpower. This has been my sustained objective since I joined the Legislative Council in 1985. May I appeal to the Government, in particular the Financial Secretary, to seriously consider the above proposals now before improvements can be made when presenting the Budget in March next year. If the Government does not heed my demand, I shall invoke the power vested in the Legislative Council under the Betting Duty Ordinance (Cap 108) and amend the allocation ratio of the proceeds of Mark Six lotteries by way of a by-law. I am confident that many of my honourable colleagues will support such a motion. While I shall be extremely reluctant to take such a step, I think our tolerance has already been stretched to the limits after the Government has taken six years to consider and delay the issue. It is only fair and reasonable for the Government to give a fair account to the public.

Sir, with these remarks, I support the motion.

MR MARTIN LEE: On 15 September, Mr Deputy President, the people of Hong Kong exercised for the first time a right long denied to us by the British colonial government: the right to democratically elect our own representatives. In this election, the only major issue that separated the democrats from their opponents was, quite simply, democracy. The democrats argued that Hong Kong must fully adhere to the Joint Declaration and establish a democratic system now, even if this meant standing firm against pressure from Beijing. Our opponents, however, contended that it would be better for Hong Kong not to confront China and limit democracy within the constraints of the Basic Law.

The choice posed to the people of Hong Kong was therefore clear; the choice made by our people was even clearer. In the elections, the people of Hong Kong voted the democrats to a landslide, 16-out-of-18 victory and sent out an unmistakable message: we desire democracy as deeply and urgently as any other people in the world.

Our people have spoken loudly and firmly: We demand our right to rule ourselves and to manage our own affairs. We demand the full autonomy that was promised to us in 1984, and we will not compromise in our fight to see the Joint Declaration fully upheld. In short, we demand Hong Kong people ruling Hong Kong with a high degree of autonomy: .

I am afraid, however, that the colonial government has deliberately ignored this crystal clear message. In the Governor's speech, he did not even so much as mention our first ever democratic election; and, in failing to address the demand of the Hong Kong people for democracy and autonomy, he has betrayed a high-handed contempt for popular aspirations. Yet, in the long run, the Administration ignores the people of Hong Kong only at the expense of its own credibility and effectiveness.

The Administration's failure to address those issues of greatest concern to the people of Hong Kong is made clear by the whole series of subjects the Governor chose not even to give a single mention. The Administration does not care that we are losing some 60 000 people a year through emigration. It does not care that the people of Hong Kong believe their post-1997 constitution, the Basic Law, falls far short of the promises contained in the Joint Declaration and is in need of extensive amendment. Nor does the Administration care about retirement protection for our workers or

deposit insurance for those with their life savings in banks.

Given the disregard of the colonial administration for the interests of the people of Hong Kong, the duty falls upon Members of this Council who serve as the people's representatives (whether democratically elected or not) to stand up at all times for our people's true interests. It is this goal of fighting for Hong Kong's interests that the United Democrats of Hong Kong have set for ourselves.

The election has made clear that the majority of people in Hong Kong agree with our ideas. Yet, the process of serving as elected representatives has only just begun. I encourage all citizens to continue to give us your ideas, to criticize us, to tell us what you agree with, and to ensure that we do indeed represent you. We will only be as effective a party as you make us. To ensure that we are acting in your interests and to help solve your problems, we are in the process of opening Members' ward offices in every constituency, and I encourage all our citizens to visit our ward offices and make your views known to us. Our financial resources are extremely limited, and we still have much to learn as a party; yet, we promise that we will work to the fullest of our abilities to serve you.

During the next two days, the members of the United Democrats in this Council will set forward our vision of the future and the road map to our goals. We are firmly committed to capitalism and wish to see a free and vigorous economy with healthy competition in all sectors. At the same time, we wish to see a greater degree of fairness and concern for all members of the community reflected in the economic and social policies of the Government. I refer in particular to the need to alter the present emphasis on regressive indirect taxes, to fight inflation, to establish retirement protection for the elderly, and to ensure that the pace and scope of the new airport construction will not adversely affect our obligations to provide social services to the community. My colleagues will go into these and other aspects in detail today and tomorrow, and we hope that we will be able to work with other Members of this Council and with the Administration to achieve our policy goals.

As for myself, I will focus on three major areas: democracy, the relationship between the executive and the legislature, and the role of Hong Kong in the Hong Kong-China-Britain triangle.

During the election campaign, no issue was more important to the people of Hong Kong than democracy; even pro-China candidates were quick to place democracy at the top of their political platforms! Yet, the Governor now blusters that the pace of

democracy depends on how well the new legislature works. I wonder how many times throughout history have unelected kings and despots repeated this pretext to deny democratic rights to their subject!

MR ANDREW WONG (in Cantonese): Mr Deputy President, can I ask Mr Martin LEE to clarify one point? He just mentioned that there were some "pro-China candidates". What is meant by that? He also said that the United Democrats of Hong Kong had won many seats and democrats had taken 16 seats. Who are the 16 democrats?

DEPUTY PRESIDENT: Mr LEE, under Standing Orders it is up to you whether you give way to Mr WONG who has asked a question seeking to elucidate certain points you have made. It is entirely for you whether you wish to do so.

MR MARTIN LEE: I would also like to oblige provided time does not run against me.

DEPUTY PRESIDENT: I think this would be an exceptional circumstance; the time taken will not count towards the 15 minutes.

MR MARTIN LEE: I think, for most people in Hong Kong, when we say pro-China candidates we really mean pro-communist candidates; and as for the 16, I regret to say that, in my estimation certainly, these 16 will not include Mr WONG. (laughter)

MR ANDREW WONG (in Cantonese): Mr Deputy President

DEPUTY PRESIDENT: Before we have another interruption I think it is for Mr LEE to say whether he is prepared to be interrupted again.

MR MARTIN LEE: The other one is no longer a Member. If I may continue. For the British Government to follow such a line in Hong Kong displays an extraordinary degree of hypocrisy. Just two weeks ago at the Commonwealth Conference, the British Prime

Minister, Mr John MAJOR, asserted, "The bedrock of what we must do must be the general application of democracy and human rights. That means the rights of our citizens to choose freely who governs them." I wonder when was the last time that Mr MAJOR looked in his own backyard. Though the British Government continues to assert that it is no good to establish a democratic system that may not survive the 1997 transfer of sovereignty, Britain's argument loses all credibility when the people of Hong Kong have so overwhelmingly elected representatives who have run on a platform for democracy right now even at the risk of displeasing Beijing. If we in Hong Kong are prepared to face the risks of establishing democracy now, what possible reason does the British Government have in denying us this most fundamental of rights?

I therefore call upon the British Government to ensure that, consistent with the OMELCO consensus, at least half of this Council be democratically elected by 1995. And, I call upon the Chinese Government to amend the Basic Law in accordance with the clearly expressed wishes of the people of Hong Kong. In the meantime, the Administration needs to take positive steps such as making the district boards and municipal councils fully elected and radically reforming the highly undemocratic functional constituencies.

As for the relationship between the executive and legislative branches, I welcome the Governor's call for partnership; yet this partnership must be based on the mutual respect of equals rather than the previous system under which Legislative Council served very much as the servant, if not a rubber stamp.

Yet, several barriers to a healthy relationship between the executive and legislature still remain. And they must be removed as soon as possible. First, the Governor should relinquish his powers as President of this Council in order to accord with the reality of separation of powers. Second, the Executive Council must no longer insist on controlling all Legislative Council staff and research through the OMELCO Secretariat. All Legislative Council staff should be responsible to the politically neutral Deputy President of the Legislative Council rather than to the politically partial Senior Member of the Executive Council who is bound by the so-called rule of collective responsibility. As long as staff are hired and fired by a politically partial person, staff will not be able to provide impartial service to Legislative Council Members. If the Legislative Council is to become an equal partner, we will need to develop our own independent research capabilities, for to rely on the Administration for all information cripples our ability to effectively monitor the Government's policies.

The Hong Kong-China-Britain Relationship: My final subject is the role Hong Kong is to play over the next six years in the context of the triangular Hong Kong-China-Britain relationship. The election campaign made clear the unhappiness, even despair, of the people of Hong Kong with the way in which Britain and China continue to force upon Hong Kong agreements that we find unacceptable. I am afraid that, the Joint Liaison Group is increasingly emerging as a Sino-British condominium government that is deciding Hong Kong's internal affairs without even consulting the people of Hong Kong -- not to mention securing our agreement.

This development is largely a result of the degree to which Britain and its colonial administration here have been willing to facilitate Beijing's desire to increase its pre- and post-1997 control over Hong Kong. Beijing's strategy to block the development of autonomous self-government in Hong Kong is marked by three basic elements. First, limit the number of democratically elected members in the Legislative Council. Second, block the development and powers of the Legislative Council. And, third, deprive the Hong Kong Government as a whole of its autonomy by negotiating with the United Kingdom Government whenever possible. At each level, the United Kingdom Government is acting in concert with China for the main reason that China's aims neatly coincide with Britain's own aim of not allowing opposition to its sell-out of Hong Kong to become too visible to the world over the next six years.

Faced with such a cosy understanding between Britain and China, what can we in Hong Kong do in order to realize our right to democratic local self-government as promised in the Joint Declaration? First of all, we must try to explain to the People's Republic of China the consensus view of the people of Hong Kong. We must persuade them that the fulfilment of the 1984 treaty is essential for the long-term growth and prosperity of Hong Kong, which in turn will contribute much to the economic growth of China. We in Hong Kong need to relay this message to China at all levels and at all times, while at the same time developing constructive communication with the People's Republic of China on the whole range of cross-border issues that are an inevitable part of the tightening economic nexus between Hong Kong and Guangdong. We must insist that a good Hong Kong-People's Republic of China relationship can only be built on the solid foundation of the Joint Declaration.

We must also adopt a firm and clear approach with the United Kingdom Government, and refuse to accept any United Kingdom decision that runs counter to our interests.

If we are to protect Hong Kong's interests and realize the high degree of autonomy promised to us, we must stand up and insist on the right to represent ourselves with China in negotiations on all matters relating to our internal affairs. The last decade has shown all too clearly that we cannot rely on Britain to negotiate for us. It is self evident that the sooner Hong Kong is able to negotiate for itself with Beijing, the better able we will be to deal with the Central People's Government after 1997.

The agreement on the Court of Final Appeal presents a vivid example. The power to invite overseas judges to sit on that Court is entirely vested in that Court, as is provided for in the Joint Declaration, and, indeed, the Basic Law; and the legislation necessary to establish that Court is exclusively a matter for this Council. Yet, the Joint Liaison Group, without even consulting this Council, reached an agreement on the Court by twisting the clear language of the Joint Declaration and the Basic Law and is therefore entirely unacceptable to the people of Hong Kong.

I am pleased to see that virtually all Members of this Council have recently rejected the Sino-British agreement on the Court, thereby setting a very important precedent for the future. We must not relinquish our responsibility to make our own decisions on all internal affairs of Hong Kong, whether they relate to our judiciary, our infrastructure, our budget, or our pace of political reform. This Council must demand its right to be fully consulted throughout the JLG process, and we must make clear that no deal can be made without our approval on any matter other than ones relating to defence and foreign affairs. We should be briefed in detail both before and after any meeting between the Governor or the British Foreign Secretary and their PRC counterparts. This is not only our right but our duty as the representative body entrusted with making laws, approving public expenditure, and monitoring the government in Hong Kong. Though China still does not recognize us and Britain refuses to consult us on many important issues, our conscientious use of our own legal powers will render such recognition inevitable.

As for convergence, it is indeed a very desirable thing if, but only if, the promises enshrined in the Joint Declaration will not be whittled down. Take, for example, the freedom of speech and association. Ever since the signing of the Joint Declaration in 1984, China has repeatedly and openly indicated that it does not approve the way in which these freedoms are being enjoyed here in Hong Kong, and suggesting that the Hong Kong Government should do something about it. But true convergence means that our present lifestyle will continue unchanged after 1997. And

the Government must ensure that all our people will enjoy all the freedoms which our law now permits.

The 15-minute limit was up.

DEPUTY PRESIDENT: Under Standing Orders I can only extend time in exceptional circumstances. So I fear I've got to ask you to resume your seat; if you can finish in just a few seconds, I will be a little flexible.

MR MARTIN LEE: Mr Deputy President, I will take about 30 seconds. But I was interrupted.

DEPUTY PRESIDENT: We have excluded the interruption time.

MR MARTIN LEE: A year ago, I asked the people of Hong Kong to walk with the United Democrats along the high road, and it gives us great strength and optimism to see that so many have chosen to do so.

Our people have spoken through the ballot box, and given the United Democrats a mandate to keep Hong Kong moving forward on the high road. We reach out to all Members of this Council to join us on this road.

We are confident that if we walk together, we will reach the promised land.

MR EDWARD HO: Mr Deputy President, on the first page of his address, the Governor stated that we are over half-way between the signing of the Joint Declaration and the reversion of Hong Kong to Chinese sovereignty in 1997, and that "Hong Kong's relationship with the People's Republic has a new, closer and more significant stage". This close relationship is absolutely vital for a smooth transition to 1997 and beyond.

Despite criticisms from some quarters, the signing of the Memorandum of Understanding signified not only that the work for the new airport can now go ahead,

which is a great investment for Hong Kong's economic future, but, more importantly, the end of nine months of open differences between the Chinese Government and the British Government on how Hong Kong should be run during the second half of the transitional period. During that time, Hong Kong was caught suspended and immobile in the middle. Now, there exists a possibility that the Governments concerned would work together to ensure a smooth passage to 1997 and beyond. Our community's approval can be seen in the general uplift of confidence in investments in the stock market and in real estate.

Throughout my own election campaign, I have stressed again and again the importance of increased consultation, dialogue, and co-operation at all levels with our counterparts in China. I have considered that the rapid growth in the Pearl River Delta Area of China and its intricate economic partnership with Hong Kong as being the single most positive element that will ensure a viable future for Hong Kong. This partnership, born of mutual benefits, is one that we must continue to foster.

During the election campaign, I have also noticed that no candidate has suggested a confrontational stance with China. As all of us desire a better relationship with China, I am somewhat disappointed that some Chinese officials have steadfastly refused to recognize the existence of this Council. But, rather than being discouraged, we must strive to demonstrate by our words and deeds that we exist as a Council to serve the interest of Hong Kong and that interest can only be for the good of China as Hong Kong will be a special administrative region of China after 1997. I firmly believe that, with goodwill and patience on our part, we as Members of this Council will achieve open dialogue with China. There will be times that our opinions on particular issues would be different from those held by the Chinese authorities. At such times, we must act responsibly in reflecting our views but in such a way that we are not confrontational and that we seek mutual understanding of the problem.

Inflation

As recently as 1986, inflation was at 3%. In August this year, inflation was at 12.7% which, though dropped slightly from 13.9% in April, was still unacceptably high. Inflation has become public enemy Number One. We were given to understand that the Financial Secretary will present proposals to curb inflation as a response to this debate. I look forward to that though we have been warned that there is no "quick-fix" solution.

High inflation is a serious threat to the economic success of Hong Kong: it reduces Hong Kong's competitiveness and it discourages multi-national foreign investments. It has socially undesirable effects as those hardest hit are the lower income group and the elderly who have few means to shelter themselves from the erosion of their income and their savings.

Before we can find a solution to the problem of inflation, we must find out the cause. The recent high inflation coupled with very low unemployment points to high public and private spendings in a tight labour market situation. This has been established as the result of a structural transformation of Hong Kong's economic activities from that of a manufacturing base to one of services support for the rapid economic growth of South China as a major manufacturing base.

This structural transformation has affected Hong Kong in two ways. Firstly, South China's economic growth is a result of Hong Kong's outward expansion of manufacturing activities. This increased source of income for Hong Kong is not part of our GDP (thus our relatively low growth in GDP in recent years), and yet the increased wealth has boosted consumption. Secondly, service-orientated activities are essentially higher in costs, or lower in productivity. The two combined put a heavy strain on labour supply, when such supply has been further strained by emigration of skilled and professional people in the last few years.

Thus, the solution to the problem is either to slow down the trend of outward processing, which is clearly not feasible or desirable; or to adopt a human resource strategy that would alleviate the problem created by stagnant labour force.

Importation of labour is an emotive issue for our workforce. This is often complicated by confusion as to what it means and misunderstanding as to what it can do. It is to the interest of the workforce that inflation should be cured at its root cause; inflation cannot be cured by ever-increasing wages which will only fuel further inflation.

A human resource strategy to reverse the upward spiral of inflation should aim to maintain full employment and a steady wage growth. It should have the following features:

(a) It should be selective -- the categories of foreign employees to be imported must be carefully chosen so that they meet the particular demand of a certain trade,

profession or sector. It must be timed so that it only takes place when the need arises. For instance, importation of construction labour may have to take place during the full swing of the New Airport and associated infrastructure projects. On the other hand, despite the over-heated property market, the construction industry is relatively quiet at this time, as reflected in recent extremely competitive tender prices, which indicated that there is no particular need to increase the quota for importation of general construction labour at this time;

(b) It should not increase social costs: such costs as accommodation, welfare and repatriation should be borne by the employer;

(c) It should be carefully controlled so that full employment and a steady wage growth for local employees can still be maintained. The quota set for importation of a particular category of employees should be adjusted regularly to meet actual demand and employment rate. Wage should form an important criterion: this would avoid the concern of the labour industry over undue competition for jobs that would adversely affect them.

Inflation can only be fought with the concerted efforts of the establishment and the individual, the public and the private sectors, the employers and the employees. I therefore suggest that a Human Resource Strategy Working Group comprising representatives from the Government and the private sector should be formed to work out and monitor a comprehensive strategy of human resource to combat inflation.

The Government has a heavy responsibility for a stricter control of its spending. During the last three to four years, government expenditure has been growing significantly faster than economic growth. Moreover, the Government's spending has approached the historical high of 19% of GDP. This is a worrisome trend and is sure to contribute heavily to inflation because of its demand on domestic resources.

The Government should implement measured productivity. There should be ways to reward or penalize according to productivity as practised in the private sector. I also renew my call for serious examination into the possibility of privatization of Government-owned corporations, a good candidate being the Kowloon-Canton Railway Corporation. The Government should also look further into privatization or corporatization of service-oriented government departments.

Housing costs and inflation

Since the upward spiral of inflation had begun sometime before property price began its dramatic rise in the second quarter of this year, there is nothing to suggest that property price rise was the cause of our inflation problem. Indeed, measured inflation rate as in CPI(A) is based on rental rate which has not risen as much as property prices. Nevertheless, the sharp property price rise is a real concern to many, and has given rise to a host of suggestions to try to curb property speculation or even to suppress property prices.

I would welcome any effort to discourage unruly conduct at flat sales, and measures to provide better protection to purchasers including regulating, either by self-regulation or by licensing, the activities of property agents. However, any artificial means to interfere with the free market to bring down prices will damage irreparably the framework of our economy. In our economic system, we must let the market decide. On the other hand, the true free market force requires adjustments of supply and demand, while in Hong Kong land supply is controlled. The solution therefore has to be increased supply of residential land to restore the equilibrium of supply and demand. Government has announced an increase of more than 5 hc of residential land to be disposed within this financial year. I urge that an increased amount should be allocated for disposal next year; and a steady supply in future years to meet demand.

Since there is very little scope left for redevelopment in the urban area, land in the New Territories is the obvious source of supply. Private land in the New Territories is mostly agricultural land and would require planning permission and lease modification. This can be a lengthy process, sometimes requiring years to accomplish. To deal with this problem, the Government should:

(a) expedite the planning permission procedure and the preparation of Outline Zoning Plans for the whole of the territory which would form a clear basis for land use;

(b) streamline the process of lease modifications after planning permission has been given; and

(c) implement the necessary infrastructure so that private development can take place.

In addition to increased land disposal and land exchange, land originally designated for other uses can be re-zoned where appropriate as residential. To expedite the preparation of Outline Zoning Plans and planning permission procedure, more professional resources should be given to the Planning Department. I shall reserve my comments on the proposal to revise the Town Planning Ordinance when the subject is debated in this Council, but the proposal will rely on adequate professional manpower resources or serious delays to plans preparation and planning permission would occur.

Planning permissions often depend on the availability of infrastructure for a given area. The lack of infrastructure, such as adequate road network, especially in the northwest New Territories, has severely limited the development potential of vast tracts of land in that area. I have spoken on this in previous debates in this Council. I was pleased to learn from the Secretary for Transport during his recent briefing that the Government is at least willing to review the feasibility of advancing the timing of the construction of the north section of Route 3. In my opinion, serious considerations should be given to privatize this particular trunk road to facilitate early implementation. Route 3 and a rail link can open up vast development opportunities which would more than offset the capital cost of the infrastructural work involved.

As the Governor has rightly said in his address, this Council works as a whole regardless of which doors Members have entered by. I have often felt that the reasons the "Hong Kong System" works so well compared to many other countries is precisely because this Council is endowed with so many different talents and interests. Nevertheless, with two-thirds of this Council constituted of elected Members for the first time, we are certainly entering a new era. Members of this Council require the Government to be more accountable than ever before, as Members themselves are made accountable to the public. Furthermore, the public has been led to believe, quite rightly, that increased democracy will bring about a better legislature and a better government, which in the end will bring about a better way of living. Their expectations are high. Finally, I believe that there has been too much attention focussed upon the potential problems of the divisiveness of the new Council and too little to emphasize the positive. The fact that we come from different backgrounds, belong to different groups, or represent different interests should be a positive strength that can best achieve what is expected of us, which is to work with a common objective to further the overall interest of the Hong Kong people.

MRS MIRIAM LAU (in Cantonese): Mr Deputy President, the Governor has spoken at some length on relations between China and Hong Kong in his policy address this year. As a matter of fact, Hong Kong is urgently in need of establishing a good partnership relation with China in the latter part of the transitional period to achieve the goal of a stable transition to 1997. I strongly agree that the United Kingdom Government and the Hong Kong Government, Members of this Council as well as the public of all sectors should strengthen the communication with China and improve mutual understanding. However, genuine communication is based on sincere co-operation on both sides, mutual respect, faith and understanding. It cannot rely solely on unilateral compromise and concession, nor the wishful thinking of either party. Members of this Council always have the intention of strengthening communication with China. But communication is seriously blocked because the Chinese side has been firm on not recognizing the status of the Legislative Council. The recent remarks made by the Chinese side have shown that they have misunderstood the operation of this Council. In fact, this Council and the Legislative Council of the future Special Administrative Region are basically identical in terms of function. If the Chinese side insists on not recognizing the present Legislative Council and refuses to have communication with Members of this Council, I believe this will certainly have impact on the smooth transition to 1997. In order to tackle this difficult situation, both the Hong Kong Government and the United Kingdom Government have the duty to take the initiative to explain to the Chinese Government the function and importance of the Legislative Council and strive to change the attitude of the Chinese side to the Legislative Council.

Mr Deputy President, the continuous high inflation rate in recent years has serious impact on people's livelihood. It has become an urgent task for the Government to curb inflation. In May this year, the Administration launched a series of anti-inflation measures. Though these measures can help prevent inflation from going up further, the problem has remained unsolved. The Government must give active consideration to taking more effective measures to curb inflation. I wish the Government will come up with concrete counter-proposals in this respect in the nearest future. Earlier, the Government froze fees and charges and contained the rate of civil service pay adjustment. This is a correct measure to curb inflation. However, it takes a certain period of time for any measure to produce the expected result. In this connection, there should neither be any substantial adjustment on various fees and charges made frozen by the Government nor any form of levy to recover the frozen increase after the freeze period. I am happy to see that there is a slight

downturn regarding inflation rate in September. But the Government has to do more. I hope in future the Government can give careful consideration to the formulation of policy related to fees and charges and the handling of civil service pay rise and try to avoid stimulating inflation.

Mr Deputy President, we cannot rely only on the Government to curb inflation. Public utility companies have great impact on people's livelihood and they must co-operate with the Government in taking anti-inflation measures. In adjusting charges, public utility companies should have regard to their social responsibility and give active consideration to the inflation pressure on the public. They should not concern themselves only with profit making and make an increase exceeding the inflation rate. For those companies which have franchise, the Government should exercise effective control over fare level through the Scheme of Control on Profits related to public utility companies. On the other hand, the Government should also exercise its influence over statutory public companies like the Mass Transit Railway Corporation and the Kowloon-Canton Railway Corporation and try to persuade them to consider adopting a policy that is moderate and is not a stimulant to inflation when making fare adjustment. Under the constraint of legislation, the approaches available to the Government are rather passive. In June this year, the OMELCO Transport Panel of the last Legislative Council advised the Government to consider some measures, including making amendments to the existing legislation related to the above two statutory public companies, to strengthen control and require that the cautious commercial principle followed by the relevant companies should conform with the public interests. Hitherto, the proposals of the OMELCO Transport Panel have not been accepted or even responded to. For the interests of the public, I wish the Government can accept the proposals and put them into practice as soon as possible.

Mr Deputy President, the state of law and order of Hong Kong is also a major concern of Hong Kong people. In recent years, serious violent crimes, particularly robbery have been increasing. The newly published crime figures for the third quarter have recorded another height for such crimes. It is a worrying situation. I believe that the Government's recent redeployment of police manpower to increase the number of auxiliary police officers on duty is a correct approach to maintain law and order effectively. Moreover, the withdrawal of police officers from the administration of the High Island Detention Centre for Vietnamese boat people has allowed the police to have more manpower to take up patrol duties. This definitely has some help in maintaining the law and order of Hong Kong. I wish that the Government will hand over the administration of other detention centres managed by the police to other

discipline forces as soon as possible so that more police officers can be released to return to regular work of maintaining law and order.

Mr Deputy President, I fully believe that we have an efficient and responsible police force in Hong Kong. But since the law and order situation is worsening and the police force is always subject to challenge and tests, the keeping of police morale is very important. I think that the morale of the police force must be taken into account in adopting any policy. The Government also has to review and strengthen the equipment of the police force on a regular basis in order to boost the efficiency and confidence of the police force.

As regards the law and order problem in Hong Kong, the rampant smuggling activities across the border have drawn much attention. Since the implementation of the anti-smuggling legislation in April this year, anti-smuggling measures do produce expected results and smuggling activities across the border have significantly reduced for some time. It seems that this situation cannot last long and recently there are signs of resumption of smuggling between China and Hong Kong. In order to combat smuggling more effectively, it is necessary for the Anti-smuggling Task Force set up by the Government to expedite its study on strengthening anti-smuggling measures and increasing penalties on people engaging in smuggling so as to produce more powerful deterrent effects. We also have to rely on the co-operation between China and Hong Kong in combatting smuggling across the border. Communication between both sides has to be strengthened so as to ban such illegal activities as smuggling through exchange of intelligence and concerted actions.

Mr Deputy President, traffic congestion in Hong Kong has been a great trouble to people's livelihood. Hong Kong has a large number of vehicles but the surface area of roads is limited. Congestion on roads has brought grave impact on the efficiency of our economic activities. As the Government has plans to develop port and airport infrastructure, it will certainly help improve the traffic condition in Hong Kong in future. But it takes at least five to six years to complete the road work of relevant projects for use. The present chaotic traffic condition will be made even worse during the process of construction. From the present stage to the completion of the new road network, the Government must take better measures of road management to try to enhance the efficiency of road usage and to alleviate the seriousness of road congestion. The present situation of the old Harbour Tunnel is an example which illustrates the urgency of tackling the serious traffic congestion problem. With the completion of the Western Harbour Crossing of the Port and Airport

Development Strategy, the congestion of the old Harbour Tunnel will certainly be greatly alleviated. However, there are at least five to six years to go before the completion date of the Western Harbour Crossing. How can we tackle the problem of traffic congestion of the old Harbour Tunnel during the interim period?

Theoretically, the congestion of the old Harbour Tunnel should have been alleviated effectively since the opening of the Eastern Harbour Crossing and the Tate's Cairn Tunnel. The actual situation, unfortunately, is not as expected. Though there is progressive increase in the number of vehicles using the Eastern Harbour Crossing the congestion problem of the old Cross Harbour Tunnel has not been improved significantly. The problem shows that the Eastern Harbour Crossing has not been fully utilized by drivers. In view of that, the Government must make practical study on effective road management to improve the traffic flow at the entrance of the old Harbour Tunnel and its exit. It should also try to attract drivers to use means of crossing the harbour other than the old Harbour Tunnel in order to reduce the pressure on the latter. The Government should encourage vehicular ferry companies and the Eastern Harbour Crossing Corporation to make adequate promotion to solicit more drivers to use their service. I think that the Government should try to avoid using fare increase as a means to contain the number of vehicles using the old Harbour Tunnel. It is because past experience has shown that such approach has only temporary effect and it is not a long term policy to solve the problem of road congestion.

Mr Deputy President, it is very important for us to maintain the prosperity and stability of Hong Kong in the latter part of the transitional period. By strengthening communication and maintaining a harmonious relationship, both China and Hong Kong can help stabilize the condition of Hong Kong and allow Hong Kong to move smoothly towards 1997. However, the Administration should not neglect problems pertaining to economy, law and order and traffic that have impact on people's livelihood. When people's livelihood is safeguarded, people can live in tranquillity and work happily. This is the foundation of stability and prosperity of any society.

Mr Deputy President, with these remarks, I support the motion.

MR DAVID LI: Mr Deputy President, as Representative of the Banking Industry, I would like to thank His Excellency the Governor for his words of encouragement when opening this Session of the Legislative Council. In reviewing the terms of reference of the Administration and this Council, the Governor made the vital distinction between "The

Government" and its constituent parts.

In Hong Kong's new constitutional era, "The Government" is not the Administration alone. "The Government" comprises the Administration, this Council, the Executive Council, the Judiciary and -- most importantly -- the people of Hong Kong. Together, we form "The Government" of Hong Kong. This distinction is more than an issue of semantics. It is an issue of both responsibility and accountability.

Members of this Council -- and their Constituents -- begin this Legislative Session with the hope that, at its conclusion, there will be no cause to repeat the lament voiced by our Senior Member. During the Budget debate last March, he stated that -- in more than 13 years of public service -- he could remember only one instance when a proposal by Unofficial Members had been implemented.

The door, however, swings both ways. We as Legislative Councillors must work to ensure that our Senior Member's lament is not replaced by a new complaint: that narrow, special-interest politics have slowed the legislative process to a crawl.

We must not forget that historically Hong Kong has enjoyed the most responsive and most effective government in Asia. There has always been room for improvement. But in updating old systems and practices, we must be careful not "to throw out the baby with the bath water".

We must do our utmost to maintain -- and to enhance -- the efficiency of the legislative process. We must be flexible and open-minded. We must work to encourage -- not discourage -- the efforts, enthusiasm and interest of the Civil Service, our fellow Councillors and the public in formulating and implementing appropriate policy.

My Constituency welcomes the Administration's pledge to form a "co-operative partnership" with this Council. We look forward to working with the Administration for the greater good of Hong Kong.

Today, inflation is the most pressing issue demanding government attention -- and action. This is not just my view. This is not just the view of my Constituents. This is the view of every person, every business in Hong Kong.

This Administration -- this Government -- will be judged, in large measure, on how it confronts inflation. Inflation has been too high for too long. Persistent

double-digit inflation is eroding our standard of living and our commercial competitiveness. It threatens to turn Hong Kong from an economic "miracle" into an economic "basket case".

My Constituency welcomes the Administration's proposal to expand the controlled scheme to import overseas workers. But much more must be done if we are to bring inflation down to an acceptable level.

Supply-side, labour-market initiatives must also include measures to ensure that local resources are put to the most productive use. In Hong Kong, we have one of the most dedicated, diligent and skilled work forces in the world. To waste local talent for want of proper training is a social -- as well as an economic -- crime.

Hong Kong's labour shortage comprises both quantitative and qualitative components. Importing more "warm bodies" will not be enough. Means must be found to solve the territory's skills shortages, preferably from within.

Expanding local tertiary education is a good start. But enhancing local professional, managerial and technical training as well as worker re-training would have a more immediate -- and significant -- impact.

If the Administration is serious about fighting inflation, it must also keep indirect taxes in check. While the rest of Hong Kong continues to suffer, the Administration cannot again justify "taking more rice from the beggar's bowl" to fill its own "iron rice bowl".

As a first step, freezing indirect taxes at current levels would have a substantial effect on inflation. Failing that, the Administration must be ready to accept only negative "real" increases in indirect taxes.

Stomaching a decline in the purchasing power of government revenue will not be easy, especially with the new spending initiatives the Administration is proposing. Something must give way. Recurrent expenditure growth must be limited to the growth rate of our Gross Domestic Product. Department heads, Members of this Council and the people of Hong Kong must be ready to accept that spending on some services or programmes will have to be curtailed.

To keep the Government's finances under control, Hong Kong must adopt fixed-

cost budgeting for capital projects and zero-based budgeting for recurrent expenditure.

Another valuable option would be for the Government to cash in capital gains on previous infrastructure projects. By privatizing operations such as the Kowloon-Canton Railway Corporation, Mass Transit Railway Corporation, water distribution and the Post Office, the Government could realize illiquid assets and generate funds which could be used for new infrastructure development.

In building a longer-term policy framework for fighting inflation, the Administration must also consider changing the current Linked Rate System from one based solely on the US dollar.

Such a move should not be taken in isolation, but must be examined within the context of a general programme to strengthen the territory's monetary and financial systems. Hong Kong needs an independent monetary authority. The groundwork for such an authority has been laid with the creation of the Office of the Exchange Fund. It is time to move forward.

Vital among the monetary authority's responsibilities must be the establishment and operation of a fully functioning discount window. This would greatly enhance the overall stability of the financial system. Such a discount window could also help prevent a repeat of the unfortunate events of this past summer. It could preclude the need for -- and thus avoid the expense and inherent risk of -- establishing an official deposit insurance scheme.

In facing the political, economic and social challenges of the future, we need to have a clear vision of where we want to go, a clear vision of where we need to be. We need a vision beyond bricks and mortar, beyond "warm bodies" and mortar boards.

Advancing the territory's constitutional development, fostering a closer and more co-operative relationship with China, improving the local quality of life -- these goals are linked by one key, overriding theme: "Competitiveness".

My Constituency agrees that Hong Kong must "go for growth". To achieve this, "competitiveness" must be the touchstone of government policy.

Hong Kong must bolster its position as Asia's premier business centre. It must adopt economic, fiscal, monetary and social policies which promote the territory's international competitiveness. Our task in this Council is to make sure this happens.

We must create an environment conducive to successful, long-term investment. We must remove impediments to business. We must stop inflation dead in its tracks.

We must provide a "level playing field" in every business sector: no business should receive preferential treatment, whatever its size or political clout.

We must develop locally the skills needed to excel in key industries. We must provide our people with a healthy and attractive living and working environment.

Today, Hong Kong faces challenges unique in its history. With inspired leadership, imaginative policies and the undoubted talents of our people, we will win through.

With these remarks, Mr Deputy President, I support the motion.

MR NGAI SHIU-KIT (in Cantonese): Mr Deputy President, first of all, may I express my appreciation of the three major objectives laid down in the policy address to ensure that Hong Kong will be:

-- prosperous,

-- peaceful, and

-- protective of its disadvantaged members, its children and the environment

It is commendable that we have been provided with a right direction in the policy address to achieve prosperity and progress. However, the policy address has not gone into detail on the implementation of programmes to reach these goals. It seems that due attention has not been paid to the development of the industrial and commercial sectors, so much so that programmes to promote prosperity have been neglected, and the expectation of the public as to how better administration can be effected in Hong Kong during the transitional period has been left unfulfilled. Subject to time constraints, I shall confine my comments on economic affairs.

The Administration has provided us with an optimistic forecast of our economic prospects in 1992. On the basis of the data obtained in the first seven months this year, it is estimated that we may enjoy an overall economic growth of 4% this year. At first glance, it appears that world economy is beginning to show signs of recovery. The political scene is one of world-wide peace with the Gulf war coming to an end, situation in the Soviet Union becoming stable, major disarmament programmes initiated by the United States and the Soviet Union and the calling of the Middle East peace conference. As for Hong Kong, a Memorandum of Understanding has been signed on the new airport project, implying a more harmonious relation with China. International developments promise peace and hope, and we seem to have a favourable climate within and without. Everything hints at a bright future.

In reality, however, we still face a number of internal and external threats. Anxieties still tag along. Apparently, investigations undertaken by the United States on China in connection with section 301 of the American trade law will affect our export and re-export trade. It may serve as a heavy blow to local businessmen with investments in China. Internally, shortage of labour, spiralling inflation and rise in production cost have undermined our flexibility and competitiveness in trade. In view of these hidden worries, we can never be complacent with the 4% growth. We have to provide further encouragement to trade development, open up new markets, further improve our investment environment and step up measures against protectionist activities. It is regrettable that the policy address has not covered any strategies in these aspects in detail. Only a brief reference is made on the establishment of the Industry and Technology Development Council. As a matter of fact, it is an old proposal made long time ago and we have to wait till this moment to hear something that heralds its coming. I hope preparatory work on its establishment will soon start and that the council will be established as an independent co-ordinator entrusted with a definite provision of resources and a definite power to deploy these resources to promote our industrial development.

Mr Deputy President, I notice that in the opening section of the policy address, the term "partnership" is repeatedly used in relation to the constitutional development of Hong Kong and our relationship with China. I believe the term "partnership" means a working relation of mutual understanding and co-operation. No further description has been provided in the policy address on this term, but in my opinion, it can never be interpreted, as some in discussions have suggested in open forum, as a pretext adopted by the Government to evade its responsibility to

administer Hong Kong during the latter part of the transitional period.

No matter how the composition of the Legislative Council evolves in the course of our constitutional development, both the Administration and the Council should work in the interest of the general public. With such a common objective in mind their working relationship will naturally be a kind of mutual understanding and co-operation, which is aptly described in the policy address as "partnership".

In fact, the recent reactions, in words and in deeds, of some political figures have revealed such rashness that they indirectly bear out the immaturity of party politics in Hong Kong. On the other hand, new colleagues still need time to orient themselves to the operation of the Council. Under such circumstances, those who advocate a hasty replacement of the co-operative relationship of "partnership" by an overbearing one of "supervision" is only a kind of claptrap. What real benefits will such suggestion bring about to our socio-political development? Let me remind these people: "water can keep a boat afloat as well as turn it over". Once our economy is jeopardized by their radical political manoeuvres, the affected voters will come to realize who the trouble starters are. These trouble starters will finally lose the support of the masses.

On our relation with China, "partnership" is the only reasonable approach in developing relationship in accordance with reality. In fact, we should make greater efforts to enable Chinese officials of all ranks to have an accurate understanding of the characteristics of Hong Kong and its future role as a Special Administrative Region. Better mutual understanding will be more beneficial to the development of Hong Kong. Our socio-economic developments can only stride forward in a stable political environment.

Mr Deputy President, management of society is actually a form of art. The technique of making use of the right time to introduce the right policy is the essence of the art of management. This is what we mean by "devising strategies within a command post that will assure victory a thousand "li" away." Judging from this aspect, the Government has missed the golden opportunity to implement in time a positive policy on the importation of labour to further enhance our economic growth. It has also failed to formulate in advance policies to deal with the possible inflationary pressure triggered off by the linked exchange rate. Furthermore, it has failed to conduct a comprehensive review on the whole taxation system of Hong Kong and nor has it taken the opportunity to lay a sound foundation for future financial strategies.

The present situation indicates that the Government is now in an awkward position in the above aspects. We can neither relieve the shortage of labour nor put inflation under effective control, nor can we levy sales tax in face of a soaring inflation rate. Worse still, we have to worry about the financial stability of the future government. No effective government support has been rendered to the industrial sector to strengthen their competitive edge. All these developments will have a worrying direct effect on our future economic prosperity.

Mr Deputy President, I shall now comment on the Government's policies on inflation, labour importation and environmental protection. As many other countries, particularly those which have close trading relations with Hong Kong, do not have any serious problem in connection with inflation, it is believed that the on going inflation in Hong Kong is mainly caused by internal economic factors. I recall that during the motion debate on inflation on 29 May this year, I appealed to the Government, the employers and the labour sector for the urgent establishment of a tripartite "Committee on Emergency Measures against Inflation" to formulate co-ordinative policies and measures to curb inflation. I am very glad that in a briefing session on the Governor's policy address, the Secretary concerned revealed that a government task force is now actively examining ways to curb inflation. Such a move is indeed a manifestation of the Government's concern over the livelihood of the people. Though it is a bit overdue, the intention of such a move is still praiseworthy. A well represented "Committee on Emergency Measures against Inflation" may still play an effective role at this stage.

The measures taken by the Government so far to curb inflation are still kind of an easy way out. They are stopgap measures rather than to solve the problem at source, and they are not the best cure to the ills.

In the final analysis, the two main latent causes of inflation in Hong Kong are the rapid growth of government expenditure and the acute shortage of labour. I am glad that the Government has already set targets to curtail public expenditure and has worked hard to achieve an annual scale-down in spending. These are some of the commendable positive moves initiated by the Government.

Mr Deputy President, some people deny that labour shortage and inflation are inter-related. As I see it, this is tantamount to self-deception. These people will find it difficult to account for the cause of persistent inflation in Hong Kong when our employment rate remains high and the economic growth is low. Objectively

speaking, shortage of labour is the main reason for high inflation and low growth rate. While shortage of labour imposes constraints on productivity and our economic growth, it pushes up wage levels and production costs, weakening the competitive edge of our products and our economic performance. We must of course understand that any structural change in the economy will invariably bring about some unfortunate workers not being able to adapt themselves to the change and in need of technical training, or having a certain unpleasant experience of under-employment. What is more deplorable is that these workers will have to face the pressure of inflation as well. I maintain that suitable remedies have to be provided. Contribution to this effect may be in the form of a variety of vocational training courses to help workers bridging over to new jobs. As to measures against the sort of inflation fuelled by low growth rate and high wage levels, there is a call for restrictive and selective importation of labour. This is of course not a proposal for cheap labour or indiscriminate importation of labour. The local labour market therefore will not be affected.

Mr Deputy President, I would like to turn to the issue of environmental protection. From the experience of other advanced countries in environmental protection, we know that satisfactory results can hardly be achieved by unilateral efforts of the Government to advocate and introduce certain environmental measures. According to the analysis of Professor Ronald COASE, winner of the Nobel Prize in economics this year, institution of control in environmental protection will only bring about very high transaction cost, not necessarily beneficial to the community as a whole. As a matter of fact, problems faced by the Government in pollution control often do not lie in the setting up of control standards but ways that polluters may be technically guided and assisted to comply with or attain the specified standard of control. In this respect, we always find experts being led by the layman so much so the wrong assessments are made on the overall interests of society. We ought to realize that Hong Kong is one of the free market economies of the world, and generally speaking, our manufactured goods have to face competition of the world markets. It will be difficult for local manufacturers to undertake environmental protection activities by transferring the cost incurred on to the buyer. As a matter of fact any observation concludes that the majority of those in active support of environmental protection programmes are people who do not have the least connection with the local manufacturing industry. That is reason why they do not have to take into consideration the kind of losses that would be incurred, that is, the opportunity cost. The manufacturers and employees of the manufacturing industry on the contrary are perfectly clear that excessively stringent and severe environmental protection measures will directly affect their business. When deliberating on the formulation

and implementation of environmental protection programmes, the Government should bear in mind the aforesaid differences in situation and standpoint, and caution should be taken not to exert control just for the sake of control; otherwise, the consequences predicted by Professor COASE will come true, and such consequences may not necessarily be beneficial to the community as a whole.

Mr Deputy President, the industrial and commercial sectors also support environmental protection and have been attending to the issue with a pragmatic and prudent approach. The newly formed "Private Sector Committee on the Environment" aims at pooling together the manpower and resources of the industrial and commercial sectors to seek solutions to the environmental pollution problem in Hong Kong.

Mr Deputy President, notwithstanding the fact that the policy address has not been specific in giving information or penetrating enough in making analysis, it remains basically a pragmatic and far-sighted statement of government policies, except that further improvements are necessary in certain aspects. It is hoped that the "partnership" in the policy address will develop fruitfully at all social levels. This relation should also bear fruit among our colleagues when we work together as a team. It will be a blessing to the community and the public if none of us attempts to flaunt the banner of "who else except me" and stay aloof from this partnership.

Mr Deputy President, with these remarks, I support the motion.

MR PANG CHUN-HOI (in Cantonese): Mr Deputy President, with our colonial government having just five more years or so to go, the public have been psychologically prepared not to expect any forward-looking policies emerging from this year's policy address. Yet they still earnestly hope that the Government will take good care of the livelihood of the broad masses and show concern for their hardships where circumstances permit. I suppose this is not asking too much from the Government.

I regret that I find it difficult to say that I am very pleased with this year's policy address, and will even blush if I have to bring myself to do so. In comparison with policy speeches for the preceding four years, this year's is particularly disappointing.

I would like to express my sentiments on His Excellency the Governor's call to manage three crucial changes:

(1) Constitutional development: The Government seems to have put aside its earlier promise of "developing a system of representative government which is firmly rooted in Hong Kong". With the conclusion of the 1991 direct elections, the Government is silent on the further development of representative government in Hong Kong, except for the proposed establishment of an independent Electoral Commission to review the need for technical improvements.

Paragraph 4 of the policy address states: "The public looks to you to ensure that the administration remains in the closest possible touch with the community -- with its anxieties as well as its aspirations. The administration will look to you for your help.....". Music to our ears. It seems that the Government places high hopes on this Council. However, it is also stated: "Without this Council's support and co-operation in the smooth handling of the legislative and financial affairs of the territory, the Government will not be able to deliver the quality and choice of service that our people expect and deserve." This clearly exerts some pressure upon this Council and may be used by the Government as an excuse for shirking responsibility wherever necessary. Does the Legislative Council really have such authority? Referring to the relationship between this Council and the Executive Council, it is specifically emphasized that "under our system of government, the Executive Council is, and will continue to be, the key policy-making body in Hong Kong." This clearly shows that the Government is trying to depress the status of this Council as well as its actual power to monitor the work of the Government. No wonder this Council is being ridiculed as no more than a consultative body.

(2) Hong Kong's relations with China: This relationship is particularly feeble and pitiful. As a matter of fact, all the negotiations over Hong Kong's sovereignty had from the outset been confined to contacts between Britain and China. Not even the Hong Kong Government, let alone the people of Hong Kong, had from beginning to end been allowed to take part in the negotiations, despite the fact that every item on the agenda was in reality of direct relevance to the future of all our people. Two cases in point are the recent discussions on the Memorandum of Understanding Concerning the Construction of the New Airport as well as the establishment of the Court of Final Appeal in Hong Kong. Therefore, the talk of improving Hong Kong's relations with China is merely the Government's own wishful thinking and is not worth mentioning.

(3) Changes in internal affairs: In this debate, I anticipate that many Honourable

Members will speak on subjects like economic development, social service, environmental hygiene, medical administration and so on. I would like to begin by commenting on Hong Kong's housing programme which the Government has always boasted as an achievement. In fact, when the Government first implemented the public housing programme and established the Home Ownership Scheme, the aim was to provide affordable housing for all those who need it. This policy was originally meant to help solve the housing problem of the lower-middle classes and to instill among local people a sense of belonging to the territory, but has now been completely changed. Since the Housing Authority gained autonomy in 1988, it has become a profit-making commercial enterprise as well as Hong Kong's largest estate developer. With the Government pursuing a high land price policy to boost its revenue from land sales and acquiescing in private property developers stirring up trouble, the Housing Authority has also helped send prices alarmingly sky-high by pegging public housing prices to private property prices, making home ownership unaffordable to the ordinary citizens, the lower-middle income group that I mentioned a while ago. This is the main culprit believed to be responsible for maintaining inflation at an exceedingly high level or even causing the inflation rate to accelerate. I solemnly beg the Government and my honourable colleagues to seriously re-examine the composition and ever-expanding powers of the Housing Authority as soon as possible.

The Governor has made no reference to, or even evaded the many complicated real causes of inflation. He has been silent on ways to curb inflation, but instead blames it on the shortage of labour. Perhaps the Governor may recall what he has stated in his policy address in 1988: "The long-term solution (to easing the problem of labour shortage) lies in increased automation, greater productivity and improved wages and working conditions which attract more people to seek employment." While this is a step in the right direction, the labour sector is particularly upset by the Government's lack of consistency in its policy on importation of foreign labour. Now the Governor has this to say: "I believe we must go for (economic) growth. But it must be growth with the right safeguards. We are therefore considering an expansion of our controlled scheme to import workers from overseas.....". It is also noted: "The real danger is that inflation will remain at too high a level if we do not tackle some of the structural obstacles to economic growth." The Government looks upon a further expansion of the scheme to import cheap labour from overseas as the only way to combat inflation. May I stress once again that the labour sector throughout the territory are all up in arms against the labour importation scheme.

Following the signing of the Memorandum of Understanding Concerning the

Construction of the New Airport, we can see that the Government seems to believe that everything will brighten up. Financial resources will all be directed to the construction of the new airport and related infrastructural projects while other programmes designed to improve the people's livelihood will be slowed down or even abandoned. To sum up, this year's policy address has given us the revelation that as the "sunset" government is being controlled by both the United Kingdom and the Chinese Governments in every respect, it has in fact neither the heart nor the power to maintain its effective and autonomous administration over the territory.

Having said that, I would like to quote from a saying: "With London always foggy, foreigners can by no means see through the British people, but the latter who see from the inside can always look at things distinctly." To put it in another way, it is to say that the British are very good at playing political tricks, putting up an impenetrable smoke-screen on the one hand while making people cherish on the other hand the illusion that there seems to be greater transparency. But this year's policy speech does not seem to be brilliant. Perhaps the Government has already exhausted its tricks!

Nevertheless, I still hope the Government will spell out concrete measures designed to make sure that Hong Kong can achieve the targets of continuing to be "prosperous, peaceful and protective of its disadvantaged members, its children and the environment".

Mr Deputy President, with these remarks, I abstain from voting in this debate on the Motion of Thanks.

4.45 pm

DEPUTY PRESIDENT: The Council will take a 15-minute break.

5.10 pm

DEPUTY PRESIDENT: Council will now resume.

PROF EDWARD CHEN: Mr Deputy President, despite the fact that economic growth in Hong

Kong will most probably be more promising in 1992 after three years' sluggish growth, there is nothing in sight to suggest that we can get rid of the double-digit inflation persisting in the past three years.

Let me start by spelling out what have not been the causes of inflation in Hong Kong.

First, Hong Kong's current inflation is definitely not demand-pull. There is no sign whatsoever that our economy has been overheated in the past few years. The rates of growth of private and government consumption and investment have been very moderate. The growth of money supply at 1.4% and that of credit expansion at 3.8% in the 18-month period, 1990 to mid-1991, were also slow. In any case, under the present monetary system in Hong Kong, it is unlikely that price levels are determined by money supply. The inflation we now face is very different from what we experienced in the period 1979-83. If our current inflation has very little to do with excess demand, it would be futile to use demand management policies such as raising interest rates and cutting government expenditure to combat inflation. Moreover, these measures would produce significant dampening effects on the Hong Kong economy which is already slow growing. Restraining fiscal spending is certainly a positive step towards raising the Government's efficiency and productivity as long as it does not undermine our commitments in improving our infrastructure. But it will help little to curtail inflation.

More importantly, it would be quite wrong to attribute the current inflation to the linked exchange rate system inasmuch as interest rate increases can do very little to lower inflation. Many have argued that had we not pegged our currency to the US dollar we would have been able to raise interest rates to combat inflation. However, such an argument ignores the fact that our current inflation is not due to excess demand. It is certainly most disturbing to live in the present situation of negative real interest rates. But the cure should be dampening inflation and not hiking interest rates. Furthermore, my econometric studies indicate that the Hong Kong economy is relatively unresponsive to interest rate changes. To affect the level of economic activities, the change in interest rates must be very substantial. Moreover, it is generally accepted that interest rate policies take as long as six to 18 months to produce any considerable effects on the economy.

One is also not sure whether the Hong Kong dollar is at present undervalued vis-a-vis the US dollar. If not, letting the Hong Kong dollar float will result in

higher import prices and expansion of output in the exporting sector, both of which in turn will accelerate the rate of inflation in Hong Kong.

Secondly, Hong Kong's current inflation has little to do with the recent property market speculations. The current inflation started almost three years ago while property market speculations are very recent events. Intelligent as we all may be we tend to mix up causation and association. As a matter of fact, the increase of property prices is only a consequence and not a cause of inflation in the sense that inflationary expectations attract the inflow of funds into the property market. Higher residential property prices have relatively small primary and secondary effects on pushing costs and therefore consumer prices. On the other hand, one can even argue that the inflow of funds into the property market helps to cool down the goods and services sectors of the economy. In any case, the Consumer Price Index for housing has only risen moderately by 7% in the first eight months of 1991. I agree that excessive speculations giving rise to unequitable distribution of income, hardship to real users and even hazards to the financial sector should be curbed. But in so doing, one is not tackling the inflation problem.

What, then, are the causes and cure of inflation in Hong Kong?

The causes are related to the drastic economic and demographic structural changes taking place in Hong Kong in the past five and six years. The growth rate of labour force decreased drastically from an average annual rate of 2.5% in the first half of the 1980s to 1.1% in the second half of the 1980s. Employment in the industrial sector (manufacturing and construction) decreased from 49% of the total labour force in 1981 to 36% in 1990, while employment in the tertiary sector increased from 48% to 62% of the total labour force during the same period.

There is no question that severe shortages of labour exist in many sectors especially in the service sectors, though at the same time in some of the declining manufacturing sectors, some workers have become unemployed. During the period September 1986 to September 1990, the real wages of workers in personal services and business services increased by 31% and 26% respectively. For workers in manufacturing, the real wage increase was only 8% for the same period. These statistics show that wage-push in the non-manufacturing sector resulting largely from rapid structural change is a major cause of inflation. This is further supported by the Consumer Price Index increase for services of 83% for the period 1985-1991, much higher than the 61% increase for all items.

Besides wage-push in the service sectors, the rate of inflation has been exacerbated by monopolistic and oligopolistic practices in the service sectors. As a result of structural change, the service, non-tradable sectors in which production is consumed locally have become larger and larger. In the export or tradable sectors, the pressure of international competition ensures efficiency. This is however not true for the non-tradable sectors which are insulated from external competition. The current inflation in Hong Kong must to some extent be related to the increasing dominance of monopolistic practices in the non-tradable service sectors. The effects of monopolistic practices by banks, insurance companies, oil companies, public utilities, and professional bodies, and so on on the current inflation of Hong Kong should not be ignored.

With the increasing importance of the non-tradable service sectors, the demand for shop space has increased drastically and is not nearly matched by supply. A recent survey of prime commercial sites in the major cities of the world shows that the rental for shop space in Hong Kong is the world's highest, marginally higher than Tokyo, 35% higher than New York and 50% higher than London. For the period June 1990 to June 1991, the rental of retail premises increased by 8.3% while that of residential premises by 5.4%, offices by -7.8% and factory premises by -3%. Thus, high rental growth rates in the retailing and restaurant businesses constitute another source of cost-push.

Inasmuch as the current inflation is a structural one, there are no immediate solutions. Wage and price freeze will lead to even worse long-term problems. Structural inflation can only be cured by long-term structural solutions. I have identified three major causes of inflation and there are accordingly three long-term solutions: viz. (1) importation of labour, (2) close monitoring by the Government of cost-push resulting from monopolistic practices in the non-tradable sectors and inefficiencies in public utilities, (3) a comprehensive long-term urban planning and land supply policy to match the need of a rapidly changing economic structure of Hong Kong.

Today I shall focus on the issue of labour importation which is undoubtedly the most controversial.

The policy of labour importation in the past two years does not seem to be too successful in lowering the rate of inflation. This is however not because of the ineffectiveness of the policy itself but largely because of the dosage and

implementation of the scheme. First, according to my econometric studies, some 100 000 workers must be imported a year for a few years so that the growth rate of the labour force would be the same as in the first half of the 1980s. Considering on the one hand that the demand for labour in the future might be less because of technological change and relocation of Hong Kong industrial activities and that the demand on the other hand would increase because of the port and airport project, my estimate is that at least 40 000 to 50 000 workers must be imported a year for the coming few years. This explains why the importation of 15 000 workers in the past two years could not produce any conceivable effect to lower the rate of inflation. Second, the labour importation scheme is at present too restrictive; it is governed by a quota system and the setting of a median wage level. It would however be best for the Government to leave it largely to the market to determine the type of workers needed and the wage level paid. Perhaps, the Singapore system of imposing a fixed levy for every worker imported can be adopted. Such a levy will not only pay for, at least partially, the additional social overheads incurred but also provide an incentive to import higher skilled workers as the levy is uniform for workers at all levels. Even if quotas for imported labour are to be set, a high degree of flexibility should be built into the scheme.

Would labour importation benefit only employers? It might sound ridiculous to workers and union leaders when I tell them that labour importation will bring them more benefits than costs. This is however true. It is not only myopic but actually self-deceiving to think that it would be in the interest of workers to maintain the existing labour shortage situation. If no huge number of workers are imported in the near future, inflation will certainly get worse, the cost of production will rise and it follows that Hong Kong's international competitiveness will decrease. In the end, a deflationary automatic adjustment effect will take place in the form of sluggish economic growth, rising unemployment in some industrial sectors and a sharp increase in the relocation of industries to China and overseas. And as a result wage level will be depressed and workers will suffer. Meanwhile, it is the lower fixed income earners who suffer most from inflation because, unlike the rich people, they do not have the knowledge and resources to hedge their savings against inflation nor have they the choice of shifting the higher prices to those who buy from them. On the contrary, if sufficient labour is imported in the right sectors, inflation rates will fall. The wage level of the existing labour force may be depressed slightly in some sectors in the short run. But with the expansion of production capacity and lower rates of inflation, the economy will grow faster and in consequence the wage level and well being of workers will increase rapidly. Worries about the adverse

effects of labour importation are understandable but largely unwarranted under the present circumstances in Hong Kong. Labour importation has been proved to work in many cases. Do not forget the industrialization of Hong Kong was made possible by the huge influx of people at different times. In the course of Singapore's economic development, over 10% of its labour force was imported. In Germany's post-war reconstruction, labour importation also played a crucial role.

However, the Government must also at the same time adopt an active human resource development strategy. This means that the Government must pay attention to education, training and re-training of the labour force. A special structural adjustment training fund might be set up to provide facilities and incentives to trade unions, trade associations and individual employers to offer adequate and appropriate training and re-training to assist workers in moving to new jobs and developing new skills.

On this note, Mr Deputy President, I support the motion.

MR SZETO WAH (in Cantonese): Mr Deputy President, it was stated in the policy address that "this role (of the Administration) is very different from that of a governing party in a western style democracy". Is it really the case? No, they are not "very different" from one another. There are differences as well as similarities.

For similarities, the Executive Council as "the key policy making body" with all its members appointed by the Governor resembles in all respects the cabinet of a governing party. The Administration is the governing party itself.

For differences: (1) This governing party does not acquire its mandate through election. It cannot be absolutely certain that it will be supported by an overwhelming majority in a Council where more than half of the seats are returned by election; and (2) government officials are not exactly civil servants implementing policies at the instruction of the cabinet of the governing party and they themselves being neutral. Those who execute policies appoint the policy making cabinet. Executives and policy makers merge together with executives in a dominating position.

That there are differences and similarities implies conflicts, and the sole reason for the rise of such conflicts is that we lack a democratic system. The ghost of colonialism has been haunting for centuries. Even today when we are said to be

seeing the end of colonial rule in less than six years, this ghost and another in a different colour are still lurking around.

How to resolve this conflict? The policy address suggested creating "an effective working partnership", modifying "procedures" and streamlining "procedures" of the Executive Council. But details have not been provided as to how to "create", how to "modify" and how to "streamline". I request there be clear and detailed explanations in the official reply.

To resolve this conflict, I think there are two entirely different ways: (1) making use of the undemocratic system of this Council where only a limited number of seats are provided for directly elected members who represent the views of the majority, all means may be tried to form "fire fighting teams", "flood control teams", "rescue teams" and "poaching teams", openly or covertly, to secure support from the majority of the Council and turn a deaf ear to public opinions; or (2) recognizing the unreasonable fact that the Administration is not a governing party returned by election, due respect may be paid to public opinions reflected by the elected members (especially the directly elected members) and policies may be formulated on the basis of these opinions instead of canvassing results.

Partnership is a relationship of equality, mutual respect, effective balance and co-operation; otherwise, it is not partnership, but a master and servant relationship. I want to emphasize a point, that is, there will be co-operation only if there is effective checks and balances. Should one party be strong and the other weak, or one big, the other small, the strong big one is sure to ignore, oppress and devour the small weak one. Under the existing undemocratic system, a mechanism to produce adequate balancing forces is not provided. I hope remedy can be made to the inability of the established system in producing adequate balancing forces during the present review of the internal set-up of the Council and our relationship with the Executive Council. If the Administration really means to "create an effective partnership" rather than an effective master and servant relationship, it should take the initiative to promote such remedies and not to prohibit them.

For the elections to be held four years later in 1995, details are again not given though the issue forms a very important part of the policy address. The through train will start running that year. But to where will the track lead us? Will the same ghost play the part of the driver, or another ghost in a different colour play the part, instead of the people of Hong Kong as promised in the Sino-British Joint

Declaration enjoying a high degree of autonomy in all matters other than defence and diplomacy? I request clear full answers to the following questions when government officials make their replies:

(1) It was said in the policy address that the entire Council would be elected, "at least one third of them by direct election" in 1995. The wording is too vague. The expression "at least" implies an expectation as well as a possibility to exceed the original level. What efforts have been made or will continue to be made to achieve this result? How is the Government going to account to six million Hong Kong people that it has tried its best to realize this expectation and prove the possibility of success a real possibility rather than a pack of empty promises?

(2) It was stated in the policy address that "some members will be returned by an Election Committee". According to the annex to the Basic Law on "Decision of the National People's Congress on the Method for the Formation of the First Government and the First Legislative Council of the Hong Kong Special Administrative Region", there will be 10 members of this kind. But there is not any provision concerning the composition of the Committee through which these 10 members are elected. Why is it said "some members", instead of quoting the specific figures, 10 members? Does it mean that the figure is subject to changes? Should there be changes, will it be an increase or decrease? More importantly, how is the Election Committee going to be organized in 1995 in the absence of relevant provisions in the Basic Law? Will the issue be discussed by the Joint Liaison Group? If so, will the Council be consulted on proposals to be raised to the group? Will it be like the recent agreement concerning the Court of Final Appeal, presented to us *fait accompli* and thrust down our throats?

(3) According to the provisions of the Basic Law, the existing 21 seats for functional constituencies will be increased by nine seats to make up half of the seats of the Council in 1995. How will these nine seats be allocated among the various functional constituencies? Will more seats be given to the labour sector? Apart from the labour sector, what are the functional constituencies that will represent the interests of the lower middle strata? Will the arrangement imply a higher or lower degree of democracy in the Council? Do we have to accept pre-arrangement again?

(4) There will no longer be any appointed members in the Council in 1995. Does it mean that all appointed members of the municipal councils and district boards should be replaced by directly elected members in the next term? As stipulations

in this aspect are not provided in the Basic Law, the Administration is free of constraints and control. The decision it makes reflects the last test we have on this century old ghost to see if it feels sorry for what it has done.

(5) It was mentioned in the policy address that an "independent Electoral Commission" will be established. How will the Administration guarantee that it is "independent"? It can only be so guaranteed if it is formed by democratic and fair methods. How can we expect an "Electoral Commission" formed by undemocratic and unfair methods to draw up electoral procedures and regulations that are democratic and fair?

(6) Through the years, the Administration has passed, or is going to pass, some of its very important powers to some institutions which are said to be independent, such as the Mass Transit Railway Corporation, the Housing Authority, the Broadcasting Authority, the Hospital Authority and the New Airport Authority, and so on. I wonder on what basis are these institutions referred to as "independent"? All members on the management committees of these institutions are appointed by the Government, or in other words, by a de facto governing party not returned by election. It is similar to the story of the Monkey King in Journey to the West. The Monkey King could create tokens of itself by breathing out at the hair it picked from its body. But how can the tokens it created from its hair be regarded as "independent"? These tokens are only created to divert the attention of ordinary people and let the genuine Monkey King stay above all public criticisms. None could monitor it, exert pressure or impinge on it. The same applies to many consultation bodies. Does the Administration want to improve the situation so as to allow more room and greater opportunity for the concepts of "one country, two systems" and "a high degree of autonomy" to be realized as they are promised in the Sino-British Joint Declaration? And how does it plan to do so?

For the above question, apart from requesting a clear detailed reply from the Administration, I hope they will at the same time draw the attention of our colleagues so that we may work together to achieve better result for them. Though the Council is not provided with adequate powers to make checks and balances, it can still function to a certain extent as a balancing mechanism. We are now at the turn of history. Whether we recognize our role or not, we are really entrusted with a historical mission. We have to realize without reservation the true concepts of "one country, two systems" and "a high degree of autonomy". Let us contribute our dedicated efforts and live a name worthy of ourselves, our descendants and our history.

I am a member of the Hong Kong United Democrats, and I play the role of "party whip" in the Council. The Hong Kong United Democrats and 14 of the members in this Council will strive for every inch of success on the road to democracy, undaunted by any set-back. We are happy to join force with others who share the same ideal.

Mr Deputy President, with these remarks, I express my greatest disappointment with the policy address.

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, the year 1991 is approaching its end. In several years' time, Hong Kong will be returned to China. At this critical moment of the latter part of the transitional period, the Government of Hong Kong has a more important role to play as there are many political and economic problems to be resolved. How to facilitate a smooth transition of Hong Kong is a big challenge for the Government. At this point in time, I would like to see a positive and far-sighted Government, ready to commit itself to the prosperity of Hong Kong and the well-being of different sectors of our community. However, some of the contents in this policy address came as a disappointment to me.

The Governor mentioned in his address that Hong Kong is going through several crucial changes. One of these changes is that a majority of Members of this Council have been elected, which is a landmark in the process of our constitutional development. There is no doubt that we will move towards a more open and democratic political system. The Government must find ways to cope with this change. Referring to the constitutional development of Hong Kong, the Governor said that this Council should build up a partnership with the Government, that means there should be mutual understanding and co-operation between each other. I naturally believe that Members of this Council are in good faith to join hands with the Government to solve problems. Yet "partnership" is not the panacea for all problems. For the majority of Members of this Council who have been elected, they have to co-operate with the Government as well as to be responsible and accountable to their electors. Furthermore, with the opening up of our political system, the general public demand greater accountability of the Government. It is thus necessary for the Government to change its mode of operation and ways of co-operation with this Council so as to meet new demands. May I propose the Government to change firstly its past practice of making decisions behind closed doors, to keep the public well-informed and to increase its transparency. Measures such as making the information kept by the Government

available to the public, increasing the manpower and resources of policy branches, collating and computerizing data and so on can also be considered.

In the section on "relations with China", the Governor analysed at great length the present close economic relationship between China and Hong Kong. He pointed out, for example, that 80% of the external investment in Guangdong comes from Hong Kong and as many as three million workers in Guangdong are employed by Hong Kong factories. Since the Government realizes the inseparable economic relations of the two areas, why does it not give thought to the role in fostering such a relation? I therefore suggest the Government consider:

(1) helping the local manufacturing sector to upgrade their technological level and assisting industrialists who have set up factories in southern China to improve their technology;

(2) actively exploring with China the possibility of technological exchange and co-operation between the two places;

(3) studying, in conjunction with China, areas of co-ordination in respect of infrastructural development and environmental protection and so on of the two places.

In fact, in formulating the development strategy of our economy, the Government should firstly take heed of the overall situation of economic development and co-operation between southern China and Hong Kong. Consideration should then be given to complement the development of these two places. I believe that good co-ordination would enable Hong Kong and southern China to become, in the long run, a strong economic force, in the Asia-Pacific Region. Economic prosperity of Hong Kong can also be sustained.

When referring to the economic prospect of Hong Kong, the Governor was exceptionally optimistic. He thought that with the ending of the Gulf war and the implementation of large-scale infrastructural development programmes, the economic prospect of Hong Kong would be full of promise. However, I think that our economy would still be beset with problems, at least so in the foreseeable future. High inflation rate is one of them.

As we all know, high inflation rate not only undermines the livelihood of the people, it also dampens the competitiveness of Hong Kong in world trade. Although the Governor has admitted that inflation is a worrying factor for the economy of Hong

Kong, his explanations to the causes of inflation are evidently one-sided and misguided. The Governor has laid the blame on shortage of labour and suggested importation of labour as a solution to the problem. This argument is tantamount to passing the buck onto the lower class people. It is a well known fact that pay rise in many sectors of our economy, for example, manufacturing sector, lags behind the rate of inflation. I believe that the real culprits for inflation are some of the policies introduced by the Government in recent years. The wanton increases in tax and levy and the unbridled raising of fares and charges by public utilities are closely related to the high rate of inflation. Moreover, the infrastructural projects to be implemented soon will undoubtedly stimulate domestic demand in our economy, thus further fuelling inflation. Given the circumstances, it is really disappointing that the Government does not give any thought to its own duty but just shirks its responsibility.

One of the objectives for the coming year set out by the Governor in this year's policy address is "protective of its disadvantaged members". As far as I can recall, this is the first time in recent years that this term is used. It is gratifying to know that the Government has finally treated the interests of the lower class as one of its major objectives. Nevertheless, upon a careful reading of the policy address, I am very doubtful whether the Government will honour this commitment.

Take the importation of foreign labour as an example, the Government has turned a blind eye to the interests of local workers. For the past few years, it has ignored the unanimous opposition of the labour sector by repeatedly bringing in foreign workers, thereby seriously vitiating the competitiveness of local workers. As a result local workers are threatened with unemployment or semi-unemployment and those who are old and weak are even forced to go into early retirement. The Government fails to provide adequate and appropriate retraining for unemployed workers seeking alternative employment and is also reluctant to consider establishing a comprehensive retirement benefit scheme. Instead, it calls for the importation of labour again. Is it not just like "throwing boulders to a person trapped in a well? I think the Government has not considered seriously the impact of importation of foreign labour on local workers. On the contrary it just tries to sacrifice the interests of the labour class when our economy is slowing down. Can we honestly say that this is "protective of its disadvantaged members"?

The Governor also said that "the Government must be no less committed to improving social services and to protecting the disadvantaged than it is to upgrading the

physical infrastructure". These words are pleasing to the ears. However the fact of the matter is while spending enormous amount of money on infrastructural projects, the Government is trying to back out from its commitments on social services. In recent years the Government has been running social services in the manner of a public utility company. Principles like "users pay for the cost" and "charges are pegged to the costs" are advocated with a view to reducing funding to social services and the public have to pay a high price for social services as a result. Take medical services as an example: the Government set up the Hospital Authority to hive off medical services saying that such move will improve the services. Nevertheless, whether medical services will be improved remains to be seen but a sharp rise in medical charges is for sure. Is it the sort of policy the Government introduces to protect the disadvantaged members or are the words simply empty of meaning?

Mr Deputy President, judging from the above analysis I am really doubtful whether the Government can accomplish its purpose of protecting the disadvantaged members. In any case, even if the Government can manage to do that, I think that is not enough. With our economic prosperity, the Government should set its objectives higher. That means it should aim at upholding social justice, ensuring that the wealth of our society can be fairly and equitably distributed, and narrowing the gap between the rich and the poor so that all members of our society can share the fruits of prosperity. This is a prerequisite for sustained stability in our society.

Recently the prices of property have been skyrocketing. They have soared by more than 50% since the beginning of this year and are totally beyond the reach of an average income earner. The hardest hit are those middle income families who are not eligible for public rental housing or Home Ownership Scheme. They usually have to spend 70% or more of their income on mortgage repayment. This is indeed a very heavy burden. The sharp rise in property prices has not only dealt a blow to many people who intend to own their property but also diverted social wealth into the hands of a few conglomerates which monopolize the land. I think the Government should intervene in order to check such monopolization. I suggest that the Government should formulate more effective measures against property speculation by granting more land for residential development and building more public housing units and Home Ownership Scheme flats so that people can own their home at a reasonable price.

The Government is now taking a low-key approach to such a problem which is of great concern to the public, and also to my bewilderment and disappointment this problem is not even mentioned in the policy address.

Mr Deputy President, our economy is slowing down, people are experiencing hardship and contradictions in society deepen. If the Government does not tackle some of the most pressing public concerns in earnest, but just tries to paint a rosy picture and continues to ignore the livelihood of people, its stature in the eyes of the people will diminish quickly. The Government should think carefully about it!

Mr Deputy President, with these remarks, I support the motion.

MR LEE WING-TAT (in Cantonese): Mr Deputy President, within a short period of two years since the Governor Sir David WILSON announced the new airport project in 1989, the Chinese and the British sides finally signed the Memorandum of Understanding on the new airport after long-drawn-out bargaining. On the one hand, Hong Kong people will calm down as a definite solution has been found for the development of the new airport, but on the other hand, the arrangements contained in the new airport agreement permit the setting up of an Airport Committee under the Sino-British Joint Liaison Group, and in the said Committee there will be no representative of Hong Kong people but only representatives of both the Chinese and the British sides who will conduct further discussions on the question of the new airport. Hong Kong people are worried that the Government's autonomy is being eroded again. That the British side backed down from its original firm stand is obviously due to its eagerness to seek the co-operation of the Chinese side during the latter part of the transitional period, so that the Administration here can maintain effective rule in its twilight years and that Britannica may withdraw honorably in 1997. This is just another clear proof that once more the British Government is handing over the interests of the Hong Kong people on a plate.

The Airport Committee provides another channel for the Chinese side to interfere with Hong Kong's affairs. To the industrial and commercial sectors, they of course welcome the new airport project because apart from the immediate opportunity of reaping huge commercial profits from the project, completion of the new airport will help maintain and develop Hong Kong's position as an international commercial, financial and tourist centre, and those who will benefit first and directly will be the industrial and commercial sectors. However what will the general public get? The Governor Sir David WILSON painted a beautiful picture of Hong Kong with the new airport as the centrepiece when he dwelt on the prospects of Hong Kong in his policy

address of 1989.

Yet, before this picture becomes a reality, the general public are already affected by the commencement of work on the new airport. The most obvious is that the Government is tightening expenditure which results in the reduction of allocations to social services, and it is even more difficult to embark on new social service projects. The general public have to shoulder a greater share of public expenditure as the new airport is using up a high ratio of the revenue. They have to face the reducing subsidies in housing and education, and sooner or later, have to pay high medical expenses.

The construction of the new airport provides further excuse to import labour from abroad. During the past year, when real wages of the workers were falling instead of rising, they were confronted with the dual prospect of declining job security and falling quality of life. To these hard-pressed people, what is the benefit of the new airport?

The high inflation rates in the past three years have further eroded workers' wages, but senior government officials, apart from saying that they could do nothing about this, allowed public utilities to raise their charges above the inflation rate, increased indirect taxes and winked at real property developers and related trades engaging in frenetic speculation in property. All these amount to naked protection of the interests of capitalists at the expense of the middle and lower income groups.

I do not expect that these unreasonable policies can be changed through the clarion calls of Members of the Legislative Council. Only if the people rise in resistance and fight for themselves will this Government, which only knows how to protect the large consortia, make some concessions.

In his policy address, the Governor evaded comments on the success or otherwise of the direct elections in 1991, which is disappointing indeed. For more than a year, British government officials had promised the Hong Kong people that if the 1991 direct elections proved a success, they would discuss with the Beijing Government to see whether more directly elected seats could be made available in 1995. However the Governor only said in the policy address "Later, when we have built up experience of how the Council in its new form operates, we should consider whether to discuss further with China the precise composition of the different elected elements in 1995." This is undoubtedly a means to delay democratization of Hong Kong. If this is not

betraying Hong Kong people's interests, what else is?

The Governor said in his policy address that the Executive Council, the Administration and the Legislative Council should build up a co-operative partnership. I hope this will be a partnership in which the Legislative Council has real and sufficient powers to monitor the Administration. One actual method is to genuinely separate the present Legislative Council from the Executive Council. The standing committees to be set up under the Legislative Council will not only have the power to examine Bills, but also the power to discuss government policies and to monitor the Government. In order to avoid a mixing-up of roles, or being criticized for the executive leading the legislature, members of the Executive Council should not be convenors of these standing committees any more. Finally the OMELCO Secretariat should become the Legislative Council Secretariat. Only after this change will the Legislative Council have power to monitor and build up a partnership with the Executive Council and the Administration, which partnership will be supported by the people.

Now I would like to turn to the housing policy and the question of prices of private property. Housing is an essential commodity. However with scarce land supply in Hong Kong, the supply of housing is even scarcer, so that demand for housing has never been satisfied. All along, the Government adopts a laissez-aller attitude towards the private property market. The Government believes that through the supply and demand relationship in the free market, prices of private property may be appropriately adjusted. However the supply of land is limited, and furthermore property developers and property agencies are hoarding this commodity, resulting in an unending spiral of prices on the "rigged" market, or market controlled by property developers.

When the equilibrium between supply and demand is upset by monopoly or control, the Government should intervene actively. Regrettably, measures announced by the Government during the past year or so to curb speculation in property have little effect. The only thing it achieved is that property speculation is now being conducted in a more orderly manner and free from triad involvement.

In theory, public housing can be the coolant of frenetic property speculation, but it is a pity that the Housing Authority never considered holding down property prices or adjusting the supply of private housing as its major objectives. In 1987, the housing strategy announced by the Housing Authority without public consultation

was a strategy mainly based on giving priority to private housing. Its major intention was to utilize and stimulate the potentials of private developers in order to satisfy people's demand for self-owned flats. In the analysis of this strategy, it was estimated that there would be a surplus of supply in private property in the 1990s, and therefore people should be encouraged by all means to buy their own home and to make full use of the potentials of private developers. The Home Purchase Loan Scheme of the Housing Authority then was born. This Long-term Housing Strategy would also dominate the supply of both public and private housing during the next ten years. In future, construction of public housing would be gradually reduced. According to the 1990-91 annual report of the Housing Authority, the number of public housing units would be reduced from 53 000 units in 1990-91 to 30 000 units in 1999-2000.

The Long-term Housing Strategy estimated that in 1990 Hong Kong had 380 000 units of unsatisfied housing demand. Although the Government generally follows this strategy in the supply of housing, the present demand has obviously exceeded that estimated in the strategy. Therefore there is a need for the Government to conduct extensive consultations over and an overall review of the Long-term Housing Strategy. The Housing Authority has pegged sale prices of Home Ownership Scheme flats and public housing flats to the pricing of private property. This relationship has resulted in freeing completely private property from the pricing of public housing. Pricing of Home Ownership Scheme flats and public housing flats is being led by the nose by the pricing of private property; prices of the former have rocketed accordingly. This has swept away completely the utility of public housing for sale as a tool to adjust prices in the private property market.

Public housing should be regarded as a social welfare service and a concrete expression of the commitments to the people by a responsible government. Now when property prices are rising day after day, this government commitment is all the more important. In order to satisfy more the housing demand of the general public and to curb price rises of private property, the Government should consider:

- (1) increasing the supply of land, and relaxing the plot ratio in places where community and transport facilities are ample;
- (2) imposing capital gains tax.

The Long-term Housing Strategy of the Housing Authority should be reviewed and changed from the mode of "private property being accorded priority" to the mode of

"public housing/Home Ownership Scheme-oriented", so that the Government will intervene more positively in the supply of housing. The present quantity of 400 000 units of public housing by the year 2000 should be increased considerably. The newly constructed units can be built in the inter-changeable style between public housing and Home Ownership Scheme housing to meet the demand of the people in either leasing or purchasing their residence. The Housing Authority should also cancel the pegging of Home Ownership Scheme flat prices and public housing flat prices to private property prices, and should change to a calculation based on building cost plus a reasonable profit. The profits may be used as capital for further developing public housing. Through increasing the supply of public housing and cancellation of the price pegging policy, this will respond to the housing demand of the people in the next ten years and enable public housing to play the role to the full in adjusting the private property market, so that property prices may fall, and housing expenditure of the middle income groups may be reduced.

Another most controversial point about housing for the people is whether the Housing Authority is sufficiently open, and whether it is responsible to the people. All members of the Housing Authority are appointed by the Governor, and the Governor never made public any clear criteria for appointment. This makes the Housing Authority responsible only to the Governor, and not an organization which is responsible to the public. Thus the Housing Authority can formulate policies at will which come under attack by the people. I propose that the Housing Authority adopt a system of reporting interests similar to the one adopted by the Legislative Council so that the members may be monitored by the public. At present the Housing Authority has no constitutional relationship with the Legislative Council which has elected elements. The Housing Authority will have ample financial resources in the foreseeable future; it will not need to seek allocations from the Legislative Council, and the method through which the Legislative Council can monitor government departments by controlling allocations is inapplicable to the Housing Authority. The Legislative Council can only apply minimal pressure on the Housing Department and Housing Authority through the two methods of queries and debates. If the Housing Authority continues to formulate and implement unpopular policies, it will compel Members of the Legislative Council to adopt the second method by amending the present Housing Ordinance, so that the Legislative Council can have a constitutional link with the Housing Authority and that the Housing Authority which is a decision-making body may be subject to effective monitoring by the Legislative Council.

Traffic congestion is a frequent phenomenon in Hong Kong. Co-ordination between

road building and development of new towns or districts is lost, and added to this is the inability of public transport to satisfy the growing demand of the people.

The Government published the White Paper on Transport Policy in 1990-1991, which provided three development strategies to meet the future transport needs. The first strategy is "to improve transport infrastructure". The Tuen Mun Highway is now near saturation, and vehicles which go to Kowloon and Hong Kong from Tuen Mun Highway via Tsuen Wan and Kwai Tsing every day are on the increase. Cargo traffic between China and Hong Kong is also increasing. The Government has to advance the building of the the Country Park Section of Route 3 and the Ting Kau Bridge, so that this section may come into operation at the same time as the completion of the new airport. Construction of this section of the route will give a great advantage to the commercial activities between China and Hong Kong, and will also facilitate smoother traffic flow among Tsuen Wan, Kwai Tsing, Tuen Mun and Yuen Long.

With regard to the airport railway system, this should also start to operate with the opening of the new airport. The airport railway system will help relieve the southbound traffic congestion along Nathan Road.

In respect of improving public transport services, the Government should review the present franchised bus routes operated by the two major bus companies, and also review whether the method of protecting the profits of these two bus companies by reference to their asset values is appropriate. Obviously benign competition is a more effective means to urge the bus companies to undergo reform and perfect their management. At present franchised bus routes are already operated through tendering and in the contracts there are no provisions for protecting profits. These modes may be developed in stages.

In recent years, road repair and maintenance work has caused traffic congestion in many areas. I am in favour of prescribing time limits on public utilities -- including the Government -- when they have to requisition road surface to carry out engineering work, and imposing heavy pecuniary fines on those who exceed the time limits. In order to enhance the effective use of the roads, the Transport Branch should conduct further studies to find out the possibility of expanding bus-only lanes during specified hours.

In conclusion, I am disappointed with the policy address of the Governor this year. On the one hand the Governor fails to provide any prospect for the further development of Hong Kong's democratic system, and on the other he is helpless towards

the problem of inflation in Hong Kong. There are also no sweeping proposals to curb property speculation and hold down hefty increase in fees and charges by public utilities. To a twilight government, this manner of administration may be acceptable, but to five million people who wish to march forward with the Government hand in hand towards 1997, such an administrative programme appears to be frail and pale.

MR LAU WONG-FAT (in Cantonese): Mr Deputy President, the signing of the memorandum of understanding indicates that Hong Kong has overcome another hurdle. In fact, history has repeatedly shown that Hong Kong is a place of vitality which, even in face of great difficulties, can escape unscathed and become more dynamic and prosperous. Of course, the people of Hong Kong should not be complacent, especially when the sovereignty over the territory will revert to China in less than six years. During the run-up period, there will be thorny problems and we must adhere to the traditionally pragmatic approach in dealing with them.

Immediate actions should be taken to enhance communication and improve relations between China and Hong Kong. I believe many will agree that if there are suspicion and mistrust between the two sides, the chance for "one country, two systems" to succeed will be greatly affected even though the Sino-British Joint Declaration and the Basic Law are well designed.

The Governor emphasized in the policy address that we should establish a partnership with China. This is a pragmatic and correct approach. Actually, in order to remove differences and enhance understanding between the two sides, government officials should establish a good working relationship with their counterparts at all levels in China. Meanwhile, non-governmental organizations, political and academic bodies as well as individuals in the territory should also contribute by strengthening communications with China. As long as we have consensus in this respect, communication and co-operation between China and Hong Kong at official and unofficial levels will enter a new stage. This will be beneficial to both sides and help to maintain social stability and strengthen confidence in the future of Hong Kong in the crucial time nearer the political changeover.

Now I would turn to some domestic problems. The public order in Hong Kong has become a cause of grave concern. Undoubtedly, progress has been made by the Administration in certain aspects such as clamping down on smuggling activities and strengthening co-operation with the public security authorities in China. However,

cases of violent crimes are still on the increase. Armed robberies of goldsmith shops in busy streets are frequent. Such serious crimes are a flagrant challenge to the law enforcement agencies and damage the local as well as international image of Hong Kong. I have raised questions on this issue during last Legislative Council Session. But regrettably, the authorities concerned have not come up with any effective measures to prevent and clamp down on the problem. I hope the Administration will attach more importance to this aspect.

To combat crime, it is important to ensure that the police are provided with adequate resources apart from co-ordination between various parties. In this regard, I feel that the recent decision by the Administration to grant time-off in lieu of overtime pay to the police is open to question. Given the present financial conditions, it is indeed necessary for government departments to cut expenditure. However, there should be flexibility in implementation and priorities should be set. The police are now taking a difficult task and to keep up their morale is essential. At a time when there is a shortage of manpower in our police force, I am anxious that the granting of time-off in lieu of overtime pay may give rise to a tighter situation in terms of the number of duty policemen available. I hope the Administration will fully consider these factors, so that the measure will not backfire.

Inflation has become a long-standing problem in Hong Kong. We all understand that the factors contributing to high inflation are complex and there will be no effective cure in the short run. However, certain financial measures taken by the Administration earlier are disappointingly inconsistent and inappropriate. As for curbing inflation, I am sure colleagues from the finance and labour sectors will put forth some valuable suggestions. But I would like to point out that the Administration is seen to be less resolved in dealing with the inflation problem. On this important issue which affects the livelihood of our people, it is incumbent upon the Government to take the lead to formulate a comprehensive strategy.

Mr Deputy President, as the representative for rural interest in the Legislative Council, I would like to reflect some of the concerns of the people in the New Territories. The New Territories has a unique historical background. This is a fact. If the Government aims to facilitate smooth administration in the New Territories area, one of the prerequisites is to appreciate and respect the special characteristics of the latter. Years ago, the Administration took steps to professionalize government structure and administration to replace the traditional and effective system which laid equal stress on political and professional

considerations. Since then, the Heung Yee Kuk has repeatedly warned that the new changes, if mishandled, might lead to a situation in which professional departments, in dealing with concerned issues, would incline to put undue emphasis on professional aspects without regard to the political and practical conditions in the New Territories. Besides, inadequate co-ordination and communication between departments might affect efficiency and cause confusion in administration. Consequently, it would give rise to a lot of disputes and problems.

Unfortunately, the Administration has not paid due attention to this warning and no remedial measures have been taken accordingly. As a result, problems pop up one after another. The recent dispute about the construction of a columbarium for ashes of the dead at Pat Heung Sheung Chuen is a good example. The Building and Lands Department and the Planning Department have different views on the issue, leaving the parties concerned at a loss as to what course to take. Moreover, the planning by the Administration to implement sewage control measures in rural areas rashly is also puzzling.

All along developments in the rural areas have been neglected by the Administration. New town development projects have failed to bring about improvements of facilities in the rural region. This vast area is lack of any centralized sewage systems. The promise given by the Administration in the "Rural Planning and Improvement Strategy" in 1989 to improve rural environment, including building sewers, has not been materialized. Under such circumstances, the rash decision by the Administration to control the discharge of sewage through licensing system is tantamount to putting the cart before the horse. Such measure is impractical, inconsiderate and disturbing. No wonder this proposal has triggered strong protests in the rural areas. As a matter of fact, in the absence of centralized sewage systems, unless the villagers do not use water at all, the domestic sewage will not be properly discharged. The licensing system cannot solve this problem and therefore cannot improve water quality.

The Heung Yee Kuk and the villagers in the New Territories firmly support the objective of the Government to improve environment. However, the above measures are unreasonable and unacceptable. Evidently, the key to the settlement of the question lies in the expeditious implementation of the rural planning and improvement strategy as promised by the Administration to provide adequate sewers and other essential community facilities in the rural areas. These will be effective solutions in line with the wish of the people.

The construction of the new airport will take up a large portion of government financial resources. The new airport is important to Hong Kong, but the Administration should at the same time attend to other much-needed projects at district level. For example, the transport system connecting northwest New Territories and the urban area is saturated and there is a pressing need for the construction of Route 3 or a rail link to Tsuen Wan. Undoubtedly, under the present financial constraint, there may be difficulties in carrying out these projects. However, experience has shown that delays in projects of similar nature will seriously affect people's livelihood and the overall economic development of Hong Kong. The price to be paid will be a great one. Hence the Administration should take this problem into serious consideration and find a solution.

Finally, I would like to comment on the impact on property owners affected by development or environmental protection projects. The recent case of property resumption at Li Chit Street in Wan Chai and the controversy over the question of compensation in the review of the Town Planning Ordinance, in fact, involve a matter of principle, that is, should the interests of the minority be fairly and reasonably taken care of when they are affected by projects or measures carried out in public interest? Actually, there is no conflict of interests. In a society upholding democracy and justice, importance is attached to the protection of rights of individuals. To take away the legitimate rights of certain people on the grounds of serving public interests is tantamount to advocating extreme equalitarianism. This will not be conducive to social harmony and stability.

Mr Deputy President, with these remarks, I support the motion.

MR RONALD ARCULLI: Mr Deputy President, in his policy address this year His Excellency the Governor quite rightly reminded us that if we are to improve the standard of living and the quality of life of our people we need a growing and successful economy. I firmly believe that Hong Kong's success was and will continue to be a working partnership between different sectors of our community under the watchful but hopefully non-intervening eyes of the Administration. This may not be the only but is certainly the best way forward. Our economic success is based on hard work and a free market economy. Therefore, Mr Deputy President, if we pay special attention to the Governor's policy address under the broad headings of constitutional development, relations with China, progress review and legislative programme or

shared responsibility for good government I submit that those broad areas share one common foundation which is: how we can best maintain our economic success to ensure our future stability and prosperity.

Mr Deputy President, I would therefore confine my remarks in this debate to our free market economy and how pressure might bring about governmental intervention despite constant reassurance that the Government's policy in this area remains unchanged, and that is, one of positive non-intervention. In this context I refer to the controls which the Government and one of my constituents agreed on as regards the sale of uncompleted residential flats. Some of these controls relate to law and order issue, namely triad or crowd control, but other controls, such as the amount of the deposit or the amount forfeitable, border on intervention in the free market. If not monitored and brought into check, it can deal a severe if not fatal blow to our free market economy. Throughout discussions with the Administration, my property constituents have repeatedly voiced their concern about possible governmental intervention. They are most concerned because it affects not just the property sector but our entire economic equilibrium. Disturbing this balance could bring about dire consequences. My property constituents believe that the Government's role is to exert influence to bring about voluntary, and I emphasize voluntary, controls or restraints. Businessmen, I believe, have a sixth sense that allows them to take quick and responsive measures on a case-by-case basis. And that must be the right way. The Government on the other hand should not be too quick off the mark simply because of public pressure or agitation. Mr Deputy President, the Government's reaction to commentary about high property prices and its effect on inflation is another example. As I understand the position, the level of property prices (high or low) is not a component in any of our inflation indicators whilst property rent might be. The theory, however, is that high property prices result in high rental but this theory is not without flaws. Then it is said that high property prices result in higher mortgage payments -- again an over simplistic view. Banks value property before loans are granted and then usually only lend a percentage of the property's estimated value. Are we blaming the banks for lending too much money? If we are, is that not another example of possible intervention. Mr Deputy President, the Consumer Price Index (A) stood at 13.9% in April, this year, it dropped to 12.7% in August and 11.5% in September. Are we being told that the rising value of property between April and September influenced the drop in inflation from 13.9% to 11.5%? If the time lag exceeds a few months then it is difficult to see how it can be right to say that property prices form a material contributor to our current inflation problems. One of my colleagues earlier went into great detail and with great

expertise and I can only echo the remarks that he made on this issue. The over-heating, Mr Deputy President, in the property market will work itself out as it has done so on many occasions in the past. There was considerable bottled-up demand from 1987 to 1991 with the world and Hong Kong facing one crisis after another from one year to the next. Yet when we had good news on all major fronts affecting Hong Kong earlier this year we expressed surprise at the tremendous increase in the level of confidence of our community. I thought I should sound a strong caution to those of my colleagues who have clamoured for measures to be taken to lower property prices that the dynamics of our people's confidence in their own future and in Hong Kong is in my respectful view reflected by their purchasing a home.

Mr Deputy President, of late we have had calls for a new capital gains tax, or increasing the stamp duty levy or indeed perhaps levying the duty at a much earlier stage rather than awaiting completion of the building. Do those asking for this know what they are talking about? Are they seriously suggesting that Hong Kong should change its taxation policy? If stamp duty is to be levied on every sale is it to be only when there is a price increase or does it also apply in a falling market? Would we unwittingly force purchasers to take a cheap way out by not disclosing transactions and thereby exposing them to risk of losing a lot? Is it to apply to all property, namely, residential, office, commercial and industrial? If brought about, what is the estimated amount that will go into the Government's coffers? And lastly will it increase the cost to the end-user -- the person we are ostensibly trying to protect? There are other points that can be made but not wishing to labour this point too much all I can say is that it is quite an extraordinary step to contemplate: hitting the demand side of the equation to balance the supply side. This is definitely not the sort of new governmental initiative that is expected and indeed will it be extended to other areas? Thank goodness, we have not used this approach with sick people and the lack of hospital beds.

Mr Deputy President, in concluding I implore the Government to reflect long and hard on any form of governmental intervention in our free market economy. Hong Kong's success was not built overnight. Our people have worked extremely hard. Our people own a lot of property in Hong Kong. This is their stake in the future of Hong Kong. Can we be absolutely sure that measures taken, unless they be voluntarily taken, will not kill the demand side of the equation completely. I trust that the Administration would answer all of the points that I have raised.

Mr Deputy President, with these remarks, I support the motion.

MR MARTIN BARROW: Mr Deputy President, in rising to comment on the 1991 policy address, I will focus on what makes Hong Kong tick. I want to explain why the Hong Kong Government must re-affirm its commitment to economic prosperity and its traditional policy of positive non-interventionism. I want to speak of the right of the individual to deploy his creativity, his energy and to apply his inspiration. The individual, Mr Deputy President, is the driving force of capitalism, an ideal that appeals to the people of Hong Kong, whose greatness was created by individuals.

What, Mr Deputy President, is the lesson of Eastern Europe? What does the bankruptcy of great cities such as New York teach us? Why is Western Europe turning away from democratic socialism? Why is the universal cry for lower taxes, smaller government and greater self reliance? The answer to all these questions is the same. The free play of market forces in a capitalist society and the economic prosperity which they generate is a far more efficient and effective way of improving the living standards of all people, than intervention by the government in economic activity in an attempt to divert those market forces towards particular social or political goals.

The evidence is overwhelming. The market, not the government, knows best.

Mr Deputy President, the Joint Declaration affirms that the Hong Kong Special Administrative Region will remain a capitalist economy with a low tax policy. We should do everything to reinforce this, our greatest strength.

Is this philosophy "pro-business"? Mr Deputy President, we can be proud of that philosophy, because it is the philosophy of popular capitalism. It is unashamedly for the individual, robustly for the values which have made Hong Kong great.

The remarkable partnership between the people of Hong Kong and its entrepreneurs has made Hong Kong one of the most prosperous territories in the world. Government's job is to provide the playing field and act as referee, no more and no less. Providing the rules which are clear, fair and entail the minimum interference with the game. Acting as referee means ensuring that Hong Kong is a caring society with appropriate standards of industrial safety, consumer protection, health, education and so on. What it does not mean is that we should build the so-called "Great Society" or try artificially to redistribute wealth with higher rates of taxation. The former leads to big government bureaucracy and a growing national debt. The latter stifles

enterprise and increases poverty rather than abating it.

Trends in legislation

Nowhere is the evidence of a nanny government greater than in the swelling volume of legislation. I sense that a change is taking place, which seeks to implement new controls in many sectors of Hong Kong's economic and social life. We need to determine the source of this legislative zeal and ask whether it is really in our best interest.

What is lacking is the sense that the Administration is driven by a coherent philosophy.

With the maturing of Hong Kong's society, attention inevitably turns to social issues, such as welfare and consumer protection. But let us not forget that these carry a heavy price; bigger government, higher inflation, increased taxes and, eventually, economic slowdown.

The shift in policy, evidenced in a flood of new Ordinances, has happened without any proper debate as to its merit. Taken in isolation, an individual new Ordinance may seem wise. Taken together with other Ordinances now being introduced, it may endanger Hong Kong's free capitalist society. Perhaps, the people of Hong Kong would choose a social agenda over economic prosperity and that is their right. What is not right is that that choice should be forced on them inexorably and without proper consideration of cost and benefits.

In this connection, I welcome the committee which has been set up under the Chief Secretary to vet new proposals for legislation and set priorities. I trust committee members will vigorously oppose a flood of new legislation.

The rule of law

It goes without saying that the people of Hong Kong including businessmen must uphold the rule of law. There must be effective sanctions against wrong-doers. But what is wrong with the existing framework of statutory and common law: over and above that do we need a whole raft of additional Ordinances? Effective sanctions, Mr Deputy President, can evolve under existing common law.

Inflation

Mr Deputy President, I turn now to inflation, the effect of which on the people of the territory has been well rehearsed. What is not so widely discussed is its medium-term effect on Hong Kong's competitive position as an exporter, as a financial centre, as a regional headquarters for multinationals, and as a tourism centre. Adverse effects in these areas will ultimately depress the living standards of our people.

The labour shortage

I wish to address two specific issues related to inflation. First we have the power to act on supply in order to bring supply and demand into balance. In this case, the supply of labour. Every serious analysis of inflation has highlighted the problem.

The 1990 scheme for 12 700 workers was on the one hand bound up in bureaucratic red tape while on the other hand provided inadequate deterrents against abuse. In 1991, another scheme has been introduced for the new airport with median wages well in excess of those actually paid in Hong Kong. The gainers will be workers from China and their employment agencies. The losers will be the people of Hong Kong who will pay more than necessary for their airport. If Mainland sub-contractors were permitted to bid as labour suppliers, with their people coming to Lantau everyday, the savings could run to enormous sums. Why should Hong Kong taxpayers have to give such a present to organizations and individuals outside the territory?

As stated in the policy address, the need for a flexible supply of labour is not related only to inflation, but to growth. The Government's medium-term growth forecast is 5.5% and many predict 6% for 1992. Unemployment is already falling and will probably go below 2% shortly. Now is the time to act, Mr Deputy President, and I urge the Government to take immediate action to increase our labour supply through a simple, non-bureaucratic system.

As a spokesman of the business community, I am angered that some employers have abused the system. We must, however, keep a sense of proportion: complaints involve less than 7% of the total. The need is to dramatically increase sanctions against those who abuse the schemes. We should prosecute quickly and vigorously, not clog the system with yet more red tape.

There are three other points to be made on the labour shortage:

Firstly, there are the hidden costs of the labour shortage. For example, the recruitment difficulties in the police force have been clearly exacerbated by the overall shortage. Although there has been a very encouraging improvement in recruitment in the past month, it could get difficult again in 1992 as the labour market tightens. Also, there is a huge cost to society in imprisonment of all the illegal immigrants caught on building sites. Finally, there is the problem of service standards in our hospitals, caused by the desperate shortage of nurses so eloquently described by the Secretary for Health and Welfare in this Chamber last week.

Secondly, I endorse the proposal to re-examine the immigration quotas from China. If we could double the daily quota to 150 people a day, with the additional 75 being people who would join the workforce, we would relieve the shortages in a manner which would avoid the complexities of labour import schemes.

Thirdly, we must all accept that imported labour alone is not the only answer. Productivity increases, retraining and increased labour participation rates must be parallel aims. For example, is it really essential that employers in some sectors should have to get permission from Government to allow female workers to do overtime while there is no such restriction for male workers!

The role of Government in the economy

We have a dedicated and loyal Civil Service, the envy of many. But we need to release the boundless energy, the creativity and the drive which lies in every one of our civil servants. I call for radical reform, to tap their individualism, to enable them to break away from corporatism, from collectivism, to focus on ends rather than means, to serve the customer not the boss, to believe in mountains of achievement, not mountains of paper, to cut away redundant layers of management. If we can release these pent up energies, we will also release the energy needed to cut Government's share of GDP. I spoke on these matters 12 months ago. May I refer the Financial Secretary to Hansard for 25 October 1990 pages 178 to 180? Could he please give us a progress report? Many in the private sector have had experience of efficiency drives. May I suggest that the Government invites some individuals from the private sector to help, perhaps in the form of an "advisory board on efficiency"?

Privatization

Mr Deputy President, I find it hard to understand why Hong Kong has stood aside from the trend to privatisation which has been the hallmark of all the advanced economies over the last ten years. In Britain alone this has seen the removal of 44 key businesses and over 60% of state industries to the private sector. Why is it that our only advance in 1991 was the privatisation of the management of the Aberdeen Tunnel. Why are our Water Supplies Department, our Government Land Transport Agency, our Information Technology Department, our Electrical and Mechanical Services Department, our Post Office, railways and others still in public ownership when other economies, with a far lower commitment to the disciplines of the market, are busy privatizing these activities. Has Government forgotten that in public ownership one of our abattoirs lost money and that in private ownership it now makes money? Even if privatization is not possible in all cases, we should implement full corporatization as quickly as possible.

Private sector initiatives, such as the plans for a new convention centre, must also be encouraged. Mr Deputy President, I endorse Mr Stephen CHEONG's concerns. When we are going to see progress on that project?

One aspect of privatization that seems to cause concern is the question of the staff. Of course they must be treated sensibly and fairly, but their concerns should not cause the programme to be derailed. I return to my theme of the individual. In a less bureaucratic environment they would enjoy greater job satisfaction and give impetus to their creativity and productive energies.

Conclusion

Mr Deputy President, I end where I began, with the individual. Everything that Hong Kong has achieved has been because we have found a way of letting the individual perform. Our history tells us that it is only by defending our capitalist values that we can be a truly caring society, which protects our rights and freedoms.

It would be ironic indeed if Hong Kong's superlative free enterprise, which has brought the people of this territory so much prosperity, were to be eroded not by fears about the approach of 1997 -- fears which I believe are unjustified -- but by the insidious growth of the nanny state.

This may be hard for some of my colleagues to accept, those who in this debate have and will argue for perhaps higher taxation, for more for the have-nots, for rent controls or for the banning of imported labour.

We must however stop and think where we are going. We must resist a trend which puts the state above the individual. We must return to the "positive non-interventionism" which has made Hong Kong great and which will keep Hong Kong that way in the future.

Finally, Mr Deputy President, I endorse the Honourable Allen LEE's remarks regarding relations with China in support of what His Excellency the Governor said in his policy address. I returned from Beijing this morning after two days of useful meetings, in a personal capacity of course, and I would suggest other Members should not hesitate to visit China in whatever capacity is appropriate or possible.

With these words, Mr Deputy President, I support the motion.

MRS PEGGY LAM (in Cantonese): Mr Deputy President, the Governor's policy address three weeks ago points out incisively that Hong Kong is going through three crucial changes which are shaping our future. I entirely agree to this view and firmly believe that major investment programmes are inevitable in order to ensure that Hong Kong will continue to be one of Asia's leading cities in the next century.

The Governor also emphasizes the "important task of running Hong Kong". How to run Hong Kong effectively during the transitional period is, indeed, a question which this Government must face up to. All along, the Government's performance in this respect is satisfactory. However, a few incidents which happened during the second half of 1991 reflect, to a certain extent, the people's lack of confidence in the Government's capability. Obviously, the Governor's policy address has not given enough weight to this point.

The bank runs in August this year were settled quickly, but they reflect an alarming mass behaviour. We have to look into why people from various strata of the society were frightened out of their wits and behaved the way they did; and even the assurance and appeal from high-ranking government officials failed to win the people's trust and support.

Other examples showing the people's lack of confidence in the Government's capability are law and order and the Legislative Council's direct election in 1991. As for law and order, I will elaborate later. As far as the direct election is concerned, it is an important historical event and despite the Government's strong appeal and the media's great publicity, public support can only be described as "rather limited".

Of course, these events are of different nature and the fact that the policies fail to produce the anticipated results is due to various complex factors. However, from the public administration point of view, these incidents reflect a lack of credibility, in other words, the public has no confidence in the Government's capability in certain respects or has doubts about the purpose of some policies.

Therefore, I firmly believe that the Government's urgent tasks are to re-establish credibility and restore public confidence. Inevitably these tasks are linked with the Sino-Hong Kong relation as well as various levels of the Government's policies.

Relation with China

First, I turn to the Sino-Hong Kong relation, a subject to which the policy address does not give much coverage. The bilateral relation has not become plain sailing after the signing of the Memorandum of Understanding on the new airport. One of the stumbling blocks may be China's consistent reluctance to recognize the Legislative Council. If the attitude adopted by China, Hong Kong's sovereign state in future, remains unchanged, it would certainly create doubts in the people's mind about the legitimacy of Hong Kong's political framework. It would also have an adverse effect on the people's wish to participate in politics and on the Government's credibility. I fear that this mentality, if spread among the people, would be detrimental to the British and the Chinese Governments' common goal of smooth transition and to the democratic development in Hong Kong. Therefore, I hope that both the British and the Hong Kong Governments will do everything they can to change China's standpoint towards the Legislative Council so that China and this Council can establish a fair and constructive partnership, thus enhancing public support for the Government.

I also take this opportunity to remind my colleagues here that the essence of politics is to negotiate over differences and seek common ground while reserving differences. On handling the sensitive subject of Sino-Hong Kong relation, we should

not create confrontation and conflicts. We ought to bear in mind always our status as Legislative Council Members and be careful with our deeds and remarks in the public interest.

Constitutional development

The Governor concluded his policy address this year with the words "shared responsibility for good government". I am just concerned about the relationship between "shared responsibility" and "good government". Hong Kong is practising an executive-led government system in which senior government officials are given very great decision-making powers. The problem lies with a lack of monitoring mechanisms in the administrative framework whereby the government officials are held accountable to their mistakes. A "shared responsibility" for "good government" should be an important direction for Hong Kong's constitutional development and the Legislative Council, as a body for monitoring the Government, should play a more active and effective role. I place great hopes on the committee system which are under deliberation.

Livelihood, economy and social welfare

To the general public, a Government's capability may be an abstract concept. What they are most concerned about is great improvement to their livelihood. Therefore, a Government must do something to improve the quality of the people's lives in order to continue to be a good government.

The double-digit inflation rate has become the number one enemy of the people. I am glad to learn that the Government has started to address the issue by forming an ad hoc group to study anti-inflationary measures. But I think the discussions by people of various walks of life on inflation concentrate on the pros and cons of the importation of labour to the exclusion of other important factors. I hope the ad hoc group can comprehensively review the causes of inflation and look into all possible anti-inflationary measures and their effectiveness including the long-standing linked exchange rate system. But whatever measure the Government ultimately opts for should not go against the principle of equity -- should not be at the expense of a particular stratum of the society.

The policy address this year makes no mention of the recent drastic rise in property prices. In fact, the problem concerns the public and the Government should

not ignore it. What I am concerned about is the widening gap between the rich and the poor and the unbalanced economic development as a result of the sky-rocketing prices and rampant speculative activities in the property market. When the property prices go up, those with properties are naturally beaming with smiles, but for those who cannot afford properties, they would inevitably feel helpless as if they are the deprived and rejected when their hope of home ownership is getting slim. If this sentiment further permeates every stratum of our community, it would sooner or later pose a threat to social stability. On the other hand, the property developers' profits are far higher than those in the manufacturing sector. Although this has been the case in Hong Kong for a long time, the recent situation went so extreme that it may not be a good thing for the development of Hong Kong's export-led economy.

All in all, the impact of property prices has far-reaching consequences and does not only affect the developers and the purchasers. The Government should form an ad hoc group to look into the social and economic problems from microscopic and macroscopic points of view in order to devise a long-term policy.

The policy address touches on the improvement and expansion for some social services. But I am concerned about the lack of funding. In fact, many important social welfare programmes may become abortive due to a lack of resources. At present, one of the major sources of funds for social welfare programmes is the Lotteries Fund. But unfortunately the Lotteries Fund only comprises 3.5% of the proceeds of Mark Six lotteries, which is an extremely low percentage. I have proposed during this year's Budget debate that the percentage should be raised to 10%, but no response was received from the Government. It is estimated that the Fund might be likely to have a deficit of \$170 million in 1991-92. It would be indeed worrying if this situation of having income falling short of expenditure were to continue. It was proposed recently that the percentage for the Lotteries Fund should be increased to 8.5%. I fully agree to this proposal and hope the Government will respond to it positively.

Law and order

The law and order situation in Hong Kong is worrying for the general public. A couple of days ago, four thugs armed with pistols robbed a goldsmith shop in the busy Central. They were absolutely lawless. As reported, they committed robbery in the light of the day without masking their faces and they were not frightened at all by the arrival of the police. They stuffed \$10 million's worth of jewellery and watches into their bags, then fired at the police and hijacked one vehicle after another and

eventually managed to escape. These bandits, who ignored both the police and the law, should be brought to justice facing heavy penalties so as to warn others against committing crimes.

Recently the police displayed their professionalism and managed to crack cases with commendably high speed. I am very glad to see that the Government is determined to enact strict legislation against triad societies and organized crime syndicates. I hope that after consultation exercise, the Bill will be presented to the Legislative Council for scrutiny and passing as soon as possible.

However, I am much worried about whether the austerity policy of the Government will affect the morale and the capability of the police in combating crimes. Undoubtedly some government departments have been "over-expanded" in recent years and need trimming down to "keep fit". However the manpower and resources in the police force have become stretched rather than excessive. In fact, at the time when increasing number of crimes are committed with the aid of high technology and firearms, the Government should recognize the uniqueness of the police as a government department. Investment in police manpower and equipment, as a part of the city's infrastructural development, should not be subject to stringency. I believe many investors and businessmen are quite prepared to pay higher profit tax in return for a better law and order situation.

As regards the long-standing problem of "smuggling" which has cost some police officers' lives, in view of the long coastline of China, the police must make more efforts in endeavouring to secure full co-operation of the Chinese security authorities before there is any hope of resolving the problem.

Environmental protection

I am very heartened to learn that despite the cuts in spending, the Government has still accorded high priority to environmental improvement. But at a recent meeting of the Environmental Pollution Advisory Committee when the drainage problems in Wan Chai East and Causeway Bay were discussed, it was mentioned that the programmes due to start in 1992 and 1993 might have to be postponed due to insufficient funding and that whether the overall drainage programme could go ahead would depend on the availability of funds. I am deeply disappointed at this because the water quality in the Victoria Harbour has deteriorated to such an intolerably dreadful state. I, therefore, hope that the Environmental Protection Department will enforce the

legislation more vigorously by taking prosecution against the offenders and imposing maximum penalties particularly on repeated offenders. I am glad to hear that the Government is proposing to amend the legislation so as to increase the penalties for polluting the environment. I hope the amendment can get passed as soon as possible. I also propose that some of the fines be allocated to the Environmental Protection Department as part of the funding to improve the environment so that the department can implement its established policies effectively.

The airport project is going to be carried out, and its impact on environment should never be ignored. I propose that a comprehensive assessment study be carried out as a matter of urgency so that a report can be published for public consultation.

Mr Deputy President, with these remarks, I support the motion.

MR LAU WAH-SUM: Mr Deputy President, today I wish to talk about some problems. There are many major problems which we have to resolve and some issues which we still have to concentrate on before we can boost the confidence of local and foreign investors to continue investing in Hong Kong.

We have only five and a half years before becoming a special administrative region of China. It is high time that we should concentrate our efforts on ensuring that Hong Kong's legal, financial and political institutions will continue to command the confidence of local and foreign investors in the period up to and beyond 1997 and I will mention four examples of the sort of problems which we must resolve before 1997.

First and most obviously, it is vital that the business community is confident in our independent judiciary system. The fact that both the Law Society and the Bar Association and the majority of Members of this Council have reservations on the current recommendation from the Joint Liaison Group on the composition of judges for the Hong Kong Court of Final Appeal is very worrying, and should not be ignored.

Secondly, I am glad to see the new airport development project can finally be launched with the signing of the Memorandum of Understanding. We must now encourage international investors to participate in this huge infrastructural development. In this regard, we must ensure that international air carriers will continue to use Hong Kong as their Asian air service centre, normally known as air hub, before and after

the opening of the new airport. The economic benefits that accrue to any jurisdiction from being an air hub are considerable. These include aircraft maintenance, catering facilities, administration, cargo and passenger handling and the jobs created by such investments.

It is clear that the first runway of the new airport would not be ready before 1997 and the Kai Tak International Airport would probably reach its point of saturation by 1994. There would be a gap of about 3 years during which we would be forced to give up additional passenger and cargo business. We should be aware that a number of other jurisdictions in Asia including Singapore and Taiwan are vying for the air hub status. They maintain more liberal air service policies than Hong Kong which increase their attractiveness as an air hub for both passenger and cargo carriers. Air traffic business once given up would be very difficult to re-capture; this is more so for the air hub business. I hope that in negotiating air services agreements with the United States and other jurisdictions, we should take into account the substantial benefits from international airliners continuing to use Hong Kong as their Asian air hub, and we must focus on the overall economic benefit to Hong Kong rather than the interest of our local air carriers alone. A more liberal air service policy would bring us lucrative economic returns. It would be a severe economic blow to Hong Kong and the prospects of our new airport if we lose our status as the Asian air service centre to other Asian countries with more forward-looking aviation policies.

Thirdly, it has frequently been pointed out that Hong Kong could derive real benefits from entering into bilateral tax treaties with other countries. In my opinion, the benefits derived from such tax treaties would be quite substantial, but the Government appears to have been slow to follow up this idea. Again, I must point out that negotiation of such treaties must begin now, as it will take a long time to reach agreements and to implement.

Fourthly, in view of the economic benefits in utilizing resources in the Pearl River Delta and other parts of China, many Hong Kong manufacturers and foreign investors have entered into various forms of joint venture contracts with Chinese parties, using Hong Kong as the arbitration centre under which awards are now enforceable internationally, including China. Some people think that after 1997, Hong Kong will automatically have similar benefits by being used as an arbitration centre. However, some Chinese officials and experts have stated that, after 1997, Hong Kong will not be allowed to retain its membership in the New York Convention.

There is therefore no guarantee that arbitration awards obtained in Hong Kong after 1997 will be enforceable in China. This could seriously undermine Hong Kong's potential role as an arbitration centre for China related disputes. There is no reason why we should not take action now to make Hong Kong an independent member of the New York Convention after 1997. I therefore urge the Government to move quickly to clarify through the United Kingdom Government our status under the New York Convention after 1997. Potential rivals for that role, such as Singapore, have been quick to spot the opportunity, and are busily promoting themselves as venues for the resolution of disputes between Chinese traders and their foreign counterparts. I am concerned that there may be other incidents with regard to our independent membership in international organizations. I would like to pursue this matter later in this Council so as to ensure that we will not miss any opportunity in formalizing our independent position and maintaining our rights and benefits before 1997.

Mr Deputy President, having mentioned the four examples and immediate problems which affect our legal, financial and political institutions, I now turn to the issue of our economic development. In order to sustain our economic growth we must tackle our problem of acute shortage of land and labour supply. These are the two major economic factors which are necessary for our long-term growth. Fortunately, both land and labour resources are abundant in the Pearl River Delta. We must therefore make the best use of these resources in our economic development. I am happy to see that many Hong Kong manufacturers have already moved their production lines to the Pearl River Delta, making use of the land and labour resources there to add value on our export products. These operations have certainly established closer business and investment relations between China and Hong Kong and help southern China to progress with faster pace in her economic development. Indeed, Hong Kong has already been playing a major role in China's four modernization program. If we continue to utilize these resources in southern China, it would in effect integrate Hong Kong and southern China economically into one entity and this will certainly work to our mutual advantage.

Some industries however cannot have their production lines moved across the border, such as garment, building, hotel, tourist and other servicing industries. I am glad to see that the Government has already implemented a controlled labour importation for selected industries. I would like to go one step further. In the foreseeable future, I expect that our industrial and infrastructural developments will gradually be extended near to the border. As I suggested in 1989, we should consider importing labour from China on a daily basis, that is to say, workers with

special permits may come to Hong Kong for a good day's work and return daily across the border. There are already similar examples in Gibraltar and Singapore. The most important feature of this method is that it would not impose additional burden on our social services. It is therefore obviously to our advantage. With the latest development in electronic technology, I think this method could be implemented and controlled by electronic means whereby the daily printout of overstayed reports will enable the police and employers to take quick actions to locate the missing workers. May I urge the Government again to consider seriously the feasibility of my proposal on this category of labour supply.

Let me make a further proposal to resolve our long-term labour shortage problem. I suggest the Government review its immigration policy with a view to increasing our future labour supply. Our population pattern indicates that we shall have continuing shortage of blue-collar workers. This is due to our low birth rate together with the fact that our youngsters are receiving more and higher education, thereby causing a general delay in their entering the labour market. I would suggest that in addition to existing daily intake of 75 immigrants from China, we create a special quota controlled by our Immigration Department to accept permanently into our society useful workers imported from China. The aim is to select those who have proven contributions to our economy and can also be easily integrated into our society.

Mr Deputy President, I cannot conclude without saying a few words on inflation, a subject which I have dealt with in the past three years. Needless to say, before we start the construction of our ambitious projects, if we could not keep our inflation under control, we could face the serious problem of cost overrun which may result in difficulties in financing the projects. It is therefore most important that we should curb inflation before the commencement of these huge projects. I do not wish to repeat the arguments I made in previous years but would merely like to point out that we must cut our public spendings. As the rate of growth of our public spending has exceeded the GDP growth rate for a number of years, this is not an easy task. I appreciate the Administration's efforts in holding its baseline level budget and imposing zero growth in head count, but I have to point out that zero growth in head count must be accompanied by reducing the unnecessary multiplication of grades and by simplifying the organizational structures of departments. In my opinion, it would not be difficult to eliminate one layer of the structural hierarchy in some departments. I understand that there are already complaints from junior civil servants that the zero growth policy tends to result in cutting junior staff posts but upgrading or regrading senior staff positions. This will certainly result in

higher payroll cost. Since the staff costs account for no less than 60% of total recurrent expenditure, simplifying the organizational structures of departments should be the best course of action to take. This is not only a more effective method of cutting public expenditure, but it also speeds up the decision making process and thereby improving the efficiency of the service.

Mr Deputy President, we have less than six years to become a special administrative region of China. All problems and issues I have just mentioned need to be tackled now. We cannot afford to sweep these problems under the carpet or to take a wait-and-see attitude since all these problems need some time to study and then tested before implementation. Both local and foreign businessmen regard them as important deciding factors for long-term investment in Hong Kong and they need some immediate assurance that these problems are being dealt with. Otherwise they would take their investments elsewhere. Other countries in the region such as Singapore have already been making their best efforts to take our place as the leading commercial centre in the region. Once foreign investors are pulled away from Hong Kong, it would be very difficult to draw them back again.

Mr Deputy President, with these remarks, I support the motion.

DEPUTY PRESIDENT: There are six more speakers and we are in fact running ahead of schedule. I therefore propose not to take the supper break I suggested earlier but to go straight through subject to the 8 o'clock interruption. I hope it will not inconvenience Members.

DR LEONG CHE-HUNG: Mr Deputy President, a smorgasbord or buffet of incentives and promises have been made in the policy address. But His Excellency the Governor has offered too little hints on how to translate these into action. The address, I am sorry to say, Mr Deputy President, is overly disappointing.

I would like to comment on the address in four broad areas: constitutional development, Sino-Hong Kong relationship, people's livelihood and, of course, medical and health issues.

To start with, Mr Deputy President, I am glad to hear that a review of the entire electoral system is scheduled to be completed by the middle of next year and that

the Government is willing to consider the establishment of an independent electoral commission. This commission must not only be seen to be independent but must work independently in every aspect.

I am sure this Council is fully aware that the Hong Kong Democratic Foundation, of which myself and Mr McGREGOR are general committee members, has, at the beginning of this year, invited a team of election experts from the United Nations recognized Electoral Reform Society to review Hong Kong's electoral system. One of their proposals is that Hong Kong should set up an independent electoral commission. Alas, this idea has not fallen onto deaf ears. Changes could have been made earlier. But it is better late than never.

I also welcome the possibility of further discussion with China on the composition of the different elected elements in the Legislative Council before 1997 so that there is a glimpse of hope that the pace of democratization may be accelerated. There are many possible improvements in our election details, in particular, the controversial functional constituency system.

Mr Deputy President, while it is important for us to work towards a legislature wholly made up of directly elected members, it is as vital to establish a proper relationship between the Legislative Council, the Executive Council and the Administration. To achieve this the Governor calls for partnership. Anybody with the right mind would like to see this as it is the only way that we can best serve the people of Hong Kong.

No government can work without a harmonious co-operation between the three bodies.

I would like however to caution here that whatever changes we would like to see in the role of the Legislative Council and the relationship between the Legislative Council and the Executive Council, we must take heed of the spirit of a smooth transition and the spirit of Hong Kong people ruling Hong Kong principle.

A lot of work needs to be done in that direction and in particular, I feel that there are three things that ought to be done:

- (1) The Legislative Council should be a completely autonomous body to vet laws, discuss policy, monitor the implementation of laws, and ensure that decided policies

are carried out properly by the Administration;

(2) More elected Legislative Council Members should be allowed to sit in the Executive Council to ensure that the public pulse is constantly felt and reflected in the decision-making process; and

(3) Policy matters should be thoroughly discussed in the Legislative Council before a decision is made in the Executive Council.

All these are to ensure a more effective partnership and fulfill the spirit of the Administration being accountable to the legislature as stipulated in Article 64 of the Basic Law.

Colleagues in this Council should feel elated by the responsibility and trust the Governor has put on us in his address. Yet, Mr Deputy President, responsibility can only come in the wake of true power. I hope that this will be genuinely forthcoming and that this Council can truly achieve its genuine independence.

Talking about partnership, the Governor's address also stressed on another partnership and that is with China. The Governor said effective partnership should be established with our counterparts in China at all levels.

Nobody with any degree of pragmatism would dispute this. But no concrete relationship can be ascertained unless there is an official relationship between China and Hong Kong whereby problems can be solved and issues can be discussed as transparently as possible.

Regrettably, Hong Kong is not officially represented on the highest level of partnership. Nor is there any official channel of partnership in existence representing the Hong Kong people.

Let me stress here that any partnership of this sort must be set on a equal footing. There should not be any cowing into subservience or cozying up with either one of the parties to work up that partnership.

I urge the Administration to work full stream ahead to talk with China directly, or through Her Majesty's Government, to establish official communication channels between China and Hong Kong where matters concerning and relating to the future of

Hong Kong can be examined and, if possible, improved. Or else all the fancy words about partnership are but hogwash.

Mr Deputy President, no effective partnership can be achieved without the involvement of the Legislative Council, a "taboo body" in the eyes of China.

Even the Governor has failed to highlight in his address the significance of the new Legislative Council setup flavoured with directly elected elements. But surely, Mr Deputy President, this new Legislative Council must be the window that offers an excellent view on the mood and sentiments of the public.

This is a hard fact of life that China must recognize, a thing that is not to be averted by her subjective desire to the contrary.

To measure up to the Governor's expectation for an effective partnership, we have to break the fences across the psychological frontiers between China and Hong Kong. Hong Kong has been given the short end of the stick. Much of the initiative has now to come from China.

Let me now turn to the issue of people's livelihood. Mr Deputy President, we should not forget that the confidence of the people is measured by the "doses" of care that Government can provide.

The next few years, as we approach 1997, will see our people, especially those who have the determination to or are forced to stay in Hong Kong, looking for policies and development of issues that will affect their daily livelihood.

But the Governor has said little and too little on measures to make do with the soaring inflationary trend and the skyrocketing property prices which are haunting the territory and severely taxing the financial strength of the ordinary men-in-street. This will subsequently affect their confidence in the territory, a colossal asset that is too expensive for Hong Kong to lose, particularly at this historical juncture.

It is simply not enough for the Governor to say and I quote: "Inflation continues to be a major concern there is no easy cure."

We need concrete anti-inflation measures. Yet no recipe has apparently been

offered.

To argue that the main culprit of inflation is labour shortage is but myopia that is insensitive to people's sufferings.

Two years ago, the Governor promised to build a rose garden in Hong Kong. Sardonicly, two years later, the Hong Kong people are desperately wading through a field of inflationary "mines".

Let me caution here that the problem may be a key to the Pandora's Box which may sweep off the pedestals of stability and prosperity of Hong Kong.

Finally, Mr Deputy President, I would like to express the disappointment of the medical profession with the Government's policy on medical and health care, a traditionally complaint-ridden area.

For years the medical profession and the public have been calling for a complete medical policy review. "Major improvement in the medical and health sectors is underway", the Governor said, but such improvement is never complete without a true delineation of future policies.

The profession was delighted when the Secretary for Health and Welfare in June this year said that there would be a policy review early next year. Such is simply absent in this policy address. I hope that our jubilation is not just short-lived.

Let me sound a word of caution that piecing together bits of the Hospital Authority reform, the recommendations of the Primary Health Care Working Group and the discussion of the Working Group To Study Health Insurance will not do and it is in no way a delineation of the direction for the future. The philosophy and the targets of our health care services need to be spelt out. In the 1970s, the medical policy was based on equity. Whilst this is still as important, Mr Deputy President, there are other concerns such as resources allocation and public health perspectives. Countries round the world and even the Pacific rim are moving ahead to set specific health targets, specific policies and strategies on their health services. It is time that we too should move on! The profession is fully prepared to work with the Administration to set the scene. Let us see the determined will of the Government!

In the last Legislative Council session, there had been great concern on the need

to provide a comprehensive review of child care.

Much emphasis had also been put on better protection, prevention, and compensation for our ever enlarging working population in relation to hazards and injury at their places of work. Disappointingly, no direction is given in the policy address in this aspect.

The medical profession and the public are well aware of the rising cost of medical care and that Government is moving towards curbing spending.

There has been a call to study alternative funding sources and a working group has been formed to look at medical insurance. What are Government's long-term and short-term policies in health financing? This is also conspicuously absent in the Governor's policy address.

Mr Deputy President, the Administration should be advised that, removing camp beds from overcrowded wards and ad hoc improvements of the recommendations of the primary health care working party report will not improve the medical service in total nor will it help the confidence of the staff that this is a government that cares!

Mr Deputy President, Hong Kong is a mercurial place vulnerable to even minor adversities. Promises, and promises alone cannot enable this territory to rise like a phoenix from the ashes. We need resolution and concrete measures to work our will.

Mr Deputy President, with these remarks and reservations, I support the motion.

MR JIMMY MCGREGOR: Mr Deputy President, the Governor in his policy address to this Council on 9 October referred to the wide ranging changes now going on in our community. In many areas of concern to us all, he was able to point to significant improvements and further projected growth during the next few years. He painted a picture of a Hong Kong which is expanding rapidly in economic and infrastructural terms, whose people are steadily becoming better off and expectant of further real improvement in earnings and material wealth and whose society shows every sign of increasing maturity.

He had every reason to be confident about the overall development of Hong Kong and of its very large potential for further growth. We have one of the best

constructed economies in the world and also one of the most consistent and best performing. The basic principles which have governed the development and operation of the Hong Kong economy since its inception are those now supported by most governments around the world. I am therefore glad to note that, despite many new pressures and problems, the Government does not propose substantial changes in our economic philosophy and system. Dependence on the vigour and vitality of free enterprise, on relatively simple and low taxation, on the greatest possible freedom for personal and corporate initiative in the creation of wealth, all these aspects of our development have been proven over and over again to be conducive to solid and consistent economic and social progress. We tamper with them at our peril.

It is only when the Governor touches upon our further constitutional progress that uncertainty, perhaps even anxiety, begins to creep into his remarks and assurances. That is hardly surprising given the fundamental changes that will occur in 1997 and the need to move sensibly and pragmatically towards the new reality. We seek to maintain all the freedoms granted by our colonial masters, and there are many, but we also seek further and more contentious freedoms from our new constitutional authority. We seek the right to have Hong Kong people running Hong Kong without serious interference or intervention from Beijing. We ask Beijing to accept democratic development as part and parcel of our successful transition from colony to special administrative region. We ask Beijing to agree to a high level of autonomy for Hong Kong people and to trust that we will not pursue policies that are against China's interests. Given the very substantial differences between a communist system of government and a system based on democratic principles and institutions, it is hardly surprising that the Chinese Government exhibits great caution towards the pace of democratic reform in Hong Kong.

That should not however prevent Hong Kong from pressing the Chinese authorities to accept faster reform and greater autonomy than has been agreed so far. The OMELCO consensus must continue to be our aiming point for 1995. The British Government has promised us several times that, if the 1991 elections were successful, an attempt would be made to persuade China to agree to a faster rate of democratic reform. Well, the 1991 elections were successful and this Council will show in due course that it can work together effectively in the common good and can be trusted to carry out its responsibilities fully. I am therefore pleased to note the Governor's reference to a possible approach to China, presumably to improve the ratio of directly elected seats. At this point, I want to congratulate Mr Martin LEE, even though he is absent, and his liberals on a most comprehensive victory at the polls. There can be no doubt

of the political orientation of the majority of the people of Hong Kong. They are clearly liberal and moderate and by no means radical. It will now be up to all of us in this Council to set aside any differences we have and to work together.

It is also clear that we must increasingly work closely with China in the interest of both territories and to ensure that the transition is conducted harmoniously and with the least possible friction or misunderstanding. There is already a huge base of economic co-operation on which to build further. The two economies are heavily reliant upon each other. What hurts one will hurt the other. What benefits one will benefit the other. We have shown that, although the two political systems are poles apart and based on fundamentally different philosophies, they can work closely together when there is a very large economic reason for doing so. There may even come a time when the Hong Kong border can move northwards, when Shenzhen joins Hong Kong to become its northern suburb and when the enlarged Hong Kong might still be a capitalist society and economy. Is that too wild a flight of fancy? Stranger things have happened. At any rate, Shenzhen and Hong Kong are already inextricably intertwined in an economic embrace.

Before leaving the political scene, I would like to reiterate the view I have expressed several times in this Council and elsewhere that it is time that China began the process of formally recognizing the validity and status of the Executive and Legislative Councils. These are integral elements in the system of government in Hong Kong and there is now no reason why the Chinese authorities should not concede the point. That would make communications and consultation much easier, improving understanding and co-operation.

Let me turn now to some aspects of our economy and society that give cause for concern. The Governor in his address referred to most of them so I will be brief.

Inflation is a very serious problem and is compounded by the fact that not all the elements which are causing inflation are under our control or influence. With an externally oriented economy that is inevitable but there are some important things that we can do.

My constituency, the Hong Kong General Chamber of Commerce, has recently published a list of more important measures that can and should be taken over the short medium and long terms to defeat this enemy of economic and social stability. I will not repeat all the points set out in that submission which has been sent to

the Government for study.

These include determined efforts to reduce public spending even if that means, for a year or two, that some desirable but not essential major public works expenditures are postponed and that overall civil service salaries expenditure is reduced in real terms. Some of this reduction can probably be offset by improved efficiency and productivity. The Government should also seek actively to privatize those public functions that can be more effectively operated in private sector hands.

Whilst recommending that attention be given to the improvement of productivity in the Government leading to higher efficiency and perhaps lower costs, I have also to say that, generally, the improvement of productivity in any enterprise and in major sectors of the economy, is a long-term function with long-term benefits. Improved productivity will not have any substantial effect on inflation in Hong Kong in the short term. We must therefore look to more direct remedies.

More land should be put on the market for the construction of private sector buildings, both domestic and commercial. There is heavy speculation at present in the former, essentially because demand outstrips supply. The additional supply of nearly 6 hc agreed by the Land Commission for sale by next April may not be enough to meet demand. When land prices begin to fall the equation may be more balanced.

Even if more land is sold, however, there will still be substantial inflationary pressure in the property market because of the serious labour shortage experienced during the past several years. This cannot be remedied in the short term by improved productivity. Additional labour will have to come from China and it is clear that the Government already recognizes this need.

Some of the speculation in property is simply profiteering and this too is helping to push up inflation. I am glad to note that at last the Government is taking some steps together with responsible developers to reduce the incidence of triad related rackets and some in fact which are not triad related.

Inflation is poisoning our economic system. The medicine will almost certainly cause pain and discomfort. This should not prevent us from taking it now to obtain a healthier economy later. The Government has set up an internal committee to consider anti-inflation strategy. I suggest that this should be broadened to include private sector experts as well. Inflation is a matter for all of us and so is the

cure.

The Governor has mentioned the quality of life for Hong Kong people and has described the progress in many areas of environmental and social development. We have made great progress during the last few years but much remains to be done. I want to put in a special plea today for one element in our social security network and programme.

That is the proposal that there should be a state run, non means tested, contributory old age pension scheme for all Hong Kong residents reaching the age of 65. This would replace the existing means tested old age allowances and ensure that senior citizens would no longer have to fear the end of their useful working days. This is a relatively wealthy community but we lag behind other economies of lesser strength in our attitude towards and treatment of our aged people. The introduction of an old age pension for all is, I believe, more appropriate to our circumstances than the consideration of a Central Provident Fund which benefits workers but not in fact the whole community.

All I ask at this stage is that the Government accept the responsibility for carrying out a detailed study into the parameters and cost of such a scheme. We can then decide if we can afford it and at what financial levels it could begin. A private sector study was carried out earlier this year by the Social Security Society and this provides much useful information on the subject. We cannot go on much longer ignoring this serious deficiency in our social security system.

I also want to repeat an earlier request of mine that senior citizens be given concessionary fares on all forms of public transport. This would require negotiation by the Government with the companies concerned. In some small way, this concession would provide senior citizens with a better life. Concessionary fares could of course be limited to off peak hours, even in the MTR.

On the same theme, I would appeal to all companies or organizations providing entertainment and cultural services to give senior citizens free or concessionary entry. Some do already but many do not.

I think that the Government should set up a special committee charged with the responsibility of promoting the introduction of concessionary fares and charges for senior citizens. I have no doubt that such a committee, on which some of us in this

Council would be pleased to sit, could make a substantial contribution to this form of social service.

I will finish on the related issues of law and order. It is of little use having a legal system based on English common law and rules of equity, a system within which the independence of the Judiciary is of paramount importance, if the Court of Final Appeal is so constituted as to threaten that independence. The agreement reached between the British and Chinese Governments, with the concurrence of the Executive Council, is in my view inadequate and will not suffice. China will appreciate that, unless overseas businessmen are convinced of the independence of the Judiciary, their confidence in Hong Kong could be adversely affected. I will argue for modification and improvement and will vote against any legislation put to this Council which is intended to give legal effect to the present Sino- British agreement on the Court of Final Appeal.

We are now considering new legislation to combat organized crime and I hope this can be introduced quickly and effectively. At the same time we must consider the very real strain on our excellent police force. There is a huge backlog of overtime which cannot be paid and I have been told of falling morale at quite senior levels among police officers asked to do too much with too few resources. I believe there may be a special case for additional expenditure on the police if, by granting this, the overall efficiency can be raised and Hong Kong made a safer place. For example, the overtime backlog should be paid off and, if necessary, additional funds allocated to meet further overtime needs.

I will not mention the Vietnamese. Political careers have developed on this subject alone. These sad people will soon begin their journey home and I hope they will find there a better future than they could ever find here.

Our own future is not without worries and our destiny is not in our own hands. We must therefore continue to work together to ensure that Hong Kong will remain one of the world's most remarkable economies, capable of much further growth and development whether as a colony or as a special administrative region. This Council can provide an example to the rest of Hong Kong on how different philosophies and different skills can work together for the common good.

Mr Deputy President, I support the motion.

MRS ELSIE TU: Mr Deputy President, elected government has just begun in Hong Kong, and it is our duty to prove that democracy is not just a slogan but a fairer way of government for the whole community. Democracy should not serve the interests of any person or party, but it should serve all the people, rich and poor, young and old, employer and employee, majority and minority. Democracy should aim at making our economy stable and prosperous, and our community a just one. That is not an easy ideal to achieve, but requires us to probe into all issues, to see where improvements can be made to our laws and policies.

Housing

Several important issues come to mind, and the one that is still causing the greatest hardship to the greatest number of people is housing. To the Hong Kong resident aspiring to rent or own a small flat, it appears that the Housing Authority as well as private developers are more concerned with making money than with housing people. The Governor in his speech promised 400 000 public housing flats in the next ten years. But the question is, who will get those flats? Will they go to those who are already fairly adequately housed and those who can afford to buy a flat in the private sector? May we hope to see those flats allocated mainly to families living in appalling conditions at high rents who have waited for many years on the waiting list? I believe that this category should have priority.

I was greatly concerned to hear the Policy Secretary say that there will be a shortfall of one-person flats among the 400 000 promised. Does that mean that elderly singletons are again going to be neglected? Is there any reason why the growing population of elderly people, who built up our economy from the 1950s until now, should be asked to share accommodation with others who may be incompatible co-tenants? Does it mean that elderly singletons will still have to sleep on the streets, in cages, or in passageways, because the Housing Authority continues to ignore the need for singleton housing in the urban areas? The blundering policies of the past need to be rectified, to fit the needs of the people and not just to increase profits.

Education

The Governor's speech promises much for education. To have good plans and allocate funds for education is good news, but by the time those plans are brought to fruition, will they really meet the needs? The youth population is decreasing

and it is no longer necessary to concentrate on quantity. And the chance to improve the quality of education is already slipping away and many children drift through to the age of 15 to leave school without any qualification to fit them for the workforce, and with nothing to fulfil their aspirations to improve their lifestyle. Classes remain large, teachers remain overworked and many are still untrained at secondary school level. They find it difficult to cope with children who have no interest in the English-dominated education they are compelled to accept. Triad gangs have more exciting activities to offer. Yet police continue to deny that there is a triad problem, but try to lull the public into a false sense of security.

Security

Speaking of security, I think we shall have to spend a great deal of time and effort on that subject during this present session. We should stop the over-policing of petty demonstrations so that the police can concentrate on the violent crimes, triad activities and vice that are destroying too many of our young people.

I am concerned that the Bill of Rights is sending all the wrong signals to the worst criminal elements, those who can afford to employ the highest paid lawyers to find loopholes through which they can use the Bill of Rights to escape the consequences of heinous crimes against the community. For the victims of their crimes there is little, if any, protection. At the same time, young people who know nothing about human rights appear undefended in our courts. Some have been persuaded to plead guilty without being warned of the life-time consequences of their guilty plea. We need to deal with this trend quickly, before the Bill of Rights becomes the privilege of the rich and influential, while doing nothing for those young people most in need of advice and rehabilitation to keep them from a life-time of crime. The Bill of Rights should protect the community and not provide a way of escape for the unscrupulous.

Inflation

In his speech, the Governor said that one of the main causes of inflation is the acute shortage of labour. I am sure that some of my colleagues will vigorously oppose this concept, and I would agree with them. I suspect that one cause may be the

shortage of cheap labour in the construction industry. I believe that high construction costs are due to triad stranglehold on the industry. Triads not only demand high protection fees, but also trade in cheap imported labour, legal or illegal. Of course the Government will deny this, but unless they face the facts, the situation cannot improve and shortage of labour will still be blamed.

Surely one of the main causes of inflation must be the soaring cost of land and property, which has already driven many industries across the border to China. Another reason is the high cost of consultancies on projects which our own departments should be able to cope with. Another cause of inflation must be the creation of highly paid civil service posts that in some cases seem to amount to sinecures. The zero-growth policy has not frozen top posts but actually increased them, while the workload has been passed down to the depleted lower ranks, which have then to decrease services to the public.

Population

During the Policy Secretaries' briefings we were told that long-term plans are being considered to deal with the natural population shrinkage. I have suggested before, and I now suggest again, that one practical way of improving that situation would be to increase the daily quota from China, which some of my colleagues have mentioned, with the proviso that the new arrivals must be the spouses and children of Hong Kong residents. This would provide one long-term measure to increase the workforce with people who can integrate into the population. I am sure that I will be told that such a step would cause abuses. But there are serious abuses in the present system of importing labour. Abuses must be dealt with by legislation and should not be made the excuse for inaction. To bring in genuine families would reduce some of the serious consequences of the separation of families, and at the same time relieve some of the burden placed on our social services by those separations. I hope that the Hong Kong and Chinese Governments will give serious consideration to this possibility.

Vietnamese migrants

According to some who claim to be humanitarian, Hong Kong should keep here every person arriving on our shores from Vietnam to seek a better way of life and whether or not they are political refugees. I find it difficult to understand why those humanitarian advocates do not include Chinese who come here for the same purpose.

Nor do they seem concerned that young Chinese people who come here to work are put in criminal prisons. While we cannot find money to treat our elderly people well, they expect us to pour out billions of dollars to feed, clothe and house all illegal immigrants only if they come from Vietnam. The United States Government, which caused and continues to cause the economic plight of the Vietnamese people arrogantly expects Hong Kong to pay the price of its Vietnam hangover. I wish to say openly: "United States, we will gladly put the Vietnamese boat people on your shores so that you may show by your actions your love for these unfortunate victims of your policies. If you are not prepared to accept them, please shut up, and we shall do with our illegal immigrants exactly what you do with yours, that is, we shall carry out the Comprehensive Plan of Action to which you are a signatory."

Sales tax

Another issue I should like to touch on is the looming fear of a sales tax or other forms of indirect taxation, allegedly to control inflation. Undoubtedly a sales tax would cause greater inflation, and place heavier burdens on those who can least afford to shoulder them. There will be demands for higher wages, resulting in further inflation. A sales tax would affect our industries by reducing the buying power of the local people and discouraging foreign tourists, who already complain that Hong Kong is no longer a shoppers' paradise. I leave my colleagues to enlarge on this point, but believe that we must say no to a sales tax.

Women's rights

The last issue I will mention today concerns women's rights. Women are by no means a minority, but they are sometimes treated like an inferior species. Many women's organizations have called for a commission on women, and I think this is long overdue. How many are aware of the traumas that women face, for example, after divorce as they are left with housing problems, the care of fatherless children, and may also have to cope with loansharks who make deserted wives responsible for their runaway husbands' debts? How many know, or even care if they do know, about the evils of the two-week rule in the contracts of foreign female domestic workers, a rule that denies them protection against long working hours, abuse by bad employers, and arbitrary termination of contract if they dare to make a complaint? There are plenty of women's groups who are eager to be heard on the subject of women's rights if a commission is set up.

Conclusion

So democracy is not just a beautiful goddess to worship. In fact, there is no ideal form of government because any government is only as good as the people who make its laws and administer them. But democracy is probably the best hope for the public to monitor the government's accountability, and to select for office those who truly care for the community at all levels and on all issues.

There is a great deal to be done to improve our present community, socially and economically. I hope that during this session we shall concentrate on that task, and that the executive arm will respond to all reasonable proposals made by this Council to achieve the task.

Mr Deputy President, I support the motion.

MR ALBERT CHAN (in Cantonese): Mr Deputy President, in respect of the Governor's policy address made to this Council on the 9th of this month, I should like to discuss the following aspects:

(1) Financial and other arrangements on the construction of the new airport and the airport core projects:

In his policy address for 1989, the Governor pointed out that as the Kai Tak Airport was near saturation, Hong Kong urgently needed a new airport to meet the demands of continued growth of air traffic. The Governments of China and Britain signed the Memorandum of Understanding to build the new airport on 3 September this year. Everything seemed to be in place. However in his policy address this year, the Governor did not mention any definite financing methods or monetary arrangements in respect of the construction of the airport and the related projects. This is regrettable. Where would the capital for building the new airport and its core projects be raised? Would this seriously affect the quality of life of the people? Would inflation persist at a high level? All these, I believe, are questions with which the ordinary people are most concerned. It is a pity that we could not find the answers from the policy address this year.

On the other hand, the policy address mentioned that the expenditure during the six-year construction phase of the new airport would only absorb one-quarter of

our total capital expenditure and this level of expenditure would be the equivalent of about 2% of annual GDP over the same period. What the Governor meant was that the expenditure for building the new airport does not seem to unduly affect Hong Kong. However, as far as we can see now, the Government is beginning to reduce and freeze the expenditure of various fields in the public sector in this financial year. The most obvious is that the sewage disposal strategy would be postponed indefinitely. In spite of repeated assurances by the Government that such curtailment would not affect the quality of service and efficiency of the public sector, yet the ordinary people are worried lest with such constraints in resources, they would not be able to enjoy a reasonable social service and security. One may well say "harms emerge before advantages are seen."

What is most disappointing is that the Government never published the financial assessment report on building the new airport and various infrastructural projects. On the other hand the Finance Committee of the Legislative Council had already approved an allocation of \$6.5 billion in July this year as the expenditure of the Provisional Airport Authority. This was the first ever allocation by the Government towards the new airport scheme. The report of the financial consultants of the airport project will be completed in January 1992. Based on the information available so far and the operational programme being prepared by the Provisional Airport Authority, the consultants are saying that the capital to be provided by the Government probably will not exceed \$13.8 billion, no more than 40% of the total cost of the airport. In addition, according to the Government's estimate, the west Kowloon reclamation would cost about \$9 billion, the west Kowloon expressway about \$1.7 billion, the route No. 3 about \$5.6 billion, the north Lantau expressway \$3.4 billion, the airport railway \$12.5 billion, and together with other engineering projects, the total cost of the airport core projects would be as high as \$98.6 billion.

On the expenditure side of the projects, the Government now has clear data, but on the source of financing, the Government has not yet revealed anything on the excuse that the financial consultancy has not yet produced its report. People cannot help thinking that the Government is deliberately withholding various data and decisions and will not publish them until after they have become fait accompli. In other areas of project planning one can also see the same thing happening.

The Government had in the past started construction projects before the publication of assessment reports relating to the effects of the relevant projects

on the environment and before the people affected had been consulted, which made it impossible for the people to express their views. Even as Members of this Council, we are unable to present our opinions due to a deficiency of information, not to mention reflecting people's views to the Government. Today, in this last decade of the 20th century, such blatant disregard of people's right to know stands in need of thorough overhauling.

(2) On telecommunications:

World telecommunication technology has made rapid advances during the 1980s. The Hong Kong Government also explored for the first time the possibility of developing cable television in the report of the Broadcasting Review Board of 1985. In the following years, the tendering for cable television, the licensing of the operation of satellite television and the discussions on the development of a second network and so on all have had far-reaching effects on the people. Regrettably none of them has been mentioned in the present policy address which is disappointing indeed.

In fact, the decision-making structure of the Government in respect of broadcasting and telecommunications involves many government departments and policy branches, but many policy proposals and decisions are controlled by a handful of officials. Private bodies, even directly elected Members, have no chance of participating in the process. For instance, the approval of licensing conditions for cable television and satellite television obviously have an important bearing on the flow of information among the Hong Kong community and on broadcasting services for all Hong Kong people, but the Government has never revealed the relevant data (for example, tendering terms, views of consultants, criteria of Government's consideration and so forth) to consult the public. From this, one can see the Government completely disregards people's right to participate.

On the other hand, government officials, due to a lack of expertise in telecommunications and broadcasting, are often led by the nose by technology developers and large consortia. Up to now, the Government does not have a solid and complete policy on how telecommunications should be developed, nor a set of relevant principles, system and programme of development. The result is that Hong Kong's telecommunications fail to catch up with that of the advanced countries in Europe and America.

What is regrettable is that the Government, with the intention of safeguarding the commercial interests of cable television, imposed a restriction in the licensing conditions of satellite television that the latter would not be allowed to broadcast Cantonese programmes within three years. This seriously weakened the competitiveness of satellite television, and also sacrificed the right of local audience to choose their programmes. On the other hand, in order to develop satellite television, some real estate companies and consortia have rigged up receiving antennae on top of buildings without the consent of individual property owners, and demanded payments from residents. In some large housing estates, the consortia even forbid, through direct or indirect control, the installation of linkups to the network of their competitors. This situation tends to grow more and more serious and these methods are, no doubt, in complete disregard of the will of small property owners and consumers, which is absolutely unfair to them.

On the development of telecommunications in Hong Kong, I wish to propose the following: when formulating broadcasting and telecommunications policies, the Government should:

(1) import more professionals;

(2) open telecommunications to free competition and let the public participate in decision-making;

(3) draw up as soon as possible long-term and macroscopic broadcasting and telecommunication policies and their principles of development.

Furthermore I hope that the Government will watch the future development of cable television (paid television) which should not jeopardize the operation of unpaid television, in order to protect the right of the people to enjoy the present unpaid television.

(3) Public utilities:

The Governor pointed out in his policy address that inflation continues to be a major concern. In fact the charging policy of public utilities is very closely connected with people's livelihood but, regrettably, in the policy address, the Governor did not say anything as to review of Hong Kong's public utilities, which is disappointing indeed.

At present most public utilities in Hong Kong are subject to schemes of control. As a matter of fact schemes of control guarantee the profits of these public utilities, but without any control on the quality of their services. Even if a franchised company provides extremely bad service, it may obtain a certain profit. This is obviously unfair to consumers.

What is most objectionable to the public is that most of these public utilities enjoy monopolized rights of operation and the schemes of control still ensure that they can obtain a certain profit. When the profit of a company falls below a percentage (for example the Kowloon Motor Bus has an approved profit equivalent to 16% of its average net fixed asset value), it may apply to increase the charges. However there is no guarantee of the quality of its services. Obviously these franchised companies enjoy double benefits. In fact the continued increases in fees and charges over the years have led to inflation. The profit control schemes are apparently the culprits. I hope that the Government will soon embark on a review of the present control schemes and franchises of public utilities in order to safeguard the rights of consumers.

Mr Deputy President, with these words, I express my deep disappointment at the policy address.

MR GILBERT LEUNG (in Cantonese): Mr Deputy President,

Relationship between the Legislative Council and the Government

As the Governor has pointed out in his policy address, Hong Kong today is going through some crucial changes and that a majority of the Members of this Council have been elected for the first time is a landmark in our process of constitutional development. Undeniably, our prime task in the coming few years is to set up a political system accountable to the public to ensure the maintenance of a steady and effective administration. In this regard, the Governor has only mentioned in his address that there is a partnership between this Council and the Administration without clearly elaborating the nature of this partnership. It would make one feel that the address is really not scratching the right itch.

My expectation in the address is a clear and factual statement from the Administration concisely explaining that the relationship between this Council and

the Administration is just like that between the monitoring body and the structure being monitored. I agree with the remark stressed by the Governor in paragraph 6 of his address that our present constitutional system is very different from that of the western countries. In fact, the administrative structure of Hong Kong, that is our Government in a narrow sense, is a typical civil service administration. In these circumstances, it is quite natural that the Government has to remain neutral in all elections. However, this should only apply to matters between the Government and individual political parties or candidates. As for the relationship between the Government and the Legislature as a whole, absolutely no uncertainty should be allowed on the practice that the former is being monitored by the latter. Our constitutional system is different from that of the western countries where formulation of policies are the responsibilities of the ministers returned by elections. As a matter of fact, we do not have a ministerial system, and for this reason this role has been undertaken by the Civil Service all the time. Since this important role has been taken up by our Civil Service, there is a greater need to make clear in precise term and place emphasis on the monitoring function of the Legislative Council. Only when policy measures of the Government are fully under the supervision of the legislature mainly returned by elections can we guarantee that these measures will meet the wishes of the majority of the public.

Criteria in setting priorities for public expenditure

On the other hand, some massive infrastructural projects will be underway in the coming few years, and this will definitely affect the structure of our budget in public expenditure. Meanwhile, Hong Kong has entered a transformation period and we need massive investment in human resources. Over the past several decades, the general public have been suffering from problems in environmental pollution and low quality of life. Now these problems need to be improved as soon as possible. Therefore I think I have to remind the Government that in the process of setting priorities for public expenditure items steps must be taken to ensure that the Government would not over-emphasize economic development and those items that only bring short-term benefits to our political system and economy, and neglect other policy measures with long-term and invisible benefits to our community in various fields such as social welfare, culture and recreation, environmental protection, labour protection and education and so on. All along, it has been the objectives and responsibilities of the Regional Council to upgrade various facilities in municipal services and to provide a variety of cultural and recreational activities to the general public. The services provided will offer convenience to the daily living of the public and help

them to acquire a healthy state of mind and body. But whether these services can be provided effectively and whether their intended effect can be achieved will actually depend on the support and co-operation from the Administration in relevant policy areas. The root of the problem is whether the Government has accorded the right priorities to community expenditure in areas including municipal and cultural services, environmental improvement and education.

Sustained implementation of policies

Mr Deputy President, you may think it is superfluous for me to mention it. In his address the Governor has repeatedly expressed concern in policies on our environment and other aspects relating to the quality of life of the public. The importance attached by the Administration is no lesser than that attached to the massive infrastructural projects. However, there is also a problem of whether the implementation of these policies can be sustained or not. Our concern is to look into those undertakings already made by the Governor in his previous policy addresses and see whether they have been honoured actually. In this regard, I have come up with a specific example. In the address delivered three years ago (paragraph 83 in the address by the Governor, 1988) the Governor promised that the Government will greatly improve the sewage disposal system throughout the territory. But up to the present moment, there has not been a commencement date scheduled for this programme. In paragraph 57 of this year's address, the Governor indicated that over the next five years, the Government will allocate \$8 billion to this programme to deal with sewage, chemical waste and refuse. According to the information from other sources, however, the commitment of \$8 billion has already been earmarked in last year's five-year forecast and not a new funding item this year. In order to complete the whole Sewage Disposal Master Plan, the funding required will be \$16.1 billion. Only a small portion of the said \$8 billion will be used in the Sewage Disposal Master Plan. In other words, fundings have still not yet been allocated to this master plan which is related to the health condition of all the people in Hong Kong. So we still have to pray for its implementation.

In his policy address, the Governor has not touched on the Rural Planning and Improvement Strategy proposed two years ago. I hope this time it does not mean that the Government once again overlooks the benefit of the rural population and the development in the rural area as a whole. In the past, the Government has emphasized the development of new towns, that is the urbanization of rural areas, in its New Territories policy. This is in line with the Administration's policies adopted all

the time which have attached too much importance to building our economy and neglected the quality of life of the public. As a matter of fact, Hong Kong is a small place with a huge population. A balanced development and preservation programme for our rural areas will not only have a direct bearing on the living of the rural residents, but it will also affect the quality of life of all the residents in the territory. A scenic countryside will provide a healthy balance against modern city life. Its function is no less than that of the lung and heart to our body. I have to point out here that the Regional Council fully welcomes this rural improvement scheme drawn up by the Government, and it will co-operate with the Government as much as it possibly can when the scheme is to be implemented. However, the implementation of this scheme rests with several government departments. Unlike other high-profile large-scale infrastructural projects, the improvement items are great in number, piecemeal, diversified and in a disorderly manner. Therefore they will be easily neglected. Once again, I would like to urge the Administration to fully implement the Rural Planning and Improvement Strategy.

Measures to curb property speculation

I have only talked about matters relating to long-term measures to improve our quality of life. At the present moment, however, the double digit inflation is causing the greatest impact to our daily living and the over-heated property market is one of the major factors contributing to the high inflation. One month ago, the Government put forward some measures which aimed to cool down the over-heated property market. In order to cure the problem at root, I am of the view that on the one hand the Administration should take measures to contain speculation activities in the property market, and on the other hand measures should be taken to increase the supply of flats whereby the prices of flats will come to a lower level through the natural mechanism of demand and supply. I would like to point out that in drawing up any concrete measures, the Government should adhere to two principles. First, these measures should not increase the burden of genuine home buyers or real property investors but only be targeted at property speculators. Second, the measures should not lead to a smaller supply of flats nor encourage the developers to hold back their flats for higher prices. Only when these two principles are complied with in the proposed measures can we curb these speculation activities selectively and distinctly, so as to protect the interest of genuine home buyers.

Conclusion

All in all, I hope the Government can achieve the following four aspects:

(1) Clarity -- the relationship between this Council and the Government should be clearly stated as the one between a monitoring body and the structure being monitored.

(2) Impartiality -- in making arrangement for public expenditure, economic development and massive infrastructural projects should not be over-emphasized at the expense of the quality of life of the general public.

(3) No tapering off -- the policies should be sustained and the Sewage Disposal Master Plan as well as the Rural Planning and Improvement Strategy should be fully implemented.

(4) We should not neglect the problem of inflation which is the most important issue we are facing, and every effort should be made to curb speculation activities in order to protect the interest of genuine home buyers.

Mr Deputy president, with these remarks, I support the motion.

DEPUTY PRESIDENT: It is now a little past eight o'clock and under Standing Order 8(2) the Council should now adjourn.

CHIEF SECRETARY: With your consent, Mr Deputy President, I move that Standing Order 8(2) be suspended so as to allow the Council's business this afternoon to be concluded.

Question proposed, put and agreed to.

MR NG MING-YUM (in Cantonese): Mr Deputy President, I shall today focus my speech on two areas that have been neglected in the Governor's policy address.

The first area that has been omitted is the education policy. The Governor's policy address last year gave a beautiful picture of Hong Kong's education during the 20th century. The policy address this year, however, merely refers to the expansion of post-secondary school places as being under "progress review" by the

Government, while making no mention of how to improve the quality of secondary and primary education or of the problems of the education system as a whole. As the United Democrats of Hong Kong's spokesman on education, and proceeding from the rights and interests of students and parents in general, I am greatly concerned over His Excellency the Governor's performance this time. Firstly, it seems to show the Government's disengagement from education affairs. Secondly, the Government seems to indicate that, in the area of education, it stresses only the expansion of post-secondary school places while totally neglecting the development of secondary and primary education and the improvement of the quality of fundamental education.

As a matter of fact, the mere expansion of post-secondary school places will not solve the most important problem of Hong Kong's education system. Rather, without matching efforts in other areas, it will very probably lead to abuses. As we can see, since His Excellency the Governor's 1988 policy address put forth the proposal of greatly expanding post-secondary school places, the rapid growth of post-secondary education has already caused many undesirable consequences. This year, under-enrolment has been evident in many post-secondary schools, while the absence of a parallel growth of such resources as teachers, libraries and classrooms is making people wonder whether the standard of post-secondary education will not suffer as a result of "increase in quantity but decrease in quality." In fact, expansion of post-secondary school places in the absence of attention to the improvement of the quality of secondary and primary education will only result in an insufficient number of good-quality students for post-secondary schools, while the continuously expanding post-secondary schools will be forced to admit matriculated students of dubious quality. In a way, this will prevent the maximum utilization of the Government's investments in post-secondary education, making it even harder to attain efficiently the target of training of human resources.

In addition, because the Government fails to expand Secondary VI school places in keeping with the expansion of post-secondary school places, a strange phenomenon will arise in the school system. The Government's goal is to provide post-secondary school places to 24% of all students by 1994. This ratio almost equals that of Secondary VII students as a percentage of youths of the relevant age group. In other words, by 1994, most of the students eligible to study in the matriculation class, including those who fail in the Advanced Level Certificate Examination, will be able to sail into a post-secondary school of one kind or another. Besides, because most post-secondary schools will be adopting the joint enrolment system, students will know very early if they have been accepted. This will make many Secondary VI students

uninterested in going through the two-year matriculation course. The emergence of such problems shows that we must at this time make a serious review of the matriculation course. As post-secondary school places keep increasing, it will no longer be possible to use the Advanced Level Certificate Examination as a means of sifting students, and matriculation will become a two-year preparatory course for all post-secondary school students. In fact, however, the Government should not be wasting public money on providing a two-year preparatory course for all post-secondary school students. Under these circumstances, the Government really ought to consider how to change the matriculation course and make it more valuable and even to review its *raison d'etre*.

From the point of view of resources allocation, the Government's consistent policy has been to allocate an excess of resources to post-secondary education. This has gone from bad to worse with the expansion of post-secondary school places. Post-secondary education last year took a 29.2% share of the education expenditure. This year, with the great expansion of post-secondary school places, the share is more than one-third. Each post-secondary student is being subsidized to the amount of about \$70,000. In contrast, the subsidy is only \$15,000 per secondary school student and only \$9,600 per primary school student. As for pre-school education, its share of the education expenditure is less than 1%. The Government's allocation of increasing resources to post-secondary education at the expense of secondary and primary education really makes people wonder if the Government has sufficient resources for improving the quality of secondary and primary education. The policy address proposes no solutions for the problem of quality of learning and teaching in secondary and primary schools, the increasingly serious behavioural problems of students and the problems of teacher drain and teacher morale, problems which cause great concern to educators. Curriculum reform and student-based education, which Report No. 4 of the Education Commission strongly recommends, are essentially sound directions for the improvement of secondary and primary education. But the Government is only allocating massive resources to the expansion of post-secondary school places. This makes one worry that the sound directions mentioned in Report No. 4 will, for the lack of resources for their implementation, remain a paper exercise.

Not only does the Government fail to make a commitment to increase investment in secondary and primary education, but last year we kept seeing measures taken by the Government to reduce allowances to students so as to save resources. We saw the Government cutting school children's travel allowances, students being given the

responsibility for cleaning their classrooms and spending on adult education being reduced. I would like to ask: How many measures of a similar nature will we see in the coming year? Will two or three more students be added to each class in secondary and primary schools? Will clerical staff be cut and teachers given more responsibility for clerical work?

All the measures mentioned above will bring only one result. Students or their parents will pick up a greater share of the education tab. Nor will post-secondary students be spared this. As we step into the 1990's, we will clearly see rapid increases in the post-secondary tuition fee, which will be \$24,000 a year by 1994. On the other hand, over the past six years, the ratio of students receiving grants or student loans from the Government has declined steadily, falling from 45.6% in 1985-86 to 24.1% in 1990-91. In other words, the families of nearly 80% of all students will be paying the full amount of the expensive tuition fee on their own. We see that education expenditure has been fluctuating within a narrow range in recent years. For many years, the spending on education has accounted for about 3% of Hong Kong's gross domestic product, a percentage that is the lowest among the Four Little Dragons of Asia. I believe that, if we are to improve the quality of education and provide education to more people, the Government must throw in more resources and must not sacrifice quality for numbers or ask parents to discharge a burden for the Government by paying out of pocket for their children's education. I sincerely implore the Government to give serious consideration to increasing in the coming years the ratio of education expenditure both as a percentage of total public spending and as a percentage of gross domestic product, so that we may train human resources in greater numbers and with better quality, thus helping Hong Kong to meet the challenge of the 21st century.

Mr Deputy President, the other area that has been left out is the communities in the western New Territories. For many years, Tuen Mun and Yuen Long, despite their being out in the fringe and far from the metropolitan area, have received from the Government not the correspondingly larger shares of public resources but, on the contrary, shares which are smaller than those received by other communities. I hope that the Administration will take a proper look at this matter and allocate reasonable resources to ease the four major problems of Tuen Mun and Yuen Long, namely:

(1) Internal transportation facilities and transportation links with the outside: In the near term, the degree of efficiency in the use of Castle Peak Road and Tuen Mun Highway should be improved, so that more traffic may be carried. In the long

term, action should be speeded up for the construction of that section of Route No. 3 which connects the western New Territories to Kwai Chung, and a mass transit system should be built to connect the western New Territories to the Tsuen Wan MTR Terminal. In addition, the quality of service of the LRT and its franchise should be reviewed.

(2) Public order: Police personnel and equipment should be increased and upgraded. Police morale and efficiency should be improved.

(3) Environmental pollution: Special attention should be paid to the pollution of the Tuen Mun River.

(4) Hospital services: Attention should be paid in particular to the problem of overcrowding at Castle Peak Hospital caused by too many patients and the problem of 24-hour operation of the emergency ward of Tuen Mun Hospital.

Mr Deputy President, I understand that the Government is under heavy pressure because of its huge commitment of spending on the airport and the infrastructure. Still, even if "infrastructure has priority over everything," we should not let "infrastructure squeeze out everything"! I hope that the authorities will think this over carefully.

Mr Deputy President, I am disappointed at the policy address.

DEPUTY PRESIDENT: In accordance with Standing Orders, I now suspend the sitting until 2.30 pm tomorrow afternoon.

Suspended accordingly at eleven minutes past Eight o'clock.