

1 HONG KONG LEGISLATIVE COUNCIL -- 31 October 1991

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OFFICIAL RECORD OF PROCEEDINGS

Thursday, 31 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 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 EDWARD HO SING-TIN, 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 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

ABSENT

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

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

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE LEE WING-TAT

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR LAW KAM-SANG

Member's motion

## MOTION OF THANKS

Resumption of debate on motion which was moved on 30 October 1991

MR PETER WONG: Mr Deputy President, reality is often stranger than fiction. We are in the middle of debating a motion of thanks to the President who is not present; and instead of thanking him, we should criticize his speech thoroughly for the good of Hong Kong.

The topic uppermost on everyone's mind is inflation. Yet, we were told that the Financial Secretary will explain the Administration's strategy for combating inflation when he replies next Wednesday. How can we possibly debate the Administration's strategy for financing the Government's programmes when we do not know what it is?

The President, however, gave us but a clue about the fight against inflation -- that was his proposal to consider an expansion of our controlled scheme to import workers from overseas. Importation of labour is a sensitive topic that often raises the hackles of those concerned with our workers' well being. Those people will doubtless choose to ignore that part of the proposal that reads "but only in those sectors of the economy where the labour shortage is most acute". It is estimated that if labour shortage is not resolved by 1995, inflation will shoot up to at least 15%.

The Business and Professionals Federation of Hong Kong, of which I am a member, is issuing a paper on fighting inflation. We will be proposing a scheme which is specially designed to safeguard the livelihood of our workers and which we feel is appropriate to Hong Kong's situation. The scheme, featuring full employment and steady wage increases, is aimed at containing the impact of Hong Kong's structural transformation which is a major cause of inflation. It will not be to anyone's advantage, and will definitely hurt the lower income group, to have wages pushed up at ever increasing rates only to allow inflation to swallow all the gains. It is

my sincere hope that these proposals will be considered on their own merits.

DEPUTY PRESIDENT: The public gallery are not observing the rules of etiquette. I would ask those in the gallery please to sit down, because if they do not sit down voluntarily I will have to arrange the necessary measures to be taken. Please do sit down. Mr WONG, please continue.

MR PETER WONG: My job as an international tax consultant brings me into close contact with all the major economies of the world. Everytime I return home, I remind myself how lucky we are with a booming economy, full employment and markets which are buoyant. We enjoy that luxury of short-term economic certainty which other democratic nations do not. To some extent, our problems are simple. We have a simple taxation system which some of us want to change in order to address temporary imbalances in our economy. Others want to use taxation as a weapon to achieve egalitarianism and in the process demolish the incentive to achieve -- a process that is all too apparent in some of the other countries.

I agree that there is no easy cure for inflation, but the half-hearted measures put forward by this Administration are no more than just letting the economy restructure itself and damn the consequences. The civil servants were compelled to accept magnanimously an increase slightly less than the very suspect CPI (A) index of 13.9%. Even we legislators as a whole accepted a slightly lower increase. However, by giving increases matching inflation, we are merely perpetuating that never ending spiral.

In the last debate on inflation in these Chambers, I called upon legislators to do their own bit to show that they are serious about tackling inflation. Once more, I call upon my honourable colleagues to set an example in leading Hong Kong out of the inflation crisis by making corresponding sacrifices. Meanwhile, I will continue to draw the same allowance as I did before the last rise and will not consider any increase until a full review of legislators' allowance is carried out next year.

Looking at the various factors contributing to inflation, I have a deep concern about the amount of infrastructure building that Hong Kong can support without crowding out other desirable activities. It is all very well for the Administration to utter platitudes that the Airport Core Programme expenditure is only the equivalent

of 2% of annual GDP, but it has ignored that we already have a full economy with over-full employment. An infrastructure building of this mega-magnitude is prone to increase local demand and fuel inflation. Studies of the MTR era showed that for every dollar of MTR expenditure, it crowded out 50 cents of other infrastructure building.

I do not question that we need a new airport and quickly. My question is "how quickly"? I would like an answer from the Administration as to whether it has considered the pros and cons of keeping to the 1997 deadline against the ability of other highly desirable projects to be completed at an early date. The Master Sewage Strategy seems to have been axed and the submarine pipeline outfall into the South China Sea seems to have suffered a cut from 15 to 10 kilometres. We must not allow the glamour of one stupendous project to edge out other necessary and life-giving programmes. It behoves the Government that it exercises strict fiscal discipline in the face of rampant inflation.

That is why this Council needs the Administration's full accountability for this grandiose project. It is also necessary to inject commercial savvy into the airport management, not only by appointing some of our best brains onto the Airport Authority, but also to put their own money on the line. I have proposed that the Government invite subscriptions from the public of Hong Kong for up to 40% of the equity of Airport Authority development company. This will ensure that we have an airport that is customer service-orientated as well as highly profitable. It will face plenty of international competition and so we need expert guidance and monitoring. I trust that this proposal will receive fair consideration in the business plan of the Authority.

Mr Deputy President, the President talked of constitutional development leading up to 1997. In my mind, democracy does not mean the dictatorship of the majority riding roughshod over the minority. The Bill of Rights is there to protect the weak and is not meant as a sword to strengthen the powerful. At this moment, we in Hong Kong are the weak ones. We do not possess a seat at the table at which our fate is decided. But we still have a voice, and that voice is saying that the deal drummed up by the Joint Liaison Group and consented to by the Executive Council is not acceptable to us in Hong Kong.

There are certain basic principles over which there can be no compromise. An independent Court of Final Appeal which has the stature of the Privy Council was

promised by both the Joint Declaration and the Basic Law. The ability to call on common law jurists of international standing as needed was a cornerstone of the legal system which would protect the weak from the caprices of an all powerful but compliant legislature or administration.

While opposing the JLG deal would mean another confidence crisis of the proportion of the new airport, our firm stance on this issue is fundamental to a strong but honest legislature. But should we slavishly copy a British Privy Council which will sit in Hong Kong with a predominantly Hong Kong composition? Will that alone guarantee justice? I feel that some lateral thinking is needed to achieve our intended purpose. Why cannot the procedures and principles concerning a satisfactory Court of Final Appeal be ascertained and documented, enacted in suitable legislation to be passed by this Chamber? Is it just a numbers game? I will certainly do my utmost when scrutinizing the Bill that will come before us to satisfy myself that the fundamentals are sound. Once we can define what we are seeking to preserve, we will see that the crux of the matter is judicial independence that is at stake, and that is all important.

I am concerned about the structural changes that are now going on in our economy and what impact that will have on the fiscal revenues of the Hong Kong Government. China has not been particularly active in asserting her right to tax those enterprises which have a foot in both locations, but that will merely be a matter of time before the need of funds for infrastructural and welfare development spurs on their tax bureau to seek greater income. Services, especially when they are provided to an international clientele, are not so easily categorized as having a local source, and careful planning of how these services are provided may take them out of the Hong Kong territorial based tax net.

In these interesting times, I would request that the Administration examine its long-term forecast and allow for a steady progression of arrangements to avoid the pitfalls of these structural changes, applying various scenarios for the fiscal yield to these economic activities. A review of our taxation system and double taxation with China may be needed. We need clear indications of what will be the scenario in the years ahead. Only then will we know if changes are needed in order to protect Hong Kong's well-being and lifestyle.

I have been asked by the tax professionals to advise that the Administration should seek their advice well before any changes in taxation policies are decided

and publicly announced. They have pledged their impartial advice as duty conscious professionals.

In spite of what I said about the Court of Final Appeal, we must maintain the best of relationships with both London and Beijing. We are all too painfully aware that this Council is not recognized as a legitimate voice of Hong Kong people by Beijing. There are indications to show that the British Government views us in the same manner. Yet we are no longer a very compliant appointed Chamber. The Honourable Members who have been directly elected into this Chamber certainly have the mandate to speak for their electorate and their need for accountability will ensure that they will not be compliant. The indirectly elected Members are accountable to their functional constituencies and will not bow to authority either. Even the appointed Members will now speak according to their own conscience.

This Chamber is now equipped to speak for Hong Kong, and time will tell whether we exercise that duty wisely for the benefit of Hong Kong as a whole. "Hong Kong People Ruling Hong Kong" means that we have to guard our rights vigorously and advance our opportunities zealously. We must not be embroiled in petty internal squabbles because that will give opportunities to our common opponents to seek to divide us. When it is seen by one and all that we are fit to rule Hong Kong, then and only then will we be recognized as the ruler of Hong Kong.

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

MR VINCENT CHENG: Mr Deputy President, Hong Kong has entered a new era with the formation of a new Legislative Council. Although we do not have a Western style legislature, we now have a greater degree of democracy. But let us not forget that democracy is only a means to an end. Our goal should be the creation and maintenance of a society that is just, free and prosperous.

Over the last 40 years, despite the absence of a formal democratic institution, we have been able to achieve to a great extent this goal. That is because Hong Kong's people are truly democratic in spirit. We are one of the freest societies in the world, and we have a legal system which has gained trust and respect, not only among ourselves, but also from abroad. We have also become a world class financial and commercial centre with an excellent infrastructure. Our income per capita is the second highest in Asia. Indeed according to some academic studies, when adjusted

for taxes and prices, Hong Kong's per capita income ranks the tenth highest in the world. These are no mean achievements, and we can be justifiably proud of them.

Of course, that does not mean we have no problems -- we do. But before we try to find the culprits and look for solutions, we have to remember how it is we managed to turn a piece of barren rock into a financial and business centre. The free market economic system which we have, although not perfect, must be doing most things right.

Needless to say, our greatest economic problems right now are inflation and the escalation of property prices. If unresolved, they will not only erode the standard of living which we have managed to improve through hard work and entrepreneurship, they will also threaten the stability of our society.

There has been a lot of discussion about inflation, which is a problem on which the Administration and commentators should be frank with the community. First, nobody, anywhere in the world, has come up with a simple, sure or painless remedy. There is no point in pretending that we have or hope for quick or easy solutions. Unpegging the Hong Kong dollar is not the answer, nor is a system of currency basket and many people in the financial industry share this view. We know what are the basic causes of our current inflation which are the acute shortage of labour and land, and in addition, speculation in the property market, if property prices are included in our definition of inflation.

Up till 1980, illegal immigrants from China met the demand for more workers when our economy expanded. We cut off illegal immigrants from China very effectively. But we did not foresee the economic consequences -- a serious shortage of workers a decade later.

The obvious solution is to find a controlled way of bringing in additional workers. Naturally, the labour force spokesman expresses grave anxieties. As an employee myself, I understand their viewpoint. But, again, we need to be frank. Wages and living standards rose in the 1960s and in the 1970s, because the new workers from China allowed the economy to grow at top speed, making everyone better off. We must find a way now to repeat this experience. The alternative is quite clear -- a long-term slow-down in economic expansion so that prosperity for us all stops growing as fast as it could, plus persistent inflation. Having said that, I must stress that our own Hong Kong workers must not be disadvantaged. Employers who do not adhere to the conditions laid down for importation of labour should be severely punished

by law. Training should be given to workers who have to switch jobs and employers should perhaps consider providing retirement benefits if they have not yet done so.

Despite the economic maturity of Hong Kong, there is still a large number of workers who do not enjoy retirement benefits. The Long Service Payment and the Old Age Allowance should not be regarded as the ultimate solution. The Long Service Payment was not created for this purpose. And it has now become rather convoluted because of modifications made to transform it into some sort of retirement scheme.

The Old Age Allowance suffers similar defects. On the one hand, it is too little to meet the financial needs of those who have no pension. On the other hand, it will constitute a much larger expenditure in future with the aging of the population and a rising need and aspiration of Hong Kong people to look after the old.

Some form of retirement schemes to which every employee belongs will be inevitable. I do not think that thoughtful employers should be alarmed by this prospect. The introduction of retirement benefits to replace Long Service Payment should not affect the total labour cost in the long run, because such benefits should be taken into consideration in future wage adjustments. If a phase-in period is allowed, I do not see how this would affect Hong Kong's competitiveness.

The other problem which we need to address quickly is speculation in property market. The ballot system, introduced to curb speculation, has not been able to achieve its original objective, although it has the "merit of giving everybody an equal chance to speculate." The most effective way would be to quickly increase the supply of land and for banks to further tighten their lending policy. These have already happened and I urge the banking sector to further tighten their mortgage lending if property prices continue to surge. It is not intervention. It is in our interest to do so.

Still, I am not sure there are quick solutions to these and other economic problems. Perhaps there is an economist in Hong Kong who knows of one. If that is the case, we still have to find him.

I should like now to turn to an issue where, for want of a better expression, Hong Kong has reached a watershed. Unless government commitments are converted into action, we run the very real risk of our economy heading in the right, progressive direction and our environment steadily going downhill in exactly the opposite

direction.

This divergence of paths is no longer acceptable. We have built up our economy with rapid growth over the last 30 years. In the next 30, we should aim for economic growth hand-in-hand with improvements to our environment.

I do not mean to suggest that there have been no improvements. There have been and these are significant. Our air is cleaner, thanks in large part to the banning of the burning of high-sulphur fuel. Some of our beaches are cleaner. The Government is trying, not altogether in vain, to lessen the daily assault on our ears from jackhammers and traffic in residential areas.

But they have been the easy ones. Our waters are getting dirtier; and it is no credit to Hong Kong that within our boundaries we have some of the most polluted stretches of water in the world, which brings me to the vexed issue of the proposed new sewage system.

In his policy speech, the Governor said that HK\$8 billion would be spent on the environment issues over the next five years. Of this, HK\$3.9 billion is allocated for sewage disposal. But, according to the most recent estimates, that still leaves the staggering sum of HK\$16.1 billion which we need to find to pay for the entire sewage programme.

These are huge sums and doubtless the Government will find plenty other competing projects for which funds should be earmarked. Some of these will be necessary; others less so. In my view, the rebuilding of a new sewage system is vital and should be given priority. By all means, we should consider other ways of raising the money -- and I am sure there must be a role for the private sector -- but that build that system we must.

The time has come for Government to move from crisis management to concerted strategy. We were promised in the White Paper of 5 June 1989 a commitment to construct a comprehensive HK\$20 billion sewage network, and now that has been put on hold. This announcement came just a few days after the Governor had said that environment is one of the top priorities of the Administration. It makes one wonder whether the Governor is fully supported by the Administration on this issue.

The Government has made efficient progress in the drafting of the Green Paper

on Measures Concerning People with Disabilities into the 21st Century.

It has rightly identified "Equalization of Opportunities" for people with disabilities as the main objective of the Green Paper, which is also one of the three major objectives of the United Nations Decade of Disabled Persons 1983-1992.

We hope that the Green Paper would not only identify all major obstacles, physical, social, economic and cultural to "full equality and participation", but also suggest a comprehensive package to deal with these obstacles. The measures should not be confined to government activities, but should include actions by public agencies and non-government organizations.

There may be a need for legislative measures to cover not only principal legislation, but also subordinate legislation, such as by-laws and regulations, crown leases, contracts, franchises, and other matters. In reviewing these measures, I would urge the Government and this Council to require service providers to pay attention to the particular requirements of people with special needs and to recommend special clauses, whenever appropriate, to ensure that disabled people are not forgotten. These requirements are not expensive.

Measures concerning people with disabilities cut across the responsibilities of many policy branches and government departments, as well as over 100 public and non-government organizations. It is essential that there should be a focal point within the Government to monitor and look into this package of comprehensive measures. The Rehabilitation Development Co-ordinating Committee has been assuming this role since the 1997 White Paper "Integrating the Disabled Into the Community -- a United Effort". The White Paper also created the post of Commissioner for Rehabilitation. The Green Paper should review the strengths and weaknesses of this focal point, and see how it could take up the growing complexity of the tasks and challenges of the next century.

Mr Deputy President, there are many things to be done. There will be conflicting demands for financial resources which will always remain limited. I hope that the Administration and the Legislative Council will work together to bring the ideas expressed by this Council in future into fruition. Let us make this a real partnership as soon as possible. With these remarks, I support the motion.

MR MOSES CHENG: Mr Deputy President, in his address at the opening of this historical Session, His Excellency the Governor has made references to the various partnerships between the Administration, the Legislative Council, and the People's Republic of China. My working in a partnership for the past 15 years leads me to believe that for a partnership to work, the partners must have complete trust and confidence in each other. This trust and confidence can only be built through mutual acceptance, respect and understanding. Besides, the partners must be prepared to communicate freely with each other, accept the views of the majority and co-operate to work for the good of the partnership as a whole. I look forward to my role in such partnership referred to by the Governor and confirm my willingness to co-operate and work with the parties therein.

I would like to join the other Members of this Council in commending the Governor on his address; outlining a peaceful, progressive and prosperous future for Hong Kong. I am eager to pursue, in practical discussion with my honourable colleagues, the ambitious plans and principles the Governor has suggested in his remarks. In particular, I am especially interested in the agenda items promoting a better quality of life for our citizens, and I intend to work with fervour on all relevant issues towards that objective.

Some issues are, however, circumspect, while others cut directly to the core of our character. Amongst the latter are education in the improvement of our society, how we treat our elderly, and measures to combat inflation. I stress these issues today, because I am concerned that they do not take a back seat as we debate broader economic issues over the coming term. That is to say, while we must necessarily keep our economic house in order, and fortify our successes, we must resolve not to lose our sense of vision and purpose in these tasks. Economic growth is the critical means and a definitive determinant of our pace -- but our goal is not simple wealth in and of itself, but a society where all our people, young and old, fortunate and disadvantaged are guaranteed an opportunity to improve themselves, their families and our community at large. Bearing these thoughts at the front-end of our minds, I would suggest, can give this Session the necessary motivation to slice through political posturing and achieve for our fellow citizens.

We are at an exciting juncture in the history of our community and I am confident that a new era is dawning today -- not waiting for a contracted date with destiny. This Council is evolving in constitutional terms, and it is important that our actions evolve in a way commensurate to the task of public service for which we are here.

The public can become enamoured by success of our collective actions or disgruntled and disenchanted by a perception of inaction. We must not become a body mired under the weight of self imposed bureaucratic bickering, haggling and immobility. All of us stand for a better Hong Kong; let there be no questions on motives or loyalty but none of us holds a monopoly on wisdom or righteousness. I suggest, as a premise of our democratic future, that we consider the power of free speech and the intelligent free flow of ideas as important to our liberty, as quantitative polls and ballot counts. This body, I hope, will become a greater symbol of positive leadership to our citizens, and less of a Council in controversy. We must strive to hear the will and desire of all our people, and delicately balance the need to move forward in the community's best interest.

The Governor has given us a well-charted plan, we must now roll up our sleeves and commence the difficult work of devising the right, mutually acceptable vehicles to pursue it. This cannot be done by simply putting a finger in the air to check which way the wind blows. We have a need for decisive action and public leadership. It is imperative to public confidence that we rise above the fray of discontent and embrace the challenge that lies ahead.

Our young people will inherit our challenge, but it remains to be seen whether they will inherit a better, worse, or stagnant standard. Of course, we must be aggressive about positive growth and change, but we must also prepare our youth to greet the future with an eye towards progress, and an ear towards wisdom. Our schools are rigorous and push a tough academic load. To a large extent, this has had good effects on the territory's development. Without hindering academic instruction, we can and should seek to make our schools more dynamic. Innovative thinking is required of us all to create an educational environment where our children know more than the tension of rigours and the stress of a full time job. I believe that we have a great deal of room to improve on language ability and inspiring creativity in our young people; creativity, innovation, and new ideas will be the great asset in preparation for the challenges ahead. We cannot evolve in purely constitutional terms. The changing words of a document will not magically alter our society. We must guide our children to think along the appropriate direction at an early age. When our youth can be left to create, play, and enjoy some of life's most precious freedom, then they can truly know what it is to believe in the system we are moving to. Otherwise, I find it hard to conceive that they will look upon our new constitutional structures as any different from what has come before. Naturally, this can make them apathetic as to what may come next. We do not want apathy to rear its ugly head. We must have

our schools nurture a relationship that allows young people to know that they do have a stake in their own destiny. Educational improvements remain amongst my highest priority when I speak of bringing our dialogue here to the lives of real people. I thank the Administration for speaking to this concern and I hope we find unity of purpose in this Council over the most important investment we must manage.

On a similar note, our elderly have a vital role that must be appreciated in the cycle of education and wisdom. In formulating our values we must not be neglectful, and allow our elderly to lose their stature and value to the community. We will all grow older, and we will all be able to share experience for the benefit of coming generations. Today's elderly sometimes express that they feel underutilized and cannot find a niche in rapid modernization. We must know where we have been to have a clear idea of where we are going. And no amount of technology, development or wealth can alter this principle. To the extent we have power to do so, we must assure them of their value as productive and contributing members of our society. They are the flag bearers of tradition, experience and wisdom. And we have a responsibility to sustain their positive influence on all our people. This is not done with a simple budget allocation. It will take, again, the energy of new ideas, aggressively applied to our current dilemmas.

Inflation has been and will remain to be a major concern of this community. Although the latest figures published show a declining trend, we cannot, however, deny the fact that it still stays on too high a level. The Administration has proposed a carefully controlled scheme to import labour as its prescriptions for curing the acute shortage of labour in some sectors of economy, which would in turn lower the high inflation rate. How about the other factors? I urge the Administration, especially the special task force formed to combat inflation, to carefully examine the real issues behind such factors before recommending the relevant solutions.

The efforts within the Government to control spending as its contributions to combat inflation must be acknowledged. Such efforts, if achieved as a result of improvements in the productivity of the Civil Service, should be supported. Any reduction, however, in the quality or quantity of services provided to the community cannot and should not be acceptable.

The Administration should equally be devoting its attention towards reinforcing its resources in order to finance its very ambitious programme of developments. Members of our community who should pay tax under our existing tax system should not

be spared; as we can see that we are relying on far too small a sector of our community to shoulder our very heavy financial burden. I am, by no means, suggesting casting a wider net but we must be sure that no one continues to slip away from the net cast.

In conclusion, I call for all of us to step away from politics, long enough to consider the gravity of our responsibility. The future of the democratic processes for Hong Kong and their potential amongst Chinese is beginning to be gauged here and now. The world is watching our small forum. China is watching. Most importantly our fellow citizens are watching, waiting, hoping. Let us work together and not disappoint them. No one will remember how much we say here, they will remember what we do. Over the course of the year we shall discuss and debate the specifics of the issues which I have stressed, many of you have commented on, and the Governor has comprehensively outlined. I have great confidence that we will find a way to let our children act more as children should and find a way to have our Council perceived as responsible adults. My interests are not limited to those issues I have stressed. Along with them, I should pronounce my greatest interest to work with any person or any party in the Administration or in this Council, who shares with me a compelling call for immediate and sincere action to better the lives of our citizens. I hope, as many of you have expressed, that you are ready to put aside obstacles for the sake of our future. Let us derive from our dialogue solutions not stalemates. Let us establish mutual respect and dignity here, so that others might admire our arena as a democratic forum of purpose. Above all, let us draw upon the vitality and innovation that have built our great home, harness it, and move our Council into action. I thank the Governor for his comprehensive vision, and with my honourable colleagues, I look forward to actively and enthusiastically touching the lives of our citizens with a vision of tomorrow they deserve.

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

MR MARVIN CHEUNG: Mr Deputy President, I thank the Governor for his speech. In particular, I welcome his statements on the future of the Legislative Council. Hong Kong is, indeed, entering a crucial time and we in the Legislative Council have a vital contribution to make. This contribution can best be made in a spirit of co-operation -- a will to work together openly and honestly to achieve consensus. For the first time in the history of Hong Kong, directly elected representatives of the people are able to participate fully in the work of this Council. I hope that we Legislative Council Members can demonstrate to the people of Hong Kong, the People's Republic of China Government and, indeed, the whole world by the work that

we do in the next four years that we can make a success of democratic reforms and that further gradual changes in this direction are beneficial to the future of Hong Kong and China. Let us win the recognition of the PRC Government by our actions.

I am very glad to hear the Governor say that the work of the Joint Liaison Group will be speeded up and that it is expected to function in the coming year with new impetus and sense of purpose. I understand that there remain many outstanding issues which need to be resolved in the remaining period of the run-up to 1997. I trust that a spirit of co-operation prevails there too. What is needed is a situation where each side explains its own views and listens to the views of the other side with tolerance and understanding. I firmly believe that the key to success in the talks within the JLG is the willingness of both sides to work together towards a convergence of ideas. Whilst I am reassured by the Governor's statement on the progress of the talks, I have some concerns that the views of the people of Hong Kong have not always been fully taken into account. I appreciate the fact that, under the terms of the JLG, the general public, including this Council, would not be consulted formally on its deliberations. However, I sincerely hope that the Government will give us an assurance that the interests and concerns of the people of Hong Kong are fully taken into account on all matters discussed. I am disappointed with the handling of the matter of the Court of Final Appeal and hope that, in future, the JLG will be able to demonstrate through its actions that it has, indeed, taken full account of the views of the Hong Kong people.

I should like to talk for a moment about the economy. Let us never lose sight of the fact that our future depends upon it. It is absolutely fundamental to the future success of Hong Kong that we continue to have a dynamic economy. In the context of the "one country, two systems" promised by China, we must recognize that it is vital for Hong Kong to play a pivotal role in the economy of China. This will only be possible if we can sustain, well beyond 1997, the entrepreneurial spirit of the Hong Kong people which has brought us such great success up to now. If we fail in this task, I fear that the rationale for Hong Kong being able to operate a capitalist system within a socialist country will be difficult to sustain.

For this reason, I believe that the economy must take precedence in any changes to our society. Further, I agree with the Governor's statement that increased funding for social services, welfare and education can only come from further economic growth. Accordingly, we must work together to promote the continued growth of our economy. For this will ultimately lead to the enrichment of our society as a whole.

A major concern about the well-being of our economy in the short to medium term is the threat to China's most favoured nation status vis-a-vis the United States of America. Withdrawal by the United States of China's status would be extremely damaging to Hong Kong. In order to protect our own interests, we must exert our best efforts to facilitate the resolution of any problems and to remove any obstacles which could endanger China's MFN status.

Hong Kong is now planning what is arguably the most ambitious plan of development ever seen anywhere in the world. Construction of the new port and airport is vital to our future prosperity. Quite apart from the additional inflationary pressures that these enormous projects will generate, we simply do not have a workforce large enough to cope with them within the time scale envisaged in the Government's plan.

The importation of labour is a contentious issue but I believe that further extension of selected importation of labour under a carefully controlled scheme will not be detrimental to the interest of our local workers and will be in the overall interest of the people of Hong Kong. We need the development to facilitate our economic growth and we need additional labour to undertake these massive construction works. If we cannot provide that additional labour from our existing resources, the fact is that we shall have no option but to import it.

Inflation continues to be a serious problem. Although the recent statistics show a moderate fall in the rate of inflation, it is still running at more than double the rate of most of our trading partners. Whilst others appear to be dealing with this problem, we clearly are not. Hong Kong cannot tolerate this imbalance for long. Whilst inflation is obviously of particular concern to the less well-off in our society, it is also very damaging for our economy. Our competitiveness will be seriously eroded if we are not able to move quickly back into step with our competitors, our customers and the rest of the world. Yesterday, I listened with interest to many comments from my honourable colleagues about their assessment of the causes of inflation in Hong Kong. I am sure some of these are correct.

I welcome the setting up of a task force to identify the causes of inflation and find remedies for it. I urge the Government to take drastic action to deal with this problem urgently. I anticipate that such action may well be unpalatable to certain sectors of our society. Therefore, I hope that this Council will be fully consulted before the chosen remedies are implemented.

Apart from the well-being of our economy, the one issue that will best guarantee our future is the preservation of law and order. These two issues are not unrelated as I believe that any deterioration in our economy will lead to a corresponding deterioration in the state of law and order. I welcome the Governor's assurance that he will not let standards slip, but I would like to hear more concrete information about how exactly the Government plans to ensure this. In particular, I would like to know what contingency plans the Government has made in the event of any deterioration in the economy. The recent surge of armed robberies is worrying, particularly when the state of our economy is still fairly healthy. What would the situation be if we had a depression with high levels of unemployment and a bleak economic outlook? I understand the need to curb public spending in order to finance our public infrastructure projects. However, I would like the Government's assurance that adequate resources will be made available to the law enforcement agencies so that they can not merely maintain, but actually improve upon, the present state of the preservation of law and order.

Finally, I return to the point I made at the beginning. The way forward is through good will and co-operation. This Council will only be able to inspire confidence in the people of Hong Kong if it is seen by them to act with integrity. With these remarks, I support the motion.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, as a representative of the teaching constituency, I am extremely disappointed with this year's policy address, in particular the part on education.

First of all, the policy address pays little regard to the role of education in Hong Kong's social development in the 90s. There are only six sentences totalling 110 words on education in the Chinese text of the policy address. And I quote: "Between now and 1995, the number of first year places available for higher education in Hong Kong will rise from under 14 000 to over 20 000. This will be no mean achievement, especially as we are determined to maintain internationally accepted standards. It will require a great deal of work from all concerned". There is another sentence which says: "we are constantly improving the quality of our primary and secondary education."

We can see from the only six sentences available the loss of balance and deviations made by the Government in implementing its education policies.

Firstly, the rapid expansion of higher education has outpaced that of sixth form education. The development in tertiary education is a major achievement which must be duly recognized. However, we have not produced sufficient matriculants to fill a greater number of tertiary places. Entrants to tertiary institutions this year were generally admitted with lower than average results. Individual faculties even had difficulties in recruitment. This is a warning that the balance between our tertiary and matriculation education is lost, signalling the crisis that our higher education may have to deal with, that is, a decline in quality. This runs contrary to the public's expectation of our university graduates, and falls short of Government's target to maintain internationally accepted standards as mentioned in the policy address. This is the first mistake that can be identified in the policy address.

Another observation is the impact of higher education development on teacher training. The colleges of education have lost their attraction following the substantial increase in higher education places. The number of applicants to our colleges of education has fallen from 6 176 last year to 4 399 this year, representing a drop of nearly 30%. As tertiary institutions are already taking in academically less able students, it is only natural that the standards of those entering colleges of education are lower still. Mr Deputy President, colleges of education are the places for training teachers of tomorrow. Given the fall in both the number and standard of the entrants, how can we expect these colleges to train up high quality teachers for our foundation education in the future? And how can we possibly cultivate talented students in the coming generation without good teachers? The policy address has not touched upon the prospects and status of colleges of education or the training of teachers. This is the second mistake that can be identified in the policy address.

Thirdly, apart from a cut in expenditure for tertiary, primary and secondary education, there is also an unbalanced allocation of resources. To put it bluntly, at a time when we expect an expansion in higher education to meet social needs and additional resources for primary and secondary schools to improve quality, the Government has decided to cut back on education expenditure for the next few years. Given the present financial constraints, the development of higher education can only be achieved by taking up the provision for primary and secondary education. Last year, tertiary education accounted for 29.2% of the total education expenditure. The figure will rise to 31% this year. On the other hand, the share for primary and

secondary education has been reduced by 4.5%. I must make it clear that we fully support an expansion in higher education and believe that such a development is inevitable. But this should be done through the allocation of additional resources, rather than at the expense of primary and secondary education. Moreover, in the next few years, the Government should review closely the higher education expansion programme and redirect any possible savings to primary and secondary education. As we all know, primary and secondary schools are the foundation of education. If the foundation is not sound, to build tertiary education on it will be like building castles on quicksand which has no solid foundation. This runs contrary to the policy address's target of "constantly improving the quality of our primary and secondary education". This is the third mistake in the policy address.

The fourth and the most disappointing point is that the policy address has completely neglected pre-primary education, pre-school children's right to learn and the Government's commitment to pre-primary education. 99% of children of school age are receiving kindergarten education; the vast majority of kindergarten teachers have to bear with a slender salary; and many kindergartens have to struggle for survival in adverse circumstances. Despite all these, the Government has not offered any help and completely disregarded pre-primary education. In the past two years, the provision for pre-primary education only represented 0.75% of the total education expenditure, not even accounting for one percentage point. This is not only pitiable but also lamentable. Such is the misery of education in Hong Kong. This year's policy address has made no mention whatsoever of "pre-primary education". Is this fair or reasonable to those diligent and devoted educational workers who have contributed their youthful sweat to pre-primary education? This is the fourth mistake in the policy address.

To rectify these four deviations, it is most important that the Government should regard education as an essential investment for the future development of Hong Kong. Hong Kong where natural resources are scant depends on its human resources for industrial and commercial development. At present, the expansion in higher education takes up one-third of the budget for education. It aims to cultivate talents to propel the development of our trade and industry. So, is it not logical that the commercial and industrial sectors should assume a bigger commitment to education? For instance, an extra 1% profits tax can be invested on education or the training of talents. Eventually, the commercial and industrial sectors, the community as a whole and our younger generation will all benefit from it. This should be a most meaningful investment to make.

I would also like to point out that the effects of the new airport and related infrastructural programmes on our society and the people's livelihood are beginning to emerge. Due to the huge expenditure required by the Airport Core Programme, cutbacks have to be made on government departments and social services which directly affect the lives of the people, such as education, medical care and welfare. The Airport Core Programme has also fuelled inflation and intensified the problem of the importation of labour. The ordinary citizens who are hard at work are suffering from a fall in living standards, instead of securing a better quality of living. This will affect the stability of our society. In the face of the difficult times ahead, the Administration has the responsibility to take steps to freeze any price increases by the public utilities and to curb the overheated property speculation activities so as to counter inflation. Moreover, the Government should discontinue the importation of foreign labour so that local workers can share the fruit of Hong Kong's economic prosperity.

Lastly, Mr Deputy President, as there is still some time left, I would like to say a few words in response to some Honourable Members' criticisms of the United Democrats of Hong Kong (UDHK) yesterday. In yesterday's debate, there had been quite a lot of criticisms about the UDHK. Some said that the United Democrats' performance in the September direct elections was one reason why Beijing did not recognize the status of this Council. Others said that because we monitored the Government, our comments had dealt a severe blow to the morale of the Civil Service. It was also said that we were either biased against some people, or were deliberately trying to smear others' reputation to enhance ours.

I am not enraged by these criticisms and have remained tranquil. I always believe that it is natural for different views to be expressed in an assembly comprising people of different backgrounds. Therefore, I do not intend to respond with the same kind of strong and belligerent language. What I want to say is that I hope my honourable colleagues will realize that time has changed. By taking a look at reforms in the USSR and Eastern Europe, and also at China which is preparing for changes, we can understand that the changes in Hong Kong are but a warm current under the overwhelming international climate. What is this change? This is the trend to develop towards democracy and openness. Under this climate, all governments must be accountable to the people, and be monitored by the people. Only when we adopt this change can we avoid making the same mistake in history of letting autocratic and imperious people dictate the destiny of the people.

Hong Kong people can adapt to, and have in fact accepted this change. This morning, I read about the results of an opinion poll which showed that 43% of our citizens thought that the victory of the liberals had strengthened their confidence in the future while only 10% thought the opposite. This is public opinion, that is, Hong Kong should develop towards a democratic and open system of government. Therefore, please do not be too hostile to the United Democrats or other honourable colleagues from the liberal camp. What is most appropriate is neither to exaggerate their influence nor discredit their representativeness. If you treat such views as part of public opinion and choose only what is best, you will feel more at ease.

Nor should you think that the United Democrats will be hostile to government officials. Everybody has a different role to play, but all are basically equal. We are respectful to certain officials. For example, in last Wednesday's Legislative Council sitting, I was deeply impressed to find that Mrs Elizabeth WONG's file of papers had labels of different colours on it. I know many other government officials are also well prepared for the sittings and I hope they will be as well-prepared as Mrs WONG in the next sitting. May I take this opportunity to present my respects to her.

Mr Deputy President, I now return to my role as representative of the teaching constituency. I have strong dissatisfaction about this policy address which is full of errors insofar as education is concerned. I hope that my voice of discontentment can arouse the concern of the Legislative Council and the public, thereby exerting pressure on the Government to rectify deviations with a view to benefiting our younger generation.

Mr Deputy President, the foregoing are my remarks.

MR CHIM PUI-CHUNG (in Cantonese): Mr Deputy President, the Governor's policy address this year gives a very detailed description of China-Hong Kong relations. Also, more clearly than before, it guides the people of Hong Kong in regard to intentions concerning such relations in the future. However, the Governor should have stated even more clearly that the post-1997 Hong Kong will not be independent but that China's intentions should be the basis for all major policy decisions and that all documents may be valid only in-so-far as they do not prejudice the Chinese Government or conflict with China's policy. Failing this, any controversy, should it arise, would be no

good at all to the people of Hong Kong. In particular, in our manner of political expression today, we should know who our opposite number is, lest there be confrontation over issues of interpretation. In the days to come, the Governor should, more than before, let the public understand better China's ideas concerning its being Hong Kong's sovereign state after 1997 and its intentions in regard to the right of administration over Hong Kong.

In regard to Hong Kong's internal problem of inflation, the truth is that inflation, traffic congestion, the poor state of law and order and prostitution are all problems common to a progressive and prosperous capitalist society. Cities where the four cited problems do not exist are not qualified to call themselves prosperous. Hong Kong's problem of inflation is very serious indeed. Everybody understands the six foremost items affected by inflation, namely, clothing, food, housing, transportation, electricity and telecommunications. Clothing is not a problem in Hong Kong. As regards food, there is no problem with non-staple food, thanks to stable supplies from China and other regions. What remain then are housing, transportation, electricity and telecommunications. I personally think that, in the areas of transportation, electricity and telecommunications, the Government first of all should lower the permitted profit to the relevant franchisees from between 13.5% and 16% to between 8% and 9%. The reasons are as follows: Firstly, the interest rate has declined globally. Secondly, some companies with franchises have diversified into other businesses. Thirdly, because the franchised companies have already made a lot of profit from the people of Hong Kong, it is not too much to ask them to concede a little this time. If they do not, the Government can put the franchises out to open tender. It is all right to continue issuing new taxi licences; there is no need to set a limit. It all depends on how much traffic the roads can take. In regard to housing, the price surge of residential units is undeniably quite alarming. However, I personally would like to remind the Government that the best policy is non-intervention. The reasons are as follows: Firstly, Hong Kong lacks resources and the Government rarely has given financial assistance to private enterprises. During the low point of the property market in 1983-84, when many real estate companies were struggling on the verge of bankruptcy or going under, did the Government ever extend a helping hand? Secondly, apart from its geographical setting, Hong Kong owes its success to the entrepreneurial system and the freedom of employment. This can be seen by comparing Hong Kong's success to that of other free countries or regions in the world. Also, this has been borne out by the fact that whenever there was investigation or intervention by the Securities and Futures Commission (SFC) and the Unified Stock Exchange over the dramatic price rises of certain stocks, it

affected the trading volume of all stocks across the board and caused the prices of some secondliners and thirdliners to fall. To put it simply, intervention is doomed to failure. Thirdly, the banks are partly the cause of the abnormal development of Hong Kong's property market. This is because only new units are eligible for a higher mortgage loan ratio granted by the banks and for faster mortgage processing and approval. Therefore, in the area of housing, I propose that, firstly, the Government freeze property revaluation across the board. In other words, the Government must not increase rates and property tax, lest some property owners use this as an occasion for raising rents. Secondly, more land for residential purpose should be sold by auction. This will stop the waves of land price surge and also earn more money as reserve for the future government of the Special Administrative Region. Thirdly, the majority of industrial buildings should be convertible into residential buildings upon payment of a premium. As for rising wages, which have a bearing on inflation, I propose that, under some special sets of circumstances, such as for the construction of the future airport and so forth, the Government should make arrangements for the importation of labour under contracts that will have a currency of no more than two years. The imported workers must return to their home countries upon the expiry of the contracts, which are not renewable. This will solve the shortage of labour and yet will not affect the employment opportunities of local workers or drag down the living standards of Hong Kong or affect the public's power of consumption. Of course, there is no special prescription for solving the problem of inflation. Still, if consideration is given to adopting the above measures, I believe that some good will result.

At the mention of the airport, the Government may consider renaming the future "Chek Lap Kok Airport" as "Hong Kong Airport" or "The Hong Kong New Airport." Such a new name will be more realistic. This is because "Chek Lap Kok" is harder to explain to foreigners.

Mr Deputy President, I come from the financial services sector. I believe that the relevant government officials are rather unfamiliar with this sector's operations. Yet I think that the financial services sector will be playing a very important role in and after 1997. The reason is that, by then, the handling of Hong Kong's diplomatic and external political matters will have been completely and directly taken over by China. Finance and financial services will then have a special opportunity to give an outstanding performance and will, therefore, closely affect the life of the people of Hong Kong after 1997 as they have done before. Just as I have said above, the Hong Kong Government very rarely provides financial assistance to independent trades.

So it should not use administrative means to intervene in the financial services sector, still less in the administration of the Unified Stock Exchange. We should understand that Hong Kong's stock trading, which marks its centennial this year, has made undeniable contributions to Hong Kong's position as a financial centre. Everybody can see this. We will not permit or allow the SFC to invoke section 50 of the Securities and Futures Commission Ordinance in an unjustifiable and swashbuckling manner to carry out serious inroads into human rights, the company law and the election law. I hope that the authorities will pay immediate attention to the matter, lest Hong Kong, as a global financial centre, should become tarnished with an indelible taint. I propose that the financial services sector should be given an opportunity to develop in a more self-disciplined manner, and this includes the Unified Stock Exchange, the Gold and Silver Exchange, the Commodity Futures Exchange and the insurance trade. The SFC, in particular, must not investigate securities tradings as and when it pleases. Such investigation is essentially the same as administrative intervention in routine operations, interference with human rights and a serious violation of the Hong Kong Government's non-intervention policy. Exceptions are where evidence shows that there is reason to suspect that insider trading is involved. For the sake of freedom, which is valuable to Hong Kong, for the sake of the people's human rights and freedom of employment, I solemnly oppose those unjustifiable measures of the SFC. I hope that the Government will pay close attention. In addition, with the increasing internationalization of Hong Kong's stock trading, central settlement and scripless trading with automatic matching of offers will be adopted. Some banks will participate in trading. Then, of course, there will be interested parties and conflicts of interests. To make sure that the Unified Stock Exchange will be able to operate normally and with freedom from other kinds of administrative intervention, government departments should, even more so than before, protect in a reasonable manner the integrity of the law, that is, protect the trade's freedom of operation. Intervention is permissible only where there is evidence to show that regulations or statutes have been breached.

Since the Government wants Hong Kong's Unified Stock Exchange to become one of the world-famous securities exchanges, it of course also wants the Unified Stock Exchange to have the necessary conditions for competing with other securities exchanges in the world. The stock exchanges of Singapore and London will abolish the stamp duty on transactions respectively late this year and early next year. Under such pressure, it is hoped that the Government will begin making early preparations for the abolition of the stamp duty on stock transactions. This is the only way to prevent Hong Kong's United Stock Exchange from falling behind the other global bourses

and prevent Hong Kong's position as a financial centre from being affected.

Concerning the constitutional system, the Governor, in his policy address, referred to the 1991 direct elections and said that the entire Legislative Council will be elected in 1995. The truth is that, in the 1991 direct elections, there were two electoral districts on the Hong Kong island, three in Kowloon and four in the New Territories. For this reason, the so-called direct elections should more properly have been called "district-based direct elections," although some people do not agree, for the reason that it was not a territory-wide general election. Also, the elections held by the functional constituencies were direct elections. Only that of the Urban Council and the Regional Council can be described as indirect elections. Legislative Council members should know that, apart from their normal work, they can represent the public and this Council only in making representations to the Hong Kong Government or the British Government. They cannot directly make representations to the governments of other countries or regions.

In his policy address, the Governor referred to Hong Kong's economic development. The truth is that, during the past few years, various provinces of China, particularly Guangdong, provided logistic bases for Hong Kong and that Hong Kong's re-exports also rose sharply each year. With China's open-door policy playing the leading role, Hong Kong has an upbeat economic future. What is the most disturbing is the question of China's most favoured nation status accorded by the United States of America, which is the principal market for Hong Kong's exports. The truth is that giving China the most favoured nation status is not the same as giving aid to China. Essentially, it is vitally important to both nations or both peoples. We should be highly alert and get ready for unjustifiable international criticism and treatment. Also, close attention should be paid to the Provision "301" of the United States of America. This is because both of these will directly affect Hong Kong's economic future.

Hong Kong's property market, too, directly affects internal development and growth. The original intent behind town planning is very good. However, if any particular department or any board member is given too much power, the result will not only be bad for the overall development of Hong Kong but seriously hinder proper co-ordination in the overall planning of projects. The competent authorities should take heed.

The Bank of Credit and Commerce International (BCCI) incident is an important incident about which soul-searching may be worthwhile for officials of the Hong Kong

Government. The public's confidence in a government is as important as its confidence in a bank. If depositors should lose confidence and a bank run should occur, then even the Hongkong and Shanghai Banking Corporation, Hong Kong's Number One bank, would be unable to cope with it. Although there are few examples of government officials accepting blame and tendering resignation, they should be more alert and more conscious of their responsibility. For example, the making of contradictory statements on two consecutive days during the BCCI incident was an irresponsible act affecting the public, the depositors and even the credibility of the Government. The reason is that the major shareholder, Abu Dhabi, never gave any guarantee for BCCI. It is hoped that the Government will tighten its supervision of the officials concerned. This will prevent public confidence from being shaken.

Mr Deputy President, I would also like to avail myself of this opportunity to express, on behalf of the sports circles, our concern over the question of tenure of the Chairman of the Amateur Sports General Association and of the Olympic Committee. In a community where democracy and fair competition exist, should we tolerate and support an undemocratic system? Although the Government only gives funding support to individual sports events, the general public has the right to know if public money is being spent reasonably and properly. The Government should not answer queries by stating that the matter is an internal matter of a private organization.

I shall leave it to other Honourable Members to comment on such questions as law and order, the Vietnamese boat people, social welfare, public construction and transport.

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

MR ANDREW WONG (in Cantonese): Mr Deputy President, I rise to speak in support of the Motion of Thanks moved by Senior Member, Mr Allen LEE. I will not launch into a lengthy discourse but will only concentrate my remarks on constitutional development.

No development relating to the current Legislative Council is more attention-grabbing than the assumption of the Chair by you, Mr Deputy President, in place of His Excellency the Governor. This is a good start. But I must point out that a good start though it is it has not gone anything like far enough. First, the Governor is still the President of this Council and you are only the Deputy President.

Secondly, you have been appointed to your present office by the Governor and not elected to it from among Members. In the next couple of years, a change must be effected to enable this Council to elect its President and Deputy President. Here I would like to mention several remarkable conventions relating to the election from among Members of the Speaker of the House of Commons. Firstly, there is the pre-election process of identifying candidates who should have a sound knowledge of the parliamentary process and are accepted or at least not objected to by the various political parties. Secondly, the Speaker must be non-partisan and if he is a member of any political party, he should distance himself from the party affairs. Thirdly, once elected Speaker, the Member will automatically be re-elected Speaker of the Commons in the next Parliament if he successfully retains his seat. Mr Deputy President, with your legal expertise, abundant experience in the Legislative Council process, non-partisan stance and fair-mindedness, you will naturally win the support of Members and be elected President of this Council once it becomes an elected office. Here I would say in advance that I would support your election to the presidency of this Council. (This sounds like shoe-shining, though)

Mr Deputy President, allow me to briefly dwell on a few points His Excellency made in his address. They were partnership, co-operation, the parliamentary process, and the relationship between the legislature and the executive; of these points, His Excellency only emphasized the first two and neglected to canvass in sufficient detail the latter two. Honourable Members of this Council are currently embarking on a review and study with the object of setting up a formal committee system under this Council six months into the present Session to replace the current informal system under the Legislative Council In-House structure. Here I must point out that under Hong Kong's parliamentary system of government (as distinguished from the presidential system of government) the role of Parliament, in our case the Legislative Council, is to function as a check and balance on the Administration through legislation and monitoring. The initiative to introduce measures normally rests with the Administration; for instance, measures introduced by the Administration should be dealt with as a matter of priority. This, however, does not mean that individual Members cannot introduce a measure nor does it mean that a measure introduced by the Administration must necessarily be passed. We can amend it or simply throw it out. True, only the Administration can introduce a money Bill, but this does not mean that it is sure to be passed by this Council. Under this parliamentary system of government, the Legislative Council is unlike the United States presidential system where Congress and President each possesses the initiative and each functions as a check and balance on the other; nor is the Legislative Council

like the National People's Congress of China which functions as the highest power organ and amounts, in jurisprudential terms, to a super-government. The Legislative Council is not a super-government: this is a major premise we must not lose sight of when devising a committee system for this Council. Opinions among Honourable Members are divided but this division seems to have been wrongly focussed on whether to do away with the present In-House structure and the 16 standing panels. I suggest that we should redirect the focus onto the following: First, whether only a series of committees are to be set up with the dual role of monitoring the Administration in the discharge of its government functions and of scrutinizing Bills; or whether two series of committees are to be set up, one to monitor the Administration and the other to scrutinize Bills? Secondly, is committee stage scrutiny of a Bill to start from First Reading or even before First Reading when the Bill first appears in the Gazette or even way before that, say, during the gestation of the Bill; or is committee stage scrutiny to start after the motion on the Second Reading has been passed? Thirdly, is a study to be undertaken to see whether to adopt a joint committee system with membership covering members of Parliament of different party complexions, and government ministers/Executive Council members, a model increasingly popular in some Commonwealth countries in south Asia such as India and Sri Lanka?

Mr Deputy President, the Governor in his policy address spoke of an overall review of the electoral system and the intention to set up an independent electoral commission. I most welcome this suggestion. Here I must point out that the foremost matters to be reviewed are not those relating to electioneering, expenditure, political parties, bill boards and banners which, though important, are not the most essential matters for review. What are most essential are the following three matters which relate to the principles of a popularly based election and of equality. First, under the current system, the 18 directly elected seats are returned from nine double-seat constituencies; any two candidates who are the first and second past the post in a constituency election win the election even though they might fail to get between them over half of the votes cast. Under such system, a major party can win two-thirds or over half of the seats even though they have captured only half or less of the total votes cast. This phenomenon is known in political scientists' parlance as "distortion". The United Democrats this time have won by a landslide capturing 12 seats out of 18 (not 16). But next time who will be the winners who rake it all in? It might be the "Fledgling Pigeon Party". Further to it, is this system fair; does it give to each and every voter an equal chance to influence the outcome of an election? Secondly, functional constituency elections pose an even bigger question -- the right to vote is not broadly based with many being denied the vote; once

demarcated as an electoral constituency a functional group is, as a blanket arrangement, given one or two seats irrespective of the size of the group. Does the arrangement conform to the principle of equality? Thirdly, I understand that the Association for Democracy and People's Livelihood may be contemplating suing the Administration and later perhaps the Honourable Frederick FUNG would do well to make the point that the 10 seats returned by the Election Committee in 1995 are likewise plagued by this similar question. If the Election Committee is made up of four groups of people each accounting for one quarter of its composition, that is to say, the business sector, the professions, the social services sector and the political organizations sector will it be consistent with the principles of a popularly based election and of equality, having regard to the fact that three quarters of the committee are made up of functional groups? Mr Deputy President, I would like here to call on the Administration and Honourable Members of this Council to advert to the above three matters.

Mr Deputy President, finally do allow me to express once again my hope that you will be made President of this Council at an early date. I support the motion.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, the Governor's policy address for 1991 is the least ambitious one in recent years. The two problems with which people are most concerned are, first, high inflation, and second, effect of infrastructural development on people's livelihood. What is disappointing is that the Governor attributed the high inflation to shortage of labour. His comments on infrastructure may be termed "cracking a big joke with wide open eyes". I would like to present my views on the following questions.

#### Infrastructure

In his policy address the Governor said on the one hand that development of the airport and the port would not sacrifice the well-being of people's daily life; however in other paragraphs he hinted that in the allocation of resources, the Government would have to accommodate the infrastructural programmes and people must be prepared to tighten their belts. In paragraph 51 of the address he said "We must be prepared to transfer resources from one programme area to another to reflect changing priorities." In paragraph 62, he again mentioned that the people of Hong Kong have made great sacrifices in the past to build our economy and develop our infrastructure and we had precedents in the past. Does this mean that faced with

the massive future infrastructural development, people must be prepared to undergo a few years' austerity? However, the Government never concretely and specifically told the people the detailed arrangements in the infrastructural budget, never consulted the people, and never allowed room for choice by the people in order to decide what must be sacrificed to exchange for a beautiful rose garden.

I strongly request that the Government should openly consult the people for their views on the ratio of allocation between infrastructural projects and public expenditure. I also have to warn the Government: do not balance Government's expenditure through the imposition of a sales tax or indirect tax in any form, so as to avoid adding to the already heavy burden of the people.

## Social welfare

The policy address also shows that the social welfare concept of the Government is a major regression; as regards the ratio of allocation of resources, the Government is only thinking of measures disadvantageous to people of small means. I was puzzled by the vacillations of the Government when I looked back on the social welfare policy during the past two or three years. In his policy address for 1989, the Governor said "We have a comprehensive safety net to make sure that no one in our community need fall below basic living standards."(para. 65) One can see that the social welfare concept of a social security system advocated in 1989 may be regarded as having been upgraded in 1990. Apart from emphasizing the provision of a social safety net for those who are helpless, the Governor said "increasingly, they now tend to require professional guidance rather than financial help" (para. 54) to meet social and demographical structural development, which marked a breakthrough in the relief-type security and marched towards a progressive welfare concept. In 1990, the Governor proudly pointed out "a significant break with the past in the welfare field." (para. 54)

While these words are still ringing in our ears, the policy address this year, regrettably, did not continue the direction of the previous year, nor present a detailed major social policy. In a few brief sentences, it glossed over the implementation of proposals of the White Paper on Social Welfare. What is most disturbing is that the Governor used such words as "protective of its disadvantaged members" in paragraph 3. On the protection of the disadvantaged members, we all know that it was derived from the relief concept in the 1950s and 1960s. So all of a sudden the forward-looking drive stalled and made an about-turn. I cannot help suspecting

that the Government, in its preparations to embark on massive infrastructure development, will sacrifice its commitment in social welfare. Although the Governor said "the Administration does not regard improving the quality and variety of our social services as a luxury", he also said "It is no less important than our investments in port facilities or new road systems." (para. 64) However the regression from the most basic concept has made these promises hollow.

## High inflation

During the past year, the range of real wage increase for most people has failed to catch up with high inflation. The adjustment of various personal tax allowances has been even pitifully slight. Pay increases never caught up resulting in a drop of real income; and the tax payable is ever rising.

From the Governor's policy address, the people are already tightening their belts, and I believe they will have to tighten further in future.

(1) Confronted with imported labour, pay will naturally not rise; even jobs are no longer secure.

(2) Causes of inflation are complex; attempting to combat it through importation of labour only will be futile and I can well see that inflation will continue to remain high in future.

(3) The Government said people should be prepared for a cutback on expenditure for improving public services and welfare.

(4) Finally, I believe not only tax will have to be paid as usual, but more tax will probably have to be paid.

Do Hong Kong people have choices? And what are the choices? I doubt if the Government had ever considered these questions. Or things were planned already, only the people were not told.

I strongly urge the Government not to make empty promises, but should be pragmatic and inform the people of the financial arrangements for the new airport, and honestly assess its impact on people's livelihood and let the people choose.

Furthermore, the whole infrastructure programme will bring tremendous investment opportunities for big businesses. When the new airport is in operation, it will enhance the potential of Hong Kong's economic development and prospects are bright indeed which will be beneficial to business, and indirectly to the people. Since we are in the same boat, why then at present when we are having a hard time, the Government only picks people of limited means to be sacrificed, asking them to play such a heroic role? I personally cannot see why corporate profit tax cannot be raised, or bonds cannot be issued, to share the cost of infrastructure.

## Health and welfare

On the question of health and welfare, the Governor has high expectations of the Hospital Authority and regards it as the panacea to improve medical service, which can relegate the camp beds to history. All seems perfect. This is the price of hiding a new "pretty phenomena". The Government is in fact further privatizing medical services and is proposing the mode of "the user pays" to reduce government commitment in this respect. Recently government clinics are trying to improve the quality of service by using patients' medical histories. Just because this is not matched with financial resources, consultations have to be reduced, thus seriously affecting arrangements for people to seek treatment in government clinics.

I therefore urge the Government to provide extra resources, so that the recommendations of the report of the Working Party on Primary Health Care may be implemented earlier. In order to really upgrade people's health, the Government must be committed to expenditure for improving primary health care services, supported by a superb community health service, and effectively establish a regionalized community primary health service network, so that the aspiration for health for everyone can be realized. The Secretary for Health and Welfare had mentioned that a comprehensive review on medical services would be conducted. I look forward to the review being completed as soon as possible to provide further protection to people's health.

## Housing

Hong Kong has the world's largest and most outstanding housing programme, which the Hong Kong Government has been proud of all along. When the Government is over complacent, it will probably pine after the loftiness of ambition epitomized in the Home Ownership Scheme (HOS) of the MacCLEHOSE era; yet whenever money is involved,

no discussion can proceed on this grand conception which aims at providing the middle and lower income groups with decent homes; it is regarded as a heavy burden outright. No wonder it is evident from the housing policy of recent years that there is a patent attempt to avoid responsibility, the policy being out of place with people's needs. For instance, HOS prices are linked to private sector housing prices and far above the affordability of the middle and lower income groups. Due to low quality and high prices, the reaction of the people to the sale of public housing flats has been lukewarm. The implementation of the "better-off tenant" policy has triggered widespread complaints. Last year the Government refused to inject capital into the Housing Authority which compelled it to rely even more on sale of public housing flats and HOS units in order to make a profit before it could maintain its financial autonomy. Where is the housing programme which the Government always boasts of as the greatest and most outstanding gone? Possibly we have to reserve the adjectives of "greatest and most outstanding" to some future date to describe and to sing the praise of our "rose garden".

I think that the Government must revise the direction of its housing policy. Housing is an essential commodity for the people. If circumstances require, the Government must support the Housing Authority financially, so as to ensure that schemes such as the sale of public housing flats and HOS units meet the needs of grassroots people. The Housing Authority should, during the coming review, seriously listen to people's views on the "better-off tenant" policy which has caused annoyance to the people for so many years. It should immediately rectify the "private housing oriented" policy in the Long-term Housing Strategy adopted in 1987, which constrained the Government in the building and expanding of public housing. With the ever rising prices of private housing, the need for housing units far outpaces supply. The Government must review the "private housing oriented" policy which disregards the interests of the middle and lower income groups and must allocate more land immediately to the Housing Authority and private developers, so that more residential housing can be built to meet demands.

## Constitutional Development

In respect of constitutional development, the policy address guarantees again that by 1995 no less than one third of the members of the legislature will be directly elected, the system of appointed members will cease and discussions with China at the appropriate time will be held to speed up the pace of direct election. However I feel these are not enough. First I think that by 1995 no less than 50% of the

legislature should be directly elected seats. Only this ratio will conform with the principles of Hong Kong people ruling Hong Kong and a high degree of autonomy by 1997.

Secondly, the Bill of Rights Ordinance which has been passed ensures that everyone has equal political rights. The inequality created by functional constituencies should be reviewed.

If Hong Kong really cannot do away with this unfair electoral system, at least we should amend the electoral laws to make it conform with democratic principles. For instance, to change the rule of "one association/one company, one vote" to that of voting by designated registered voters, which will avoid the situation wherein a single person can control many votes. Furthermore, registered voters can only elect to vote either in a functional constituency or a geographic constituency. Only in this way can the fair principle of one-person-one-vote be safeguarded. Finally on the electoral college which will replace the system of appointed members in 1995, I think a series of electoral rules and regulations must be formulated to define the method of constituting the electoral college, the process of nomination and the form of voting, to make it compatible with the spirit of democracy.

#### China-Britain-Hong Kong Relationship

The China-Britain-Hong Kong relationship and the handling of Hong Kong affairs by the Chinese side and the British side have been disappointing to Hong Kong people and have been dealing continuous blows to Hong Kong people's confidence in the future of Hong Kong. The British side has consistently ignored people's views and only thinks of its interests. As far as the infrastructural development is concerned, the people have never been consulted and there is no open and overall master planning. Neither the Legislative Council nor the legal profession has ever been consulted on the recently signed agreement with China on the Court of Final Appeal. On the Chinese side, it disregards the qualitative change of the Legislative Council. After a directly elected element has been introduced, the Legislative Council has become an institution more and more representative of people's opinion. However the Chinese side, tied down by abstract principles, never directly contact Members of this Council on the one hand and on the other hand, under the pretext of exercising China's sovereignty, only negotiates with the British side on major Hong Kong affairs. Hong Kong has now entered the latter part of the transitional period. If both the Chinese and the British sides, in particular the Chinese side, still do not respect the representatives of Hong Kong people, I believe it will not help the confidence of Hong Kong people in the future of the territory. The Hong Kong Government should

urge Britain to increase the transparency when discussing Hong Kong affairs with China in future, and let directly elected Members of the Legislative Council participate, so as to strengthen the confidence of Hong Kong people.

In order to facilitate a smooth transition, I feel that Members of the Legislative Council should on their initiative contact the Chinese side on Hong Kong affairs and reflect their views. Only through these contacts can we learn from each other and co-operate in political and economic fields, thus reducing the distance between China and Hong Kong. Only in this way can good preparations be made for the "through train" convergence of the Legislative Council in 1995.

As a departing British administration, it should effect localization of the whole civil service as soon as possible and should take the aspirations and wishes of the Hong Kong people as the basis for formulating policies. In handling the China-Hong Kong relationship, I think Hong Kong people should neither be arrogant nor subservient; they need not fear, resist, flatter or truckle to the communist regime.

## Conclusion

In this challenging time, the China-Britain-Hong Kong relationship is ever changing; the constitutional system is changing; the economic prospects are not too rosy; the infrastructural development is exerting pressure on us; our resources are limited; more and more problems are awaiting our solution; how can we improve on the constraints of resources according to priority? I think we should let the people participate, so that they will have the opportunity to determine the future of Hong Kong where they were born and live in. This is the only direction in which Hong Kong can proceed to meet the challenges successfully.

Mr Deputy President, the Governor has said that a co-operative partnership should be built on the China-Hong Kong relationship, and amongst legislative and administrative institutions. I think we should add one more relationship, that is, the co-operative partnership amongst Members of the Legislative Council. From this debate in the Legislative Council, we have to study how to marshal Members of this Council into a co-ordinated role of monitoring the Administration, and of upgrading the people's life. I would like to make a plea to my colleagues sincerely: a divided Legislative Council will never be able to safeguard the people's well-being, and to monitor the Administration. I, a "freshman", have joined the Legislative Council; I have my expectations of this Council. I would not wish to see a splintered

Legislative Council, and I hope my colleagues will share my good wishes.

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

MR TIMOTHY HA: Mr Deputy President, I was much encouraged by the remark in the Governor's address which stated, and I quote, "We are constantly improving the quality of our primary and secondary education". However, I was disappointed that concrete proposals of achieving this were not included.

I fully agree that, consistent with the spirit of the address this year as well as that of last year, the emphasis in education should no longer be on quantity but on quality. There is a rather wide-spread perception among the public that the quality of education has declined. We hear constant complaints from employers that school leavers joining the job market cannot write decently and that their general knowledge is poor. Similar complaints can be heard from tertiary institutions who are having to cope desperately with increasing numbers of entrants who are ill-prepared for higher studies.

One favourite line of defence used by government officials is that standards have not fallen; the problem is that there are more students than before and so, by proportion, there appear to be fewer good ones. I do not wish to go into a long debate this afternoon about whether the argument is true or false. I would just like to say that what is important is that the public are convinced that standards have gone down. This means that the public are not happy with present standards, and any government which respects the views of the people must respond in a positive manner.

The key to real improvement of the quality of education is the teachers. Education is a very labour intensive industry. The remuneration of staff takes up over 80% of the operating expenses of a typical school. However, the picture there is grim. One hears of low morale, inadequate training, poor opportunities, scanty professional development and large-scale desertion.

Let us just look at teacher preparation at the primary school level, which seems to be the most deprived. It is still possible for a school leaver with a few passes at the end of Form Five to enter a College of Education, and having received three years of preparation there, and being given a non-degree certificate, then to be launched into a life career of teaching.

This might have been acceptable 20 years ago when Hong Kong's main preoccupation was with quantity and when the demands made on teachers were not as great or complex. But no longer.

A few brief points will illustrate why:

Firstly, as Hong Kong enjoys increasing prosperity, the costs for such prosperity in terms of social problems are sometimes overlooked.

Families are subject to the stresses of both parents working, of divorce, sex, drugs, triads, suicides and children leaving home -- all these take their toll on effective learning in the classroom. Teacher training, therefore, has to be improved to equip teachers to deal with these new problems.

Secondly, the teachers of today have to learn new teaching techniques to master the activity approach, up-to-date teaching aids and many other innovations.

Thirdly, a modern economy emphasizing good communication skills calls for teachers who are themselves proficient in the use of Chinese and English.

Fourthly, the information and knowledge explosion requires teachers to keep up with advances made in many fields of learning, as well as their own chosen subject.

Fifthly, due to universal education and random allocation, teachers need new skills to deal with a wide range of ability in the same classroom.

Other industrialized economies have recognized the extra demands made upon their teachers and responded by upgrading their preparation. Even at primary level, teachers must be university graduates and thus on a par with other professions. I therefore hope that the Government will make a determined effort to upgrade new, as well as existing teachers, to at least first degree level.

Improving the training of all teachers, and primary school teachers in particular, is only half the story. How to keep the trained teachers in the profession is the other half. It is generally agreed that if you want to get rich, being a teacher is definitely not the way to do it. Teaching is a vocation and those who choose it as a life career will hopefully obtain satisfaction from other than material gain.

However, teachers and their families still have to pay for their groceries and

they have the same expectations as their peers in other professions. The package of benefits given to teachers cannot and must not be allowed to lag behind.

With predictable frequency, year after year in their consultation sessions with the Education Department teachers express how dissatisfied they are. They enjoy no medical benefits, no dental benefits, no housing benefits and have only an inferior retirement scheme. Full benefits, however, are available to teachers serving in technical institutes and tertiary institutions. It has always baffled me what the justification is to accord second class treatment to school teachers.

Recently there has been some hint that when the package for employees of the Hospital Authority is decided, parallel benefits will be made available to teachers. The proposals relating to the Hospital Authority were announced in April 1990 and further improved in July of the same year. What about teachers?

The Administration has long since run out of excuses for delay, and I take heart in the Governor's promise that the quality of education in our schools will be high on his agenda. I hope that teachers will not have to wait much longer.

One cannot seriously talk about raising the quality of education without considering the implications for additional resources. The points I raised above on upgrading the training of teachers and improving their benefits will call for increased expenditure. Recently there has been some criticism that the rapid expansion of tertiary education has stunted the growth of school education and that the balance must be restored.

While I fully agree that there should be a healthy balance between the various levels of education, and I fully agree that some adjustment and fine tuning should be made in the current expansion programme, I hope the Administration will not be pushed into a serious cutback on tertiary spending. The trimming of a few courses here and there will not produce a saving of the scale required.

In any case, I do not think it is productive to start off an inter-level scramble for the same piece of financial pie. The need for tertiary expansion has been well argued and I do not wish to repeat the arguments here. I only want to say that the course set in the address, that is, the provision of 20 000 first year places by 1995 is basically sound.

What is required is careful monitoring to ensure that scarce resources are put to the best use. Concern has been raised that tertiary institutions might be tempted to lower their requirements in order to fill a great number of unexpected vacancies. I hope that this will not happen and that standards will be kept up by the institutions.

For resources of the scale required, the Government must look beyond "the same piece of pie". The Governor's address stated that in the next six years the Airport Core Programme will absorb 2% of the GDP. Additional resources for the improvement of education are, therefore, unlikely to be forthcoming.

As education is an investment which takes a long time to prove itself, I would like to suggest that the Government consider using delayed payment as the means of financing improvement in education. The scale of expansion in tertiary education is unprecedented in the history of Hong Kong and has, indeed, won the admiration of many other countries. Its benefits will not be fully apparent at least until quite some time after the aeroplanes are landing and taking off at Chek Lap Kok. I hope, therefore, that money can be borrowed to tide us over the next few years, so that education will not suffer because of a temporary shortage of funds.

In six years' time, Great Britain will be giving up 155 years of administration in Hong Kong. What better parting memento can Great Britain leave behind than a thriving system of education?

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

MR MICHAEL HO (in Cantonese): Mr Deputy President, I shall concentrate my remarks on matters which lie within my "portfolio" either as the representative of the Medical and Health Functional Constituency or as the United Democrats' member responsible for manpower and labour policy. The part on Health and Welfare in this year's policy address is much less in-depth if we compare it with that of last year's address which devoted its attention to three sub-topics, namely, a move away from the "public assistance" approach to hospital care, a change in fee structure and a review on primary health care services.

In this year's address, we are told only of the progress and development of the Hospital Authority and of the very high hopes His Excellency has pinned on the Authority.

His Excellency has also highlighted in his address the review on primary health care services and other related matters. What is most amazing is that control and discouragement of smoking has become one of the Government's top priorities. Of all the problems facing our medical and health services, why should anti-smoking stand out to be looked upon as a top priority? For such a policy outline to have appeared in the policy address, one cannot help wondering what criteria or guidelines the Government has itself based upon in determining the priority of health care services. In fact, as to the pressing needs of the moment, I believe many people will agree that there are better candidates than the anti-smoking drive. The severe shortage of nurses which has hindered the provision of new services and delayed the opening of new hospitals is an example. Yet not a word has been mentioned in the policy address of these matters which are closely bound up with the provision of health services.

In this Chamber last week the Government claimed the accomplishment of many improvement measures. I must point out, however, that implementing some yet-to-be successful measures is in no way equivalent to getting the job done; the public will not accept such an excuse. We have been told by the Government that what can be done is and has been done. For a government still in exercise of the administration of Hong Kong to adopt such a negligent, impractical and irresponsible attitude is, I should say, really very disappointing. Mr Deputy President, I must make myself clear that my words mean no harm to any government official; I speak only against the government attitude.

I must point out that the Government has never before addressed the shortage of nursing staff squarely and tackled the problem at its root. Now the proposal of importing foreign nurses has been put up but without a long-term measure to go with it. I am afraid that such a measure would eventually turn into a long-term interim measure, just like those of the hospital camp beds and temporary housing areas which we have been so used to.

Importation of nurses, moreover, may have some negative effects. It may, for example, aggravate the drain of nurses and act as a further disincentive to the already discouraging nurse enrolment. I must respectfully point out to the Government that the price we may have to pay in implementing this measure could be enormous and even irrecoverable. As a matter of fact, the Government should set up at once an ad hoc group to study the shortage of nurses with the view to identifying specific and

long-term solutions to the problem. May I also remind the Government never to use manpower shortage as an excuse to retract the promises it has given to the public as regards the provision of medical services.

His Excellency's high expectation of the Hospital Authority is understandable. But one cannot look upon the Authority as a panacea for all ills associated with hospital services. The establishment of the Hospital Authority does not guarantee an improvement in services; the absence of camp beds does not imply a solution to the problem. It is indeed unrealistic to assume that all problems will have been gone with the establishment of the Hospital Authority. Meanwhile, government financial commitment, in terms of funds, to the Hospital Authority appears to have tightened. This move will be most unfair to the Hospital Authority and indeed to the public.

A shrinking in government financial commitment to medical and health services is one of the reasons many organizations and I held years ago against the establishment of a Hospital Authority. Today the Hospital Authority is already a fait accompli. I really hope that the Government will lend full support to the reform which has given birth to the Hospital Authority, particularly in the provision of funds to the Authority. It will be a disaster to the public, I should say, if this attempt of restructuring our hospital services fails.

The address has described in some detail the provision of primary health care services, with particular emphasis on the contracting-out of the out-patient service to private medical practitioners. This undoubtedly is an attempt to mislead people into believing that the contracting-out arrangement is the necessary and sufficient condition for a better out-patient service.

Nothing has been mentioned in His Excellency's address on the review of medical policy which can be said to be one of the biggest events in the field of medical and health in recent years. Since the publication of the White Paper on The Future Development of Medical and Health Services in Hong Kong in 1974, 17 years have passed and we see no review of any such kind. The coming review is going to provide a blueprint for our medical policy into the 1990s. I hope that this is going to be a genuine and comprehensive review, the scope of which should include the supply of doctors, nurses and paramedics and the standard qualifications of these professional staff. The review should also provide a well-defined role for each and every profession in the medical field, re-examine the policies on primary health care

services, hospital services and fees and charges of medical services.

I would like to say a few words, in particular, on the fees and charges policy. Although both the reports of the Provisional Hospital Authority and the Working Party on Primary Health Care have mentioned in unequivocal terms the principle of cost recovery and the government intention of withdrawing medical subsidies from the affordable, I earnestly hope that these two reports will not be an attempt to jump the gun and that the review on fees and charges policy will be a genuine review in such a way that its recommendations, which I hope will be free from the influence of the two reports, will be implemented by the Hospital Authority and the Department of Health. We also hope that the cost recovery and users pay concepts will not be adhered to by the Government; otherwise it will be another instance of robbing the "sandwich class".

As to labour and manpower, I would like to focus my attention on the proposed measure of expanding the importation of foreign labour. It has been mentioned in the policy address that inflation is the price we must pay for our labour shortage; but nothing has been said of the other reasons leading to this inflation. This is tantamount to putting the blame all on labour shortage. As we all know, the present runaway inflation is the result of the Government's failure in containing speculation, its approval of successive price rises by public utility companies and the rise in indirect taxes.

In the briefing sessions on the policy address, the Administration also failed to supply concrete data to enlighten Members on the main culprits of the present inflation. What share of the play, in percentage terms, has labour shortage been in fact responsible for? Are there other factors which have been more central in causing this inflation? Could or should they be tackled first? In the absence of sufficient data, I believe many people will find it hard to accept the point made in paragraph 46 of the policy address that labour shortage accounts for the present inflation.

An expanded scheme of labour importation has been brought to light in paragraph 47 of the policy address, though it applies only to those sectors of the economy where the labour shortage is most acute. But again in the briefing sessions, officials from the policy branches failed to provide data and give Members clear indication as to which sectors of the economy had been experiencing acute labour shortage, let alone which trade or profession. Without the backing of concrete data from the policy

branches, the Governor has already indicated in his address the government intention of expanding the importation of labour, which is obviously another instance of jumping the gun. In view of this, may I strongly urge that the expanded scheme of labour importation should not be embarked on before sufficient data are available and a comprehensive review on labour policy is conducted.

As to the scope of the review, our labour market should first be an area for examination. Detailed studies should be made, for example, into the present trend of employment rate, pay rises and the number of vacancies available in various trades and professions. I would also like to give a few suggestions on the approach of the review:

First, a territory-wide manpower survey should be conducted as it will be pointless to talk of labour shortage in general without knowing the actual situation in different trades and professions. The survey should be in-depth to the extent that emphasis may be laid on a particular trade with the view to identifying which positions or skills in the trade are suffering from labour shortage.

Secondly, every effort should at once be made to explore the opportunities of providing retraining for certain workers so as to assist them in the switching of jobs and in surviving the transformation our industrial and commercial sectors have been experiencing. The present trend of "people after jobs, jobs awaiting candidates" should not be allowed to go on unchecked.

Furthermore, retraining can mobilize the portion of our otherwise latent work force so that the proposed expansion of labour importation will no longer be necessary and that our labour policy will not be out of place in the local labour market. It is also the way by which our work force can be spared the possible lowering of wages and perhaps even unemployment. Given the long standing exploitation of employees by unscrupulous employers, it is all the more imperative for the Government to step up monitoring which may include more frequent inspections and examinations of employees' hostels and other working conditions by the Labour Department and, if and when necessary, prosecutions against non-compliant employers. As to administrative controls, employers, upon application for importation of foreign labour, should be required to submit sufficient evidence to prove to the Government that suitable candidates cannot be identified in the territory. These administrative and legislative controls will help promote the interests of our working population.

I hope that the Government can face squarely the discontent and disquiet brought about by these policies and, in a practical and realistic manner, conduct a review with the aim of effecting improvement.

Finally I would like to remind the Government that importation of labour from overseas can in no way be taken as a long-term policy. Mr Deputy President, the 14 Members from the United Democrats have been on their marks and are ready to support any government policy which may improve the livelihood of the public. We would not hope to see our Government dragging its feet over policy initiatives and struggling through the remaining five years and eight months of the transitional period.

With these remarks, I support the motion.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, I wonder if the Government is especially fond of the rose colour. This year's policy address continues to emanate the romantic aura of a rose garden as it describes Hong Kong's economy with the mind-set of one who reports the good news but withholds the bad. Consequently, the policy address not only expresses satisfaction with the 4% growth rate forecast for Hong Kong this year but also considers that the problem of inflation will be solved easily if only labour is imported.

It is a pity that the majority of the people of Hong Kong do not wear rose-colour glasses and therefore do not have the fortune of seeing the Governor's new clothes. They see only worrisome facts.

The fact is: The predicted 4% growth rate is far below the 6.6% average growth rate of the 10 years before 1989.

The fact is: Hong Kong, compared with the other Three Little Dragons of Asia in terms of economic development, has the highest inflation rate but the lowest economic growth rate.

The fact is: Inflation has not only affected the quality of life in Hong Kong but also weakened the territory's competitiveness in trade and commerce and its attractiveness as a financial centre.

The fact is: If inflation cannot be controlled now, then when the airport project begins next year, how can Hong Kong escape vicious inflation, which will turn Asia

into Latin America?

The Government should face the facts, take resolute and effective steps to solve the problems and come up with a set of comprehensive and coherent economic policies to restrain inflation and stimulate economic growth simultaneously. It is a pity that we do not see such awareness and determination in the policy address.

The causes of Hong Kong's inflation are complex. Among them, the scheme of control agreement of the public utility companies is not helpful towards leading them to control cost and lower the rate at which they increase their charges. The rate of increase consequently often exceeds that of inflation. The high land price policy causes property prices and rents to rise in a frenzied manner. When operating costs are rising constantly, how can prices be lowered? Indirect tax has risen sharply. The interest policy is reactive. The economy is undergoing a transformation. The population is aging. Emigration due to political problems has brought about a shortage of human resources. All these are the causes.

In face of such complex causes, the policy address, apart from talking about controlling public spending, only mentions that consideration will be given to solving inflation through importation of labour. Clearly, this is an over-simplification of the problem.

What is even more serious is that the responsibility for inflation is laid on the workers. The truth is that big holding companies and the Government should bear this responsibility. How can the people alone be asked to pay the price of fighting inflation by keeping down wage increases?

I must note here in particular that wage increases do not appear to be the main cause of inflation. During the period from 1986 to 1990, nominal wages began increasing at a pace slightly above the rate of inflation. However, adjusted for inflation, real wages for the entire manufacturing sector over the five-year period increased by only 9%. As a matter of fact, as a component of total operating cost, wages account for only 16% in the manufacturing sector, 22% in the retail sector and 30% in the financial services sector. Wage increases can only have a limited effect on the overall price level.

In addition, over the period from 1987 to 1990, South Korea experienced wage increases which far exceeded those in Hong Kong, while Taiwan experienced wage

increases similar to Hong Kong's. Their inflation rates were lower than Hong Kong's.

As a matter of fact, during the past 10 years, Hong Kong's workplace productivity increased at a 5% rate, which was much higher than the 1.7% average rate of increase in real wages. The cost of labour per unit of product actually declined. I also wish to remind the Government that while the importation of labour may temporarily alleviate the manpower shortage and keep wages down, the consumption of the imported workers will add to Hong Kong's demand for goods and services, thus causing a new round of labour shortage. Therefore, it is debatable how effective the importation of labour will be for solving inflation, and for how long.

We believe that there is really no room for delay if the Government is to fight inflation. The Government should adopt a set of relatively comprehensive policies, including strategies for both short-term and long-term solutions.

These measures include:

(1) Continue to limit the increases in government departments' charges for services.

(2) Keep the rate at which the public utility companies raise their charges below the rate of inflation. Open the market for the operation of public utilities and increase competition, thus lowering charges and improving services.

(3) The rate of increase in public spending should be controlled relative to the private sector.

(4) Abandon the high land price policy. Increase the supply of land. Tax capital gains. In this way, stabilize property prices and rents.

(5) As for the problem of manpower shortage, the current proportion of women participating in the labour market is under 50%. The Government should provide community support services, legislate for the protection of women's equal employment rights and adopt training measures, thus fully utilizing a potential source of local labour.

(6) Since 1987, nearly 300 000 people have left Hong Kong through emigration. Each year, Hong Kong lost 3% to 4% of its professional, technical and administrative

talent. The Hong Kong Government should attach importance to the pressure that political confidence brings to bear on human resources. Rather than talk about the importation of labour, why does it not strengthen the conditions for local participation in the administration of Hong Kong, thus reducing the brain drain and increasing the brain flow-back?

At the same time, for many years, the amount of the personal tax allowance has not been adjusted for inflation. Consequently, the number of low-income people falling into the tax net because of inflation has increased from year to year. This year alone, the number of people so affected is 200 000. We think that the Government should adjust the amount of the personal tax allowance on a yearly basis having regard to the rate of inflation, thus lessening the harm done by inflation to the people.

As for economic growth, apart from the establishment of the Industry and Technology Development Council, the Government continues to rely on its limited bag of tricks. It never stops talking about the importation of labour, as if that were a magic cure-all. Hong Kong is now facing western countries' trade protectionism. Among other things, there are the problem of renewal of the multilateral agreement under the GATT, the problem of anti-dumping duties and the problem of trade barriers in various continents. Hong Kong's exports are already facing many difficulties. Yet the policy address says not one word about them. This is really surprising.

We think that the Government should step up its international lobbying efforts so as to reduce the impact of protectionism on Hong Kong.

We should also note that, with the collapse of communist regimes, important new markets have emerged in the Soviet Union and Eastern Europe. Economic improvements in South American countries, too, provide us with new opportunities. These changes in the larger international climate can all bring new wealth for Hong Kong. We think that the Government should do its best to help in developing those markets.

At the same time, economic co-operation is becoming ever closer between Hong Kong and South China. The Government should study and find out what kind of a strategic role Hong Kong should be playing in the economy of South China, thus strengthening economic co-operation between China and Hong Kong in the areas of science research, division of labour in production and movement of funds.

On the other hand, the Government should improve Hong Kong's productivity, train its human resources, encourage research and development and diversify the production of goods.

In principle, we support and are in favour of the establishment of the Industry and Technology Development Council. However, if financial assistance is given to individual companies' research and development projects, will that not evolve into providing free lunches to the companies concerned? There are lessons to be learnt from the previous examples of other countries. Close attention must be paid.

Lastly, I wish to point out that it will be difficult for any plan for stimulating economic growth, or any policy for fighting inflation, to produce its effect instantly. Therefore, the Government must look far ahead and act early to draft stable long-term policies. One must not "treat the head when the head is aching and treat the foot when the foot is sore." Still less must one stop being cautious just because inflation has improved slightly. If the Government had taken a correct look at the seriousness of inflation and taken a set of resolute measures to nip the problems in the bud three years ago, it would have "treated the illness before it became serious" and we would not have had the situation that we have today.

Hong Kong really faces a lot of problems. Take the aging of the population for instance. The Government to this day does not intend to introduce a sound retirement scheme. The burden on the people naturally will become heavier later on. The more one waits to solve a problem, the more difficult will the solution become, and the higher will be the price to be paid. The absence of a sound housing policy makes it difficult for the people to feel secure about their everyday life. It, too, is a source of social discontent.

The inadequacy of medical resources over the years also threatens people's health and the economy.

Some people criticize us Democrats for increasing welfare spending and for giving away free lunches extensively. I wish to point out that, if wages fall and the ability to save weakens, then more people will be needing and relying on public welfare benefits. The best way to reduce public welfare spending is to let the people become affluent. I sincerely advise the Government against taking the easy course of robbing the poor to pay the rich in the name of fighting inflation. That will leave a heavy burden for the future.

Let me emphasize here that, in mentioning the above problems, I am not asking the Government to account for the past scores. My sincere hope is that the Government, when making policies, will give fuller and farther-reaching consideration to the general objective, which is the long-term development of the community.

Mr Deputy President, with these remarks, I deeply deplore the deficiencies of the policy address.

MR SIMON IP: Mr Deputy President, as I rise to make my maiden speech in this Council, I do so in the hope that during my term of office as a Legislative Councillor, Hong Kong will be on the road to realizing its autonomy and the concept of "Hong Kong people ruling Hong Kong". To that end, it is essential that China and Hong Kong should develop a relationship of mutual understanding, trust and respect. It is equally important, however, for that relationship to be founded upon the provisions of the Joint Declaration and the Basic Law to which both parties must strictly adhere in letter and in spirit. I also stress the word "mutual" because it must be a two-way street. China should be prepared to accommodate the views of Hong Kong people, even if those views should differ widely from its own, and should not regard the expression of those views as confrontational. I intend to speak frankly. My remarks will be made, and I hope they will be received, in a spirit of good will and co-operation.

The replacement of the Privy Council by the Court of Final Appeal is a momentous step for Hong Kong, and I was struck by the conspicuous absence of any mention in the Governor's address to this Council of the agreement reached by Britain and China in the Joint Liaison Group.

The Sino-British Joint Declaration contained many measures for maintaining confidence in the future of Hong Kong, and for safeguarding its continued stability and prosperity. Among those important measures was the provision that the judicial system is to remain unchanged, except for the replacement of the Privy Council by a Court of Final Appeal in Hong Kong.

The link with the Privy Council had to be cut because of the transfer of sovereignty. But since Hong Kong was to retain its common law system under the concept of "one country, two systems", the Joint Declaration wisely provided that to preserve confidence both local and international, the courts of Hong Kong could

benefit from the accumulated wisdom and experience of other common law jurisdictions.

Thus, the Joint Declaration says that "judges . . . . may be recruited from other common law jurisdictions: and that the Court of Final Appeal has the power to "invite judges from other common law jurisdictions to sit" on it "as required."

These provisions were meant to inspire confidence in the Hong Kong judiciary at all levels but, in particular, at the very top. They provided assurance that the weight of distinguished overseas judges invited to sit on the Court would to some extent fill the void left by the severance of ties to the Privy Council.

The latest statistics supplied by the Government show that for the five years between 1985 and 1989, 41 cases from Hong Kong were heard by the Privy Council and 19 of them were successful. In other words, 46.34% of the judgments of the Court of Appeal were reversed. I quote these figures not to lower the esteem of our Court of Appeal but to demonstrate the importance of a two-tier appeal procedure and to emphasize the useful role of the Privy Council. It is self-evident therefore that the Privy Council should be replaced by a court of comparable stature and not by the existing Court of Appeal by another name.

Empowering the Court of Final Appeal to invite overseas judges as it deemed necessary also served to strengthen the independence of the judiciary, since there could be no suggestion of such judges being subject to any political pressure. Moreover, the Court itself, and not the executive, would have the authority to invite eminent judges with an international reputation to sit on it.

This power to invite is unrestricted. It is clearly within the Court's own discretion to decide when and how many overseas judges to invite to sit in any given case. To impose restrictions on the Court is to interfere with its independence and authority. It is also an erosion of Hong Kong's clear autonomy to decide on the structure, powers and functions of its courts at all levels, as recognized by Article 83 of the Basic Law.

The Joint Liaison Group's proposal limits the power of the Court of Final Appeal to inviting one overseas judge, at the most. Since the Court is meant to continue at least until the year 2047, it is difficult to see how anyone today can possibly foresee that in the next 56 years, there will never be a need for more than one overseas judge. Yet, this is precisely what the Joint Liaison Group agreement has attempted

to do.

The power to invite overseas judges, which is categorically granted to the Court of Final Appeal by Article 82 of the Basic Law, cannot be altered by any inter-governmental agreement. The Basic Law can only be amended by China's National People's Congress. But the Basic Law itself provides that "No amendment . . . . shall contravene the established basic policies of the People's Republic of China regarding Hong Kong." The Court's power to invite judges is part of those basic policies, having been stipulated in Annex I, Part 3, of the Joint Declaration and is, therefore, as firmly entrenched and secured as words can make it.

The White Paper issued by Britain when the Joint Declaration was made public said, quite rightly, that "The courts are at the heart of Hong Kong's legal system, which plays an important role in maintaining the stability and prosperity of Hong Kong."

No country without a sound legal system is able to sustain a flow of foreign investors to its shores. It is for this very reason that China, in the last ten years, has worked so mightily to codify its laws. If we allow this pillar of our society, on which our prosperity depends, to be chipped away, then by our own weakness, we will have created a dangerous precedent for other guaranteed rights to be undermined.

This is not, as some may claim, simply a legal issue stirred up by the lawyers. It is about the quality of justice, about the independence of the judiciary and about autonomy, all of which are fundamental in a free and democratic society and all of them have been promised to Hong Kong. Every member of our community should be concerned to defend them.

It is my profound hope that Britain and China may be moved by the views expressed by this Council at its In-House meeting on 25 October and reconsider their position on the Court of Final Appeal. The issue should be resolved according to the best interests of Hong Kong.

But if the issue is not so resolved, then I believe this Council should consider whether Hong Kong should take the initiative to set up a Court of Final Appeal that will function at least in the years leading up to 1997. I can see no constitutional obstacle to the British and Hong Kong Governments making such arrangements as they think fit concerning the composition and powers of the Court in accordance with the flexibility permitted under the Joint Declaration and the Basic Law.

It is the responsibility of this Council to decide what law to pass that best reflects the spirit and letter of the Joint Declaration and the Basic Law. It is a responsibility that we cannot shirk. Given the vote taken at their In-House meeting on 25 October, I have every confidence that Councillors will not waver on this vitally important issue.

The Governor has said that Members of this Council should strive to present their points of view patiently and carefully and be prepared to listen with equal care and patience.

I have no doubt that the vast majority of Members of this Council would welcome such a dialogue with officials in China. Unfortunately, the fact that China refuses to recognize this Council makes this difficult.

I urge China to recognize the elected and appointed leaders of our community now so that we can start building a relationship of mutual understanding, trust and respect, a relationship which is essential to the future success of Hong Kong.

Mr Deputy President, the Bill of Rights came into operation on 8 June this year and its impact has already been keenly felt, not least by the Duty Lawyer Scheme administered by the legal profession.

The Government's proposal that the Duty Lawyer Scheme should be expanded to supply legal representation as required under the Bill was made less than two months before the Bill was enacted.

Prior to 8 June, the scheme provided representation for all juvenile offences, and for only nine offences in the adult courts. Despite the short notice, the scheme began providing duty lawyers for the entire range of criminal offences in the magistracies from 9 June.

It was estimated that this expansion would lead to a 300% increase in the scheme's caseload during the first year. However, following publicity about the expanded service in the middle of this month, the caseload leapt 300% in just four days and continues to rise.

The burden on the existing staff and lawyers of the scheme is great, but they

have coped valiantly under the strain. The rapid response of defendants in availing themselves of the expanded service demonstrates that the Bill of Rights is fulfilling a real need. It is up to the Government to ensure that the need is genuinely met in future, by providing the Duty Lawyer Scheme with adequate funding to meet the very heavy demands now placed upon it.

During the passage of the Bill of Rights, this Council considered the setting up of a Human Rights Commission, but this was not favoured by the Government. Experience elsewhere shows that Human Rights Commissions are important for the promotion of human rights. Their functions include the education of the public, research, screening existing and new legislation, handling complaints of human rights infringement and effecting settlement of complaints by conciliation, which is a much cheaper, quicker and more efficient means of settling disputes than litigation in the courts. I would urge the Government to draw upon the experience gained elsewhere and to reconsider the desirability of setting up a Human Rights Commission in order to give full effect to the Bill of Rights.

Mr Deputy President, the Legal Aid (Amendment) Ordinance received the Governor's assent on 2 May this year but no commencement date has yet been prescribed. The Ordinance was to give effect to the Government's proposal announced in March 1990 that there was to be improvement to the legal aid eligibility levels with effect from 1 October 1990. The Government's austerity programme coupled with the enactment of the Bill of Rights have resulted in funds originally earmarked for legal aid to be applied to fulfil Government's obligations under the Bill of Rights to provide legal representation in the magistracies.

The eligibility limits for legal aid were last increased in 1986 as a stop-gap measure pending the Scott Report. Wage increases alone since then have effectively deprived many of their right to legal aid. For the majority of citizens, it is legal aid which transforms a theoretical right of access to justice into a practical reality. It is not enough to provide representation under the Bill of Rights to criminal cases and neglect the rights of others entitled to pursue their legitimate rights and remedies in the civil courts. I urge the Government to give effect to the Ordinance without delay.

The legal profession has long advocated the establishment of an independent authority to administer legal aid. It must be right for the Legal Aid Department to be and to be seen to be separate from the Government. The interest of justice

requires that those defending themselves in the criminal courts and those pursuing legal remedies against the Government should not be represented by a department of the Government. This was in fact a recommendation of the Scott Report which concluded that Legal Aid Department should enjoy a status outside the main Civil Service. We are already seeing government departments being hived off from the Government. I believe that time has come for this to be done with legal aid.

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

5.00 pm

DEPUTY PRESIDENT: We will take a break for 15 minutes.

5.24 pm

DEPUTY PRESIDENT: Council will resume.

DR LAM KUI-CHUN: Mr Deputy President, even though it is now just after tea-break, I believe by now, the briefer the speeches, the more welcome the speaker will be. Accordingly I have cut down my speech to cover only two areas where I think I can make new points to contribute to the high speed reading of the last two days.

Constitutional development

In a one-hour speech, the Governor called for co-operation from this Council 13 times. There was obviously an element of apprehension that co-operation might not be readily forthcoming. Its cause must be the new, elected-and-appointed composition of this Council. In this regard, I wish to first mention some observations on the last direct election, then venture to suggest a remedy:

(1) During the campaigns, bewilderment was expressed by the public over the lack of means to tell the merits of one candidate over another. Pledges were made by some candidates which neither they nor the Government could possibly fulfill, such as, the pledge to call for raising profits tax specifically earmarked for social welfare

which contravened the long-held principle of resource allocation in the government machinery. Difficulty in making a choice of candidate frustrated the electorate.

(2) The voting rate was only 39% of the registered voters and only 13% of the overall population. I believe the majority of the population was unenthusiastic over the election and/or the candidates.

(3) The small turn-out at the polls was voluntary and non-randomized. In statistical terms, there was a distinct possibility of selection error. Quite naturally, those who were keen enough about democracy to vote would favour the more liberal democrats, and thus the result of the last direct election could well be a selection process of just who bothered to vote and that number was small.

(4) One party showed a wide swing from high popularity to widespread disappointment within a few days of election. It indicated that the public had not formed a firm or mature opinion at the time of polling.

Thus in the last direct election of Legislative Councillors, there was uncertainty, immaturity, bewilderment and selection bias. No wonder the Government was apprehensive of its fruits.

Mr Deputy President, democracy is a good system, but to believe that it is perfect or ultimate would be naive. The world has unscrupulous democracies turning calamitous. A dramatic example is Sri Lanka, where a popularly elected government of Sinhalese majority uses its popular mandate to plot against the minority Tamils. The result is years of civil war that has yet to end.

If Hong Kong wishes to have a good system of democracy, the people need to be sufficiently mature politically to make an informed judgement of the candidates. A poorly informed electorate is a worrying starting point for democratic elections. To this end, a huge amount of civic education and public relations awaits to be done. I regret having observed that hitherto in this respect what the Government has been doing amounts barely to ad hoc lobbying to get its policies through, sometimes against vehement public protest.

Thus, I feel that Hong Kong needs more than the proposed Electoral Commission to ensure fair play. Perhaps a Commission for Public Relations and Public Education may also be needed. An intensive, continuous and professional approach is desired.

Perhaps, this may be the right time to mobilize the district boards and kaifong associations. The aim is to produce mature enthusiasm in the electorate so that enlightened judgements can be made. Hopefully in autumn 1995 the Government will have less apprehension over having to face an inco-operative Legislative Council. Sapiens Qui Prospicit.

## Relationship with China

Hong Kong and China are inter-dependent. This is a fact of life. It is known that "a drop of honey gathers more bees than a gallon of gall." Co-operation yields better results than confrontation. The Governor called for patience and understanding in dealing with China. I echo his call. But sometimes I cannot help feeling that the Hong Kong people understand too well that China is impatient to take over. I need to bring out some observations:

In every major dealing with China these days, I see another step by China in gaining greater control of our affairs. I am aware that this is in line with the policy of central control which China upholds. Where China may bring inadvertent damage to Hong Kong is their lack of exemplified understanding in one crucial matter: Hong Kong thrives on the opposite of central control, that is, active non-intervention by the Government. To inherit a prosperous Hong Kong in 1997, China needs to maintain our laissez faire system.

I realize I am talking about attempting to change a key pattern of behaviour of a very proud and sensitive world power. But I regret having to point out that exchanges between Britain, Hong Kong and China so far have merely tightened the screws on our Government. They have not produced any visible evidence that China understands the way prosperity or stability is maintained in Hong Kong. Just last week, the Chinese leadership insisted that judiciary was a matter of sovereignty. A fellow Legislative Councillor here remarked that Hong Kong without its independent judiciary is not worth remaining in. While we cling to "two systems", China is proceeding with "one country". Mr Deputy President, central planning would kill the vibrancy of Hong Kong. We desperately need to help the decision makers in China to see our affairs from our angle with our emotions. The leaders in China need to experience all events with us, both local and international. They need to be exposed to the same public emotions as we are. Simultaneously, firsthand. To achieve this the Government should try to arrange for the Chinese leaders to spend time living here. At least senior members of their Hong Kong and Macau Office should be helped

to do so. Success of this method is exemplified by a precedent. Did we not see the former de facto Chinese ambassador here reacting quite the Hong Kong way to our events?

To summarize the points, Mr Deputy President, the Government should try to bring our future rulers from across the border to live here, so they can learn to see China through one eye, that is, an eye of a central controller, but must see Hong Kong through another eye, that is, an eye of a free capitalist. That is to say, to arrive at "one country, two systems", we need "one leader, two eyes".

With that, Mr Deputy President, with four eyes and one mouth I support the motion.

DR CONRAD LAM (in Cantonese): Mr Deputy President, as the spokesman for the United Democrats of Hong Kong on medical services, I would like to address this aspect first.

A good medical and health service must be able to satisfy the following conditions:

(1) It should be made available to every member of the public and its operating cost should be, as far as practicable, evenly shared by, all individuals in the community;

(2) The quality of the service must be acceptable by today's standard and should continue to improve with the advance of technology;

(3) The service should be made to benefit the community as much as possible through effective use of the limited resources available;

(4) The cost of the service should be regulated to a level affordable to the community; and

(5) Users of the service should be free to choose their doctors or the kinds of medical treatments.

Being a group which regards the general health of the Hong Kong people as an issue of their utmost concern, the United Democrats of Hong Kong welcomes any government measures to improve the medical and health services. Nevertheless, the provision of such services at the present moment is found to be a long way falling behind what we think the general public should be entitled to enjoy.

With regard to the availability of resources, the Government should try to raise its budget for the medical and health services. The yearly budgets for medical and health services provided by the Hong Kong Government against gross domestic product are 1.8% for 1990-91, 2.0% for 1991-1992, 2.1% for 1992-1993 and 2.1% for 1993-1994. Even in comparison with the situations in some developing countries eight years ago, these percentages are very much on the low side. In countries such as Australia, Canada, Japan, the United Kingdom and the United States at that time, the corresponding percentages were 4.9%, 6.2%, 5.0%, 5.5% and 4.5% respectively. The trouble with the medical and health services in Hong Kong lies in the lack of resources, which is the cause of its many problems such as inadequate provision of hospital beds, shortage of professionals, long waiting time for treatment, insufficient support of advanced medical technology and facilities, and inadequate in-service training opportunities for staff. The medical and health policy in Hong Kong is a typical example of the policies of a colonial government. It merely aims at providing the most essential services at the minimum cost. The Government has repeatedly given the guarantee that no person should be prevented, through lack of means, from obtaining adequate medical treatment. Can the Government define the term "lack of means"? Will those whose earnings are just slightly above the poverty line be given the same treatment? The most effective way to cure a patient is to give him the right treatment at the earliest stage of his illness. Whether it is from the viewpoint of a doctor or that from a patient, what a patient most needs is "timely medical treatment". Under the present circumstances, a poor person afflicted with cancer would normally need to wait patiently and undergo a long period of mental and physical pains before he can gain admittance to a public hospital for treatment. It is no wonder that the medical services in Hong Kong are criticized for serving only those who can afford to pay for them.

I greatly appreciate and strongly support the efforts of the members and staff of the Hospital Authority. It will, however, need to take some time to judge whether the setting up of a Hospital Authority is the best approach to improve hospital services in Hong Kong. So far, only over 40% of the staff in government hospitals have opted to join the Hospital Authority. On the other hand, certain staff in the subvented hospitals have been rejected to join this new organization. This is discriminatory to those staff who are locked out from the Hospital Authority. Besides, it will make the management and administrative work more complicated in future. In my address to this Council six years ago, I urged the Government not to show any discrimination against patients in small subvented hospitals. Six years

afterwards, this unfair and unreasonable situation has not yet been improved. Among those being discriminated against, dental officers, health education professionals and hospice care workers are all professionals indispensable to a well-founded hospital. The Hospital Authority should cast aside its bureaucratic practices and try to handle special cases with some degrees of flexibility. The Hospital Authority should take prompt actions to address all the unreasonable policies introduced under the old system.

Recently, I have received complaints from some doctors, including a letter jointly signed by more than 20 medical and health officers from the geriatric section of the Princess Margaret Hospital. They pointed out some of the unfair treatments they were receiving. One member of the Hospital Authority who is also a Legislative Council Member claimed in a seminar that patients in public hospitals failed to understand and care that each of them was spending more than \$1000 of taxpayers' money every day. I do not share his view. If patients are rich enough, I am sure all public hospital patients will soon go to private hospitals. One of our colleagues blamed the hospital staff for their ignorance of the fact that one additional hospital bed would mean an extra cost of almost \$500,000 a year. He further said, "Human lives are but a kind of extremely precious commodity . . . .; medicine is no different from other academic, art or business subjects . . . .; the times when medical professionals could spend as many resources as they wished without the need to account for their use are now over. These professionals should no longer justify their requests for additional funds purely on the ground that they are required for saving lives. The Finance Branch is worthy of praise for its awareness of the fact that saving can only be achieved by spending." The remarks made by this gentleman who is a member of the Hospital Authority are really disappointing and this fully illustrates the defect of employing laymen to lead experts.

Everyone of us may have his own value judgements of human lives and money. As for myself, I am strongly opposed to comparing human lives to commodities. Should the argument of this Hospital Authority member be correct, the piece of legislation which is soon to be passed in this Council to ban sale and purchase of human organs will become meaningless. It will be difficult to improve the low quality hospital services if only efficiency is ensured. It does not necessarily need the setting up of a Hospital Authority to achieve better efficiency. In the past two years, the Queen Elizabeth Hospital has managed to reduce its number of beds by 60% and greatly shorten the waiting time in its Casualty Department.

The setting up of the Hong Kong Academy of Medicine and the provision of health-care services at grass roots level in Hong Kong all require resources. The provision of health care services at grass roots level alone will involve an annual cost of more than \$186,000,000 and the creation of 550 new posts. I would therefore like to request the government officials concerned to inform us how these plans are to be carried out with reference to the amount of fund, manpower and time required. Hospital services are a kind of public services to which members of the public are entitled as one of their fundamental rights. In paragraph 64 of his policy address, the Governor has clarified that the Administration does not regard improving the quality and variety of our social services as a luxury. Hence, the United Democrats of Hong Kong objects to government applying the "users pay "or" "cost recovery" theory in setting charges of public medical services. Though the operating cost of medical services is high, Hong Kong is in lack of a good social security system and the income at grass roots level is generally low. Take Wong Tai Sin as an example. According to a government survey conducted in 1990, more than 80% of the income-earners in that district are receiving less than \$7,000 a month while more than 50% of them are earning a monthly salary of \$5,000 and below. With an inflationary rate remaining as high as it is at its present level, how can people with such meagre income be expected to afford these ever rising medical charges? The Hospital Authority has declared not to raise charges until the quality of medical services has shown clear sign of improvement. The United Democrats of Hong Kong does not accept that as a principle for revising charges because any responsible government must feel obliged to improve the quality of medical services and should in no way make it one of the excuses for increasing charges. The Government should try its best to maintain charges at their present low level. It may perhaps consider adjusting these charges to an optimal level only when it can be sure that the principle of not affecting people's quality of life is observed. With regard to the introduction of medical insurance, caution must be exercised to minimize the possibility of third party exploitation and ensure that the public are reasonably taken care of. The usefulness of retaining the School Medical Scheme has been a subject of heated debates. The Government definitely has to bear part of the blame for the unsatisfactory quality of school medical service because it has refused to accept the fee structure recommended by the School Medical Service Board in the past two years.

I propose that the Government should improve medical services for the elderly in anticipation of an ageing population in Hong Kong and formulate a comprehensive set of medical and health strategy to protect the health of citizens.

In the policy address, the Governor has unfurled the banner of protecting the disadvantaged. It seems as if he were a member of my election campaigning group because my slogan for the election was "to protect the interests of the grass roots", but protecting the disadvantaged represents an even more positive spirit. It is, however, disappointing to note that no specific actions to achieve this are suggested throughout his address. On the contrary, the introduction of double rent as one of the housing policies, the sale of public housing units, the pegging of the value of HOS units to the trend prices in the private property market, the implementation of the high land price policy, the adoption of a non-intervention approach towards speculative activities on uncompleted flats, the tolerance of a high inflationary rate, the objection to the proposed central provident fund scheme and the proposal to further extend importation of foreign labour are all measures of opposite effect. While it is emphasized that the Administration does not regard improving the quality and variety of the social services as a luxury, policies on essential social services such as medical and housing services are, on the other hand, targetted to shift the burden of cost on the users.

The composition of the Executive Council clearly shows that only one of its Members is picked from the batch of Legislative Councillors directly returned by the "one-man-one-vote" election. Being a main policy-making body, the Executive Council should be composed of more public representatives from a wider range of sectors to ensure that the policies endorsed therein can take fair care of the interests at different levels. I welcome Mr Deputy President's withdrawal from the Executive Council to chair this Council. As stated in the policy address, this underlines the distinct and independent role played by the Legislative Council. The Executive Council will probably make mistakes during the process of strategy formulation. But as regards the roles played by the Executive and Legislative Councils, an independent legislature can avoid confusion. This will provide the citizens with better protection. The United Democrats of Hong Kong, during its struggle for democracy and improving people's livelihood, hopes that the outmoded and unfair policy can be cancelled. It is not the United Democrats who are confrontational but it is those with assured interests who do not want to improve. The United Democrats of Hong Kong does not fight for "free lunches" but for the rights and privileges the general public deserve. We treasure the contributions made by the commercial and industrial sectors. We respect their rights and privileges. But we are fighting for the fruits of prosperity that are created and can be shared by all Hong Kong people.

With regard to the Sino-Hong Kong relations, the Governor considers it necessary

for us to handle the matter with patience and caution. Patience is interpreted by some as a wait and see policy which a person may reluctantly take when he is left with no other options in an unfavourable situation. If you can just bear with all sorts of unfairness that are taking place around you and show no feeling for cases of injustice such as infringement on human rights, lack of democracy and perversion of the course of justice, you will be able to make yourself a successful example of a patient person. Patience is basically a virtue provided it is not practised against one's conscience. To boost Hong Kong people's confidence and banish their worry of being kept and betrayed in the dark, will the Government increase the degree of transparency of the Joint Liaison Group?

Mr Deputy President, with these remarks, I support and sympathize with this motion.

MR LAU CHIN-SHEK (in Cantonese): Mr Deputy President, a full look at the Governor's policy address this year shows that it continues to stress economic development as its central theme and policy objective. If successful economic development will enable the people of Hong Kong to partake of the fruit of prosperity, then without a doubt, it deserves to be advocated. Just as the Governor said in paragraph 62 of his policy address, "Economic growth is not being pursued simply for its own sake. Our goal must be to use the additional wealth created to improve the living standards of all our families and to create an attractive and secure life-style for the community as a whole."

It is, however, my opinion that what best measures the favourable or adverse impact of economic development on the public -- what provides the clearest indication -- is how the people live, seen in real life. As for the Governor's unilateral undertaking to give consideration to both economic development and improvement of living standards, that, frankly, is just a pretty lie. In the following, I will present some facts and comments to the Government concerning the issues of labour and living standards. I hope that the Governor will desist from further misleading the public and evading the issue.

Importation of foreign labour and protection of workers' benefits

I recall that, in his last policy address, Sir Edward YOUDE recommended that consideration be given to undertaking a study of the pros and cons of the establishment

of a Central Provident Fund system. His hope was to achieve security in retirement for the workers. As for Governor Sir David WILSON, he said in the 1988 policy address that foreign labour would not be imported, so that local workers might partake of the fruit of prosperity when economy was at its best. Regrettably, however, in the years that followed, the Governor time and again relaxed the control on importation of foreign labour and vetoed the plan to establish a Central Provident Fund. What is even more unacceptable is that, this year, the Governor attributed inflation to the shortage of labour and then looked for excuses for massive importation of foreign workers. This is most unfair to Hong Kong's wage-earners because importation of foreign labour will weaken their bargaining position and adversely affect employment and wages at a time when they have to bear the direct pressure of inflation too. How then can the quality of life be improved under these blows?

Also, it is worth noting that this is not the first policy address that subjects the workers to disadvantages. In his policy address last year, the Governor called for restraints on wages. As a result, the real wages of Hong Kong's workers have fallen by 1.2% in 1991, while the rate of inflation has risen to 13.9%, the highest level in 10 years. This shows that wages are not the cause of inflation. Yet this year, to make matters worse, the Governor has used inflation as a pretext for importing foreign labour. Is it not a fact that last year's mistake is being repeated while no effort is being made at all to find the real culprit responsible for inflation?

And the importation of foreign workers will only adversely affect Hong Kong's long-term interests. The reason is that such a policy will make it even harder for Hong Kong to follow the course of automation and high technology. The truth is that Hong Kong does not have a shortage of labour. What it has is an "employment mobility stagnation." In other words, as the economy undergoes a transformation, manufacturing workers are not switching to the service industries efficiently. We lack a well planned manpower training programme to enable local workers to continue making contributions to the community after retraining. There are of course manufacturing workers switching to the service industries. This, however, only means that former skilled workers have been forced to do unskilled work, forfeiting their status and pay as skilled workers.

Furthermore, the exploitation of foreign workers is a problem that must not be ignored. The more than 290 cases disclosed by the Labour Department involving breaches of the law by employers are, I believe, but the tip of the iceberg. Because foreign workers, who worry about their rice bowls, simply dare not come out to testify

in court, and the importation of foreign labour is only a way to make it easier for employers to exploit more cheap labour. It has never been a way to solve the alleged labour shortage.

Quite clearly, to both the local workers and the imported workers, the importation of foreign labour is bad and no good. Yet the Governor, with the mentality of one wishing to make atonement, mentioned that six proposed improvements in the area of protection of workers' benefits would, in his opinion, benefit the local workers. The truth, however, is that these are very minor technical amendments and not structural changes at all. Besides, these are proposals that were made a long time ago but have remained proposals because of repeated procrastination. For a long time, legislation for the protection of workers' rights and benefits has been at a standstill. To this day, there is no independent and clear overall labour policy. Take security in retirement for instance. Other parts of Asia have adopted compulsory provident fund schemes, but the Hong Kong Government has been shirking its responsibility, citing long service payment awards and services for the aged. As a result, those who wish to continue to regard Hong Kong as their home can expect nothing. When they grow old, they probably will have to look to Heavens for sustenance.

#### Impact of inflation and new airport on living standards

I deeply regret that the Governor, in his policy address, failed to identify the real cause of inflation but added to the woes of the working class.

The truth, as everybody knows, is that some of the causes of the current round of inflation are: Government's higher tax and higher fee policy; the higher utility bills; the property developers' oligopoly which has caused the public to suffer high rents; the property speculation frenzy; the policy of higher public housing rents for well-off tenants; the pegging of HOS pricing to the price of private housing; and the privatization of various services heretofore provided by the public sector, with the public having to pay more to contribute to the service provider's profitability. Thus, people of the middle and lower income groups are being directly affected by inflation. The pressure of everyday life has grown ever heavier.

If we take a proper look at the real life of the people, we will see that more and more of them are complaining about the hardships of life. The fruit of successful economic development that the Governor wants to attain will finally benefit only the

few big holding companies and the wealthy classes.

In respect of the new airport and infrastructural projects the construction of which is about to begin, I wonder about one thing. The Government in the past years never stopped recommending these projects to the public. Yet today, when actual construction is beginning, Government is deliberately trying not to talk about them. There is no doubt that such huge infrastructural projects will affect Hong Kong's economic development and also worsen the problem of inflation which is already quite serious. Even if the Governor hopes subjectively that the construction of the projects will not affect the living standards of the people, this year's policy address contains not a shred of evidence to show that his main objective is to improve the quality of life of the people, not to mention recommendation or strategy for lessening the impact of the airport project on living standards.

Quite the contrary, in order to support the huge infrastructural projects, the Government will take steps to squeeze the expenditures of all departments. As a result, commitments to social welfare will gradually decrease. In other words, people's interests will be sacrificed first. However, what is the ultimate price that the people must pay? The policy address did not say clearly. It only causally asked the people to accept the "guarantees for the destitute, security for the poor" welfare policy of the 1950's and 1960's.

Such regressive thinking shows that the Government's make-believe is that the people of Hong Kong today still need charity and public relief. The Government ignores Hong Kong's social progress and Hong Kong people's new demands for entitlement to social benefits and welfare. The policy address, seen in full, contains no commitment at all concerning problems that affect people's living standards or concerning a welfare policy. Still less does it say that, when making long-term plans and policies, the Governor will give top priority to ensuring that living standards will be improved.

Because the policy address fails to provide us with an acceptable policy direction in regard to the two major issues of labour and living standards, I wish to make some clear suggestions and I hope that the Governor will consider them carefully:

(1) Protection of labour

A. Make a comprehensive human resources policy. Improve the job training system to match the transformation of Hong Kong's economy. Help manufacturing

workers to raise their level of skill or to switch to the service industries.

B. Stop importing foreign labour. Solve the problem of local workers' employment and wages first. Legislate to establish the trade unions' collective bargaining power. Enable workers to seek from management, through recognized trade unions, better pay and other benefits for the purpose of improving the quality of life.

C. Divide the Education and Manpower Branch of the Government Secretariat into two branches. Rename the Secretary for Manpower as Secretary for Labour, whose full-time concern is the making of long-term labour policies with the major objective of improving labour protection. This will prevent the authorities from citing inadequate funding or authority as an excuse for procrastination in policy implementation or law amendment.

D. Establish a Central Provident Fund to solve workers' retirement problem.

E. Review comprehensively the existing industrial safety policy. Review the regulations now in force. Increase prosecutions and raise fines. The measures for the protection of workers' health and safety mentioned in the policy address are not really effective in reducing industrial accidents. If there is to be a real deterrent effect, the number of visits by inspectors of the Labour Department should increase and the publicity campaigns on industrial safety should be stepped up.

## (2) Fighting inflation and protecting living standards

A. Do not milk the people any more in drawing up budgets. Avoid raising indirect taxes, which directly affect living standards. Raise the personal allowances for salaries tax, thus compensating people for the lowering of real wages caused by inflation.

B. Limit those government service charges that affect the lower classes. Limit the increase in public utility charges until the rate of increase is reviewed upon the expiry of the scheme of control agreement. The truth is that inflation is more or less due to successive increases in government and public utility charges in the areas of transportation and energy. Passing cost increases to the people to ensure a high profitability to the public utility companies is unfair. The public utility companies subject to the scheme of control agreement should make a review

of this. There should be a specific monitoring system to review the applications of MTR and KCR for fare increases.

C. Find effective ways to stop the upward spiral of property prices. Break up the developers' oligopoly and end the speculation frenzy. The Government should take the initiative to make more housing available under the HOS. Restrain property prices. Benefit the real end-users of housing units. The review of the price of the HOS units should come up with a recommendation of linking the price to the cost and not to the market. Raise the upper limit of the income of people eligible to apply for public housing. Enable middle and lower income people to live with security while being gainfully employed.

D. Make a detailed study of the impact of the new airport and infrastructural projects on living standards. Provide to the public a written report disclosing the relevant funding plans and the multiple impact that may have to be faced in the future, including the principle followed by government departments in their consideration of funding priorities. Hold public consultation.

Finally, I would like to advise the Government that it is now facing a crisis of confidence and a major challenge. The Government's ability to maintain its rule is due solely to the fact that, compared with the governments in neighbouring areas, it is not yet the worst. Therefore, it is with a fatalistic mentality that the people of Hong Kong accept the "lame duck" government which is getting ready to pull out. I do not hope to find that our having no other choice is why the Government is able to operate normally and not being buffeted. After all, in carrying out its policies in the days to come, the Government must continue to enable the people to look forward to a beautiful future and a substantive improvement of living standards, and not arouse widespread discontent, until administration changes hands in 1997.

At this time, it is precisely our duty to find feasible ways of building a beautiful future. As an elected member of the Legislative Council, I am quite aware that I represent the people's wishes and must live up to my promises to the constituents about protecting their secure life-style and about a future that they can look forward to. This is why it is my obligation to reflect the wishes of the people to the Legislative Council and oversee Government's operations so as to make sure that, in the making of policies, consideration is given to the interests of the general public and there is no partiality to the classes with vested interests.

At the same time, I would like to avail myself of this opportunity to make this appeal to all the people: Please do not assume that your elected Legislative Council Members are bound to be successful in fighting for all your interests. Your votes make it clear only that we stand on the same side. As our Government is not elected, the job of the elected Legislative Council Members will have many restrictions. We must now rally all the progressive forces inside and outside the Legislative Council and continue to fight hard and without let up. Only thus can Hong Kong have a more promising future and the interests of the people really protected.

With these remarks, I express indignation at the policy address!

MISS EMILY LAU (in Cantonese): Mr Deputy President, because of time constraints I shall limit my speech today to the subject of constitutional development which has a most material bearing on Hong Kong's future. I shall be dwelling on the problems I perceive to be confronting the executive, the legislature and the judiciary.

For the past five years I have been closely following the policy addresses delivered by the Governor. All these five years I have been overcome with disappointment because I feel that the United Kingdom has never accounted herself to the people of Hong Kong as to how the 1997 government and the legislature are to be constituted. Neither has Sir David WILSON in the past few years put forward any sort of blueprint relating to the above matter. I cannot help feeling that the Hong Kong British Administration is harbouring the "come day, go day, God send Sunday" mentality. Indeed, many Hong Kong people have never faced up to this question. Some friends of mine in the news media or the professions have described me as the little child in the story of the King's New Clothes, a story I believe you, Mr Deputy President, must have heard of. Many would, on observing an event or a state of affairs, understand what it is all about but would keep it to themselves. Many Hong Kong people would not wish to rock the boat; they would wish to maintain stability and prosperity; that is why few would speak out. But the child in the story that I am would cry out "Wow! Why is the King without any clothes on?" When I say this, it would probably strike a chord of unison in the hearts of many. That is why I am here on my feet speaking in the capacity of an elected Member; I hope that in the next four years I shall speak fully and unreservedly on whichever matter I possess information of: sometimes I shall even go where angels fear to tread. Of course, I will not, as a few Members before me have said, make confrontation. I hope that whatever I do will eventually be in the interest of Hong Kong people. I have said numerous times that

I deeply deplore the denial of the right of self-determination to the 5 million Hong Kong people. Therefore I take the present opportunity, where for the first time the Legislative Council consists of a directly elected element, to have it placed on record in Hansard that there are people who deplore the withholding by the Chinese and United Kingdom Governments from the people of Hong Kong the right of deciding on their own future, so that all and sundry of later generations will know.

Let me turn now to the problems I perceive to be confronting the executive. Rumours are doing the rounds that the Governor will soon quit. If the present Governor quits, the United Kingdom Government will appoint another. Most Hong Kong people will not be unduly worried about this because, judging by its track record, people here in general have developed confidence in the Hong Kong British Administration which has governed Hong Kong for so long and whose merits or shortcomings have been all too clear to people here. However, nobody knows how the Chief Executive will be chosen for appointment. Perhaps some are now already lobbying for that post and are therefore going to Beijing to "pull a few strings". But we have no means of knowing who will eventually be appointed. The constitution of the first special administrative region government and the appointment of the Chief Executive are laid down in the Basic Law. In 1996 the National People's Congress will set up a preparatory committee. The said committee will set up an Election Committee made up of 400 members from the business sector, the professions, the labour sector and political organizations. This sort of committee will be similar to the ones we have seen during the Basic Law drafting process. The committee will, through consultation, nominate the candidates for election as the Chief Executive and upon election the Chief executive designate shall be reported to the Central Government for formal appointment. The Chinese Government will set this process in motion in 1996. The problem is that the British are telling us that this is China's business and that it is none of their concern. I will not buy this because to achieve a smooth transition the Chinese and United Kingdom Governments must co-operate. The Joint Liaison Group is bound to discuss this. The question is whether Hong Kong people will be given the chance to take part.

Will there really be a government with a high degree of autonomy? I hope that in its response the Administration will tell us what plans are in store in this respect and how they are to be carried out (late though it certainly is, now being the start of the 1991-92 Legislative Council Session already!) Of equal importance is the question of principal officials. Who among the present Secretaries (they are all seated here in this Chamber) will become future principal officials? According to

the Basic Law and the Joint Declaration, officials of Secretary rank shall be nominated by the Chief Executive and appointed by the Central Government. Who will be our future Secretaries? Will our present incumbents, those ladies and gentlemen seated here, be our future Secretaries? Certainly not. It is because the Basic Law has laid down that officials of Secretary rank shall have no right of abode in foreign countries and shall be permanent residents of Hong Kong, that is to say Chinese citizens. Frankly speaking, should those ladies and gentlemen in the government box here be offered appointment, will any of them accept? We have no means of knowing how many of our present Secretaries will just do a further stint of a couple of years and then leave with their pension. There are many things we do not know; perhaps, not even all of the present Secretaries know. Yet we feel perplexed and worried.

We Legislative Councillors are of course very concerned about legislation. Several of my colleagues have said that the method for the formation of the legislature in 1995 is still not clear, not to mention 1997! We are not sure whether the United Kingdom Government will strive to get the Chinese Government to agree to more directly elected seats. It is stated in the Basic Law that there shall only be 20 directly elected seats. The United Kingdom Government has given us an illusion that more than 20 seats can be hoped for. I am always for a 100% directly elected legislature. With highly mature political awareness, Hong Kong people, I believe, can make it work. I really regret to hear from a colleague who spoke before me that some Hong Kong people are still not politically mature enough to fully accept western democracy. In addition, nine seats are to be allocated to functional constituencies. What will this stand for? Although the Basic Law states that the Chief Executive shall be elected by an Election Committee of 800 members, does it mean that the Committee shall also elect 10 Members to the Legislative Council? It is really puzzling! If this is really the case, the process will get underway in 1995. But why has the Government not mentioned anything about it even at such a late stage? Will the Election Committee in fact be an appointing system in disguise? We are perplexed by these questions and really want to know the answers immediately. As regards legislative power, it is stated both in the Sino-British Joint Declaration and the Basic Law that the future legislature shall be vested with legislative power. In accordance with Article 17 of the Basic Law, laws enacted by the future legislature must be reported to the Central Government for the record. If the Central Government considers that any law enacted by the legislature is not in conformity with the provisions of the Basic Law, it may return the law in question. Any law returned by the Central Government shall immediately be invalidated. How much harm will it do to our legislative power? We all know it is stated in the Basic Law that six Chinese laws

shall be applied in Hong Kong. Moreover, it is stated in Article 18 of the Basic Law that national laws shall be applied in Hong Kong if turmoil within the territory is beyond the local Government's control. Such being the case, are we or are we not really to be vested with legislative power? The United Kingdom Government may say to us, "All this has been laid down in the Basic Law." But does it mean that the United Kingdom Government will not have any responsibility towards Hong Kong in the 50 years after 1997? Can the United Kingdom Government just shunt its responsibility over and on to the Basic Law simply by making the above remarks? How could we then have a smooth transition? All these are what we must know.

Furthermore, as regards the judicial system, some colleagues said yesterday and today that they were not satisfied with the composition of the Court of Final Appeal and resented the decisions secretly made by the Joint Liaison Group. I fully share their view. One of the probable reasons for inviting overseas judges to sit on the Court of Final Appeal, I am sure we still remember, is that there are not enough judges in Hong Kong and in particular, it is hoped that the Court of Final Appeal shall be a court of comparable stature to the Privy Council. We also hope that judges sitting on the Court of Final Appeal will not be subject to any political pressure. This is a political reality.

However, not many people want to point out this and that is why it falls to me, the small child in the story of the King's New Clothes to say it. I agree with the Honourable Simon IP that if a Court of Final Appeal cannot be set up in the way promised in the Sino-British Joint Declaration, I would much rather have one established that would sit only as long as the latter period of the transition lasts before we decide what to do in 1997. If a "hybrid" Court of Final Appeal is to be established, it will be better to have none at all. Mr Deputy President, the power of interpretation is much more important than the Court of Final Appeal in the judicial system. It is because both the Joint Declaration and the Basic Law state that the power of final adjudication shall be vested with the Court of Final Appeal in Hong Kong; but at the same time, the power to interpret this "mini constitution" rests with the Standing Committee of the National People's Congress. If the Central Government or the Central and Hong Kong Governments are involved in a case, the Court shall not decide the case until the interpretation of the Standing Committee is handed down. The local Government shall then act in accordance with the interpretation. If so, where is the power of final adjudication and the independent exercise of judicial power to be found? I am no expert in legal and judicial matters. Mr Deputy President, I believe you know much better than many other people. Many legal and judicial professionals do worry about the future. They think the present judicial system may go up in smoke after 1997. In these two days,

many of my colleagues have referred to our present Government as the "sunset government". Some of them do not have high expectations of the Government and some even think the present debate a futile exercise. However, I do not share their attitude. This Government has administered Hong Kong for 150 years and will withdraw in a few years' time. Therefore it has the responsibility to account itself to Hong Kong people, whether it be a sunset government or not. We should be informed of the future constitutional framework and the process by which the commitments given in the Joint Declaration are to be realized. We should also be given the guarantee that Hong Kong people will rule Hong Kong with a high degree of autonomy. Only under such a system will the free life style we presently enjoy be maintained.

Finally, I do hope that the Joint Liaison Group will consult this Council before deliberation. We will not insist that the group disclose diplomatically any information that should not be disclosed or that it does not want to disclose. But before deliberation, the opinion of the Legislative Councillors, I hope, will be consulted. After deliberation, an explanation rather than a brief notice of what decision has been made should be given because the Joint Liaison Group is deciding neither the future of the United Kingdom nor that of China. It is deciding the future of the five million-plus people in Hong Kong. We of course have the absolute right to know. Finally, I do hope that our Government in the next five years can fulfil the promise it gave us in 1984 -- to establish a government which will take root in Hong Kong and be accountable to Hong Kong people. I also hope that it will be a government which can protect our freedom.

MR ERIC LI: Mr Deputy President, politics is both a science and an art. In the management of public finance and in the administration of public services, the Government is expected to conduct its businesses professionally and rationally. In the governing of people, it becomes an art of caring.

#### Co-operative partnership

A government that cares for its people will foster stability. The Legislative Council provides a forum in which a great sense of care is added to the process of governing.

It is rightly an aim for the Administration to act quickly in response to rapidly changing needs and to strive for higher efficiency. Members of this Council may

however feel that they must keep check of the Administration and make its officials account for their every move. In order to strike a happy balance, there ought to exist a co-operative partnership based on mutual trust. Members of this Council must not encourage mistrust of the governmental process. The imposition of unreasonable constraints on the exercise of governmental authority will reduce efficiency, increase costs to taxpayer and distort established priorities. I believe that the people of Hong Kong only expect us to be watchdogs and not bloodhounds. In the run-up to 1997, the Legislative Council will only gain public respect and confidence, if we are able to demonstrate positive qualities such as initiative, direction and responsible leadership. This cannot be achieved by laying criticisms on the Administration alone. On the other hand, the Government must feel an obligation to implement laws and policies reflecting the collective wishes of this Council.

### The economy

Hong Kong is an economic success. The Government needs to do little to ensure prosperity. An inviting environment of incentives, fair play and certainty in the rule of law will provide much of what the investors need. Indeed, the Governor is right to feel reasonably optimistic about the economic outlook in the medium term. This contrasts sharply with the pessimism of the last two years. I therefore look forward to a favourably revised medium-term forecast of fiscal revenue in the coming Budget.

There is no doubt that the people of Hong Kong are good at creating wealth. However, it comes at a time when we must learn to be equally good in managing the enormous wealth created. In the latter type of management, it takes more than hard work and sound economic principles to succeed. A fine balance of long-term vision and care for the immediate needs of the community is the key to success.

### Managing the government's finances

The people of Hong Kong are affluent by whatever standard of income measurement one may choose to use. Furthermore, nearly 70% of our working population are only required to pay little or no tax. In return, the Government spends well over 40% of its recurrent expenditures on subsidized social services. Generally speaking, our low income group are already getting one of the best deal in the region. Following a period of rapid economic growth in the 1980s, the overall rise in standard of living is already evident. In 1990, 42% of Hong Kong households own their own homes as

compared to 28% in 1981. The recent 1989-90 Household Expenditure Survey also revealed noticeable changes in consumption patterns towards more eating-outs, IDD calls, consumer electronic and optional products.

In the light of these circumstances, a shift of priorities towards long-term investments in order to sustain future economic growth is well justified. It has also become reasonable to ask those who can afford to increasingly contribute towards costs of heavily subsidized services. However, the implementation of these objectives requires careful planning and co-ordination. In the limited time available, I wish to deal only with the policy of fee charging for the main types of social service, housing, medical, welfare and education.

#### Co-ordination of charging policies

Social services in Hong Kong are mainly supplied by the Government together with the subvented sector. The Administration is therefore in a position to dictate the price and quality of services. Given the essential nature of these services and the lack of comparably priced private sector alternatives, the majority of our low income group are "forced" to consume the standard public services provided. In a virtually monopolistic situation, there is a duty for the Administration to clearly state its pricing policy.

The Governor stated in his policy address last year that "Greater choice and higher incomes mean that families must increasingly pay for services which go beyond the basic level". The same principle has been subsequently repeated in other public statements made by Policy Secretaries such as the White Paper on Social Welfare. Legislative Councillors were also told by the Secretary for the Treasury in his recent briefing that he had asked all Policy Secretaries to reduce costs by raising fees and charges. Although I subscribe to these stated objectives, the lack of clear working target and the unco-ordinated manner in the application of these vague concepts is a cause of concern. There is a distinct risk that each Policy Secretary may in isolation increase charges to the farthest possible extent in order to reduce their own costs. They can do so with little regard to what others are doing at the same time. Without proper co-ordination, the Administration may easily lose sight of the aggregate of these increased charges on the defenceless families which can be considerable.

It can be safely assumed that in most cases, an ordinary family will require a

pretty full range of social services over a period of time. A family may also budget rationally, if it is given a choice. A typical example may be that a family of average income will set aside 35% of the household income to finance a mortgage on its home; 10% to pay for a comprehensive medical insurance; 10% on a range of educational and welfare services such as child care and tuition fees. The aggregate amount takes up 55% of the total household income leaving the remaining 45% for food, clothing, transport, light and fuel and so on. The simple example illustrates the possibility of hypothetically testing "affordability" on a rational basis if the target income group can be identified.

I urge the Administration to carefully formulate a coherent policy of fee charging at the central level such as by commissioning the Central Policy Unit. This policy, which ought to be made known to the public, should at least cover the following areas:

(1) the possibility of clearly identifying broad target groups to which each type of charge relates;

(2) the feasibility of setting overall charge ceilings by policy areas to limit the aggregate impact on the standard of living of the target families, having regard to their existing pattern of consumption.

## Social welfare

While a network of subsidized social services governed by a sensible charging policy is necessary for the caring of our low income group, the lowest, say, 9% of our population are recipients of social security. Most of them are unsupported elderlies or people in dire financial needs. It is in society's conscience to assist them further and accord them first claim of our good fortune.

The Government has made a firm commitment in the White Paper on Social Welfare to provide the necessary recurrent expenditures for the basic needs of this group. However, it has left the Lotteries Fund, which provides for the equally necessary capital expenditures, falling desperately short of funds. In simple terms, the provision of basic facilities to house and care for those needies will be significantly delayed.

The sale of lotteries is both a fund raising activity for charity and a fiscal revenue source. The charity element has clearly added appeal to encourage buyers.

Before the charity need of the fund is fulfilled, it would be unseemly for a caring government to compete for funds with the poorest in the land. I therefore suggest an increased allocation of 3% share on gross proceeds to 6.5% for the Lotteries Fund which I understand will be sufficient to meet immediate needs.

## Disabled persons

The disabled members of our community may not be the most economically deprived but they needed support for a totally different reason. It is a matter of basic human rights for them to be provided with equal opportunities to fully participate and share in the normal life of our community. I am heartened that a good part of the Governor's policy address has been devoted to ensuring them of just that and that the upcoming Green Paper will provide many answers.

The programme for the United Nations Decade of Disabled Persons was marked by a charter for the 1980s proclaimed by Rehabilitation International. To extend the spirit of this expiring charter into the 1990s, I propose that the Government should subject itself to a voluntary system of reporting to the public on progress made in programmes in preventing disabilities, in stimulating rehabilitation, and in creating conditions to foster full and equal participation of people with disabilities in society.

Although disabled persons are a significant minority group in terms of number, they are unlikely to fare well in district based elections. Therefore, I also propose that considerations be given to grant a functional constituency seat to the disabled persons in the 1995 election so that they may pick their own champion.

## Youth

Another important group of members in society worthy of special attention is our young people. I hope that the lack of mention in this policy address does not indicate complacency on the part of the Government.

In order to partly redress this apparent deficiency, I shall be moving a separate motion debate in this Council on the Charter for Youth early next year. The Charter for Youth had been commissioned by the Governor in his 1989 policy address. The charter now under preparation will, I hope, meet the aim of providing a set of principles of youth development blending essentially the rights, needs, aspirations

and expectations of the community at large with those of the young people. I hope that the promulgation of this charter together with our motion debate will heighten public awareness of the importance of young people. In conjunction with the Charter for Youth, it is perhaps opportune time to also remind our young people of their civic responsibilities alongside their rights. There is no better way to begin than to grant those over 18 the right to vote. The confidence of our young people in political participation greatly depends on our expressed trust placed in them. If it is our wish to enhance their participation in community affairs, we must not deny them this principal right. In furtherance of this aim, I shall soon make separate submission to the Secretary for Constitutional Affairs.

### Education and career

Education is another subject close to the heart of young people. Rightly or wrongly, most people in Hong Kong believe that tertiary education is a prerequisite to well paid jobs and success in life. Hence young people have strong desire to obtain higher education. The plan for its momentous expansion will go a long way towards meeting these aspirations. We know however that in reality education provided in an intensely competitive environment can equally cause frustration and a sense of failure amongst young people. The same is true of career and graduates can become disillusioned when they are unable to find jobs to practise their acquired skills.

There is a strong and natural tendency for academic institutions to relentlessly pursue academic excellence. It can be a noble aim given students of the right calibre and generous resources. In reality, the standard of students entering tertiary institutions is likely to fall lower because of increased numbers. I urge our academic leaders to remain very mindful of the ability and limitations of their students when setting standards. Self development is the primary aim of education and little can be achieved if students are frustrated and feel unable to cope.

It is also tempting for us to feel resigned to a belief that more graduates mean better careers all round and our manpower shortages resolved. This belief is far from the truth. The policy address pointed to the fact that the manpower shortage is only acute in some sectors of the economy. At the level of higher education, shortages are mainly in the field of professionals such as accountants, social work assistants, nurses and occupational therapists and so on. In order to fulfil these specific needs, a combination of course planning and enhanced recognition for the

trained personnel is both necessary and unavoidable. It is also pertinent to note that the Government and the subvented sector are the main employers of some of these professionals in short supply. In the event that these qualified personnel are not supplied in adequate numbers, the improvement, development and extension of health, welfare and rehabilitation services will be seriously hindered.

I urge the Government to assume a very positive and firm role in advising our tertiary institutions. The minimum academic standard must be set at achievable levels. Courses must be developed or expanded to take account of society needs. The presently inadequate career and student counselling services must be considerably strengthened to match the full needs of the rapidly expanding student population. At the end of the day, what Hong Kong needs is not many equivalents of Oxford and Cambridge Universities. We simply want to ensure that the huge public investments in education will positively benefit our young people who should feel confident and prepared to contribute, and that they are guided to take up the needed positions in society.

## Conclusion

Mr Deputy President, this debate is the right forum to put in focus the priority areas of our needs. Once the needs become generally accepted, I am certain that the Government will find revenue to meet expenditure. We have done so more than successfully in the past. From what I know, the business community do care about the welfare of the working population. The topic of costing and financing however should perhaps be more properly dealt with in the coming Budget debate.

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

MR FRED LI (in Cantonese): Mr Deputy President, the Governor Sir David WILSON in his policy address mentioned three major changes in Hong Kong, namely, the democratization in the territory's legislature, Hong Kong's evolving relationship with the People's Republic of China, and the socio-economic transformation that has been taking place inside our society.

These changes are going to generate lasting effects that would certainly be felt

beyond 1997. Due to the limit of time, I shall concentrate here on the third change, that is the socio-economic transformation in Hong Kong. My colleague from Meeting Point, the Honourable TIK Chi-yuen, will later address the first two types of changes, namely, the democratization in the territory's legislature and Sino-Hong Kong relationship. Both of us shall argue for the need to be far-sighted in these important areas of concern.

Given that the airport and port projects are mammoth projects, if, as a result of the crowding-out effects of these projects, the Administration procrastinates in its anti-pollution programmes or continues with its neglect of the welfare of the elderly in our rapidly aging population, we may have a first-class international airport with two runways by 2010, but Hong Kong may also become literally uglier then.

The need for far-sightedness is nowhere more evident than in the case of the provision of welfare for the elderly and the retired. The latter would constitute 13% of the total population in 2006, compared with 8% in 1986. These are alarming statistics. Reports on the results and findings of the 1991 Census just released appear to confirm these worrying trends.

The situation in the constituency which I represent, is that those aged above 60 constituted 13.9% of the population in Kwun Tong in 1990, exceeding the Hong Kong average of 12.8% by 1.1%. The problem of providing housing to the elderly is particularly serious. I wish to take this opportunity to call upon the Administration to reconsider and show concern to its plans of resource allocation for Kwun Tong. Other than quickening the pace of rebuilding the old housing estates, the Administration should put in more resources to meet the accommodation needs of the elderly singles and couples in the district.

Hong Kong needs a form of social security system, particularly when economies at "lower" levels of development, that is Thailand and Macau, are implementing varieties of their own, not fearing that the scheme may "form fetters to economic growth", which is the routine excuse adopted by parties of vested interests in Hong Kong to reject any social security proposal. I strongly urge the Administration to rethink about social security.

Our resources are no doubt limited. Trade-offs, compromises and concessions must be made, Democrats are not extremists motivated only by simplistic ideals. But trade-offs have to be made on the basis of well-grounded analysis and fair arguments, with give-and-take on both sides of the equation. Moreover, the appropriate

prescriptions to our problems can be made only on the basis of the correct diagnoses. In this regard, I have to say that I find some of the Governor's diagnoses of the socio-economic problems in Hong Kong incomplete and biased. The concessions that he asked for are in some cases one-sided.

Take the example of inflation, the Governor continued to put the main blame on labour shortage, as he had done last year. I would like to quote what the Governor says in paragraph 46 of his policy address: "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". We all share that worry. But then he proceeded to analyze only one of these structural problems: the slackening in labour supply due to demographic aging. The only solution that he proposed seems to be the importation of more labourers from outside Hong Kong. Obviously, the argument is lopsided.

If inflation is a cost-push phenomenon, it could be alleviated by reducing labour costs and/or increasing production efficiency. So not only do the labourers have to take restraints in pay claims, the capitalists also have to make efforts in investing in and upgrading cost-efficient technology, instead of just maximizing their short-term profits at the lowest possible labour costs. Technologically, Hong Kong is already lagging behind Singapore, South Korea and Taiwan in many aspects. Instead of putting all the blame on labourers, the Administration should also blame short-sighted entrepreneurs for the lack of long-term commitment to the territory and blame itself for the lack of coherent industrial strategy that promotes technological investments.

Whenever a proposal to tax the rich is made, the rich will protest. This is not surprising because not many will voluntarily forego an iota of their wealth. The Administration was considering the viability of a Capital Gains Tax on property transactions, many property developers and agents including some of our colleagues were quick to voice dissent. But I think a Capital Gains Tax will cool down the overheated property market by making property speculation less profitable, thereby putting a brake on property prices and rentals, and will of course also have the effect of swelling the public purse. This is not particularly a bad thing. If property speculators find that with the introduction of the Capital Gains Tax their businesses become unprofitable, they are well advised to change jobs. The property market in Hong Kong will most probably turn more orderly, to the benefits of the end-users and far-sighted property developers and agents.

There is now widespread worry in Hong Kong that the PADS Programme is going to squeeze resources out of other areas of urgent social needs. As regards environmental protection, I am particularly concerned about the implementation of the HK\$2 billion project on sewerage and the shelving of the plan to phase out the usage of diesel oil. The district of Kwun Tong, where a very large number of industrial enterprises is located, is suffering from the highest degree of air pollution in Hong Kong according to scientific indicators. I would like to urge the Administration to back up its promises for a cleaner and healthier environment with concrete programmes and firm financial commitments.

The Administration seems to be confident that Hong Kong can afford the PADS project. The Governor said in his policy address that the annual expenditure of the Airport Core Programme would only be about 2% of Hong Kong's GDP in 1992-97. If I may quote him: "This is only a little higher than the corresponding figure for the Mass Transit Railway during its construction." That statement is, however, not much of a comfort to us, when we recall that the inflation rate in Hong Kong shot up to above 15% in the peak period of the construction of the MTR in the early 1980s. Moreover, while the Hong Kong economy grew at an average real rate of about 8% in the 1970s and 1980s, it has slowed down to less than 3% in the past two years. Even the optimists would predict an average growth of only about 4%-5% in the years to come. A project that takes 2% of Hong Kong's GDP would surely carry a much greater weight in the 1990s impact and its strain on government finance. The Governor's simplistic comparison in his policy address has done nothing to alleviate our fears. The Administration has yet to prove its resolve in solving Hong Kong's inflation problem and its commitment to a balanced socio-economic development in the territory.

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

PROF FELICE LIEH MAK: Mr Deputy President, I would like to thank the Governor for his address. In that address, he made a distinction between the Administration and the Government. This distinction is well appreciated, for the Administration alone does not constitute the Government; we, Members of the Legislative Council, are also part of this Government. It is therefore partly incumbent upon us to try and make this Government work. In this present structure we have to work within the constraint that this Government is not a multiparty system where the opposition can one day assume power and have a chance to demonstrate its ability to govern. Ours is not a western-style democracy with an adversarial process; we have to remember that as

Chinese we are born with social obligations as well as individual rights.

As to our relationship with China, I find it puzzling that she should be willing to talk to the labour union (a type of organization which is not exactly encouraged in China), to big business, which she traditionally regards as the exploiter of the proletariat, to a colonial government which she has always considered her avowed enemy. If China is willing to make so many radical exceptions in her dealings with Hong Kong why can she not make one more exception and talk to the Legislative Council? Despite the different routes by which Members have entered the Legislative Council, we all share one thing in common and that is we all consider Hong Kong our home and would like to live here beyond 1997, as a result of which we have the strongest motivations to see to it that Hong Kong continues to work and work well indeed. In dealing with the Legislative Council China will have to deal with the law making institution of Hong Kong and not with individual members. As to Hong Kong's relationship with Britain I have only one point to make and this is made not without a great deal of regret because it concerns the Governor. Undoubtedly we have a most humane and dedicated Governor and he has all our respect and honour, but I am not certain whether he is able or willing to serve beyond his present term. I sincerely hope that he is willing and will be enabled to do so. In the event that this is not possible, it will be a most significant gesture if the British Government can consult Hong Kong as to who the next Governor would be. It will be an act signifying that Hong Kong is at last being treated as an equal.

The Governor has described ways by which the Civil Service can work more closely with Members of this Council. This is not only desirable but wise. But what is more important is the need to strengthen and invigorate the Civil Service. There should be a greater emphasis on merit and not seniority. Senior posts should be opened to outside competition as indeed is done in the universities and in the public sector. The cuts being implemented should be aimed at producing a leaner and more efficient administration. There should be more devolution of power. Policy Secretaries should not be too over-burdened by, perhaps, sitting in on meetings like this, but should be given more time not only to formulate policies but also to implement them and their performance monitored by such. The present size of the Civil Service is too large and indeed unwieldy; it should be trimmed by hiving off some of its services.

The Administration needs more forward planning and not to limit itself to crisis management or indeed to reacting to pressure groups. Many of the major decisions

made recently -- the expansion in higher education and the port and airport projects, to name two -- were made in response to a crisis situation. In these rapidly changing and complex times we need a more proactive administration capable of anticipating problems.

Members of this Council, in the past day and a half or two days, have been making a great variety of demands, many of which are contradictory. Some want more services but no increased taxation; some want higher wages for certain segments of the population but not inflation; both labour and the professionals want to protect their own turf and are resisting the import of workers, while on the other hand we all want growth. In the months ahead we shall have to help the Administration find ways to finance all our developments. Since finances and manpower are not inexhaustible hard decisions will have to be made on what the priorities are.

In the formulation of policies and setting of priorities we all need a good data base from which to work on. The gathering and the analysis of data is an area that has been long neglected and it has now returned to haunt us. There must be a renewed effort to make use of and develop existing information technology.

As an academic I shall have many opportunities to speak on matters relating to education. As a member of the Social Welfare Advisory Committee and the chairman of the Advisory Committee on Social Work Training and Manpower, I shall make my voice heard in those committees. As a doctor working in a public hospital and a member of the Hospital Authority, I shall work for the improvement of health services. I shall therefore not touch on these matters today.

However, I shall turn to one matter which concerns us most. For too long the Administration has maintained a sanguine attitude towards organized crime. The policy towards the triads has been characterized by stop and go; often lulled by a sense of false security. The public's attention to the changes leading up to 1997 and beyond is focused on political changes and the possible loss of personal freedom to the exclusion of the other scenario and that is the breakdown of law and order. The recently published police statistics refocused our attention on that other scenario. What is worrying is not so much the petty thefts, the opportunistic street crimes or burglaries. The more sinister matter is the use of hired gun from across the border, the drug trafficking and smuggling. Each area of these activities is characterized by organizational skill and professional execution. The report on the crime victimization survey is misleading because it excludes crimes without specific

victims, for example, drug trafficking, offences associated with triad societies. Moreover the survey included only crimes against individual persons and households but not crimes against establishments.

The factors that are conducive to the propagation of organized crimes are patently abundant in our society.

(1) The existence of a criminal subculture;

(2) The loosening of the family structure;

(3) Economic prosperity;

(4) The dilution of social values that traditionally sensitize the person to violence and crime;

(5) Increased use of drugs and alcohol;

(6) The structural changes in Hong Kong's economy, demanding higher skills and thus causing those who are educationally disadvantaged to be disenfranchised;

(7) The weakening of law enforcement capability.

We talk many times about Hong Kong's economic ties with the rest of south China, often in very glowing terms, while neglecting the fact that criminals are also equally capable of forging such ties. South China has become an important conduit for opium and heroin smuggling from the golden triangle and, in fact, with my recent meeting with the World Health Organization, this problem is indeed a growing concern. Gun control is lax in China; this is especially germane in the context of the armed forces being asked to look for additional funding by themselves and the reduced income due to the decline of the arms trade. The forgotten generation who grew up during the chaotic days of the cultural revolution have found themselves sidelined by economic changes. They will increasingly be tempted to turn to crime. In addition, in China there is also a weakening of control -- despite what we think to the contrary -- and rapid economic growth.

Triad activities and organized crime have spread their tentacles over a wide segment of our community, that is, transport, construction, schools, hotels,

entertainment facilities, karaoke bars and shops in Mong Kok, Yau Ma Tei, Causeway Bay and the New Territories. Triad membership has also grown in size. A recent report indicated that the Sun Yee On has increased its membership by 35% since later 1987.

Drug trafficking is now big business; the drug barons are financial superpowers. Just to give an example, the Economist recently estimated that profits from the United States cocaine trade alone are in the region of US\$5 billion annually which is more than the total economy of Saudi Arabia. Nothing can be more calculated to destroy the foundations of economic progress and domestic peace than to hand billions of dollars to drug traders. Hong Kong's action in this area is pitifully weak. The two-year old Drug Trafficking (Recovery of Proceeds) Ordinance has only seen \$4 million confiscated and \$340 million restrained. We still have to see another drug or organized crime kingpin being brought to trial.

The Governor called the White Bill on Organized Crime a tough legislation but it may well be rendered impotent by our Bill of Rights. The Organized Crime Bill is patterned on the American Racketeering Influenced Corrupt Organizations. I am not sure if this is appropriate for Hong Kong since in the United States the term "organized crime" has come to mean something quite unique and is used to refer to large-scale rackets, extensively organized, carried over long periods of time and relying on political corruption for protection from the law. If this is what the Administration envisages as being relevant to Hong Kong then there is more reason for us to strengthen our Court of Final Appeal to ensure its independence from local influences.

I see it both puzzling and ironic that soon after the Governor's address and the publication of the police statistics on crime the Administration saw fit to cut down on expenditure for the police. If we are to make any inroads into organized crime we do not only need more foot patrols but more importantly sophisticated intelligence officers who can ensure that those brought before the courts will be successfully prosecuted.

For Members of this Council, a hard decision will have to be made as to whether individual rights must be preserved at all costs, to insist that the presumption of innocence must be maintained right through to the end of the trial, and the individual to be conceived of as needing protection from the police, who are often portrayed as representing the potential tyranny of the state. In so doing the process of making

a conviction will be made more complicated. Or should we give the police wider powers to arrest on suspicion, more freedom to obtain evidence, fewer restrictions to enter and search? Will we also allow closer co-operation with China despite our repulsion for the death penalty?

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

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, in this year's policy address, various government policies were touched on. Yet, not a word was said on cultural and broadcasting policies. I am indeed disappointed and in particular, think that it is unfair to the Secretary for Recreation and Culture. As a matter of fact, Hong Kong has prospered in the 90s in terms of trade and industry as well as information development. Therefore, our cultural life should also advance at the same pace. As 1997 approaches, there is great concern expressed on the freedom of speech and freedom of creation. It is very important for Hong Kong to identify itself with culture and arts.

Hong Kong should have its own policy on culture and arts and should therefore have a body responsible for explaining, implementing and looking after its cultural policies so that resources can be better utilized. Of course, the Government should not interfere with the freedom of art creation, but it must shoulder responsibility in the promotion, support, training and education aspects of cultural activities so that considerable progress can be made. At present, the "Council for Performing Arts" is only able to allocate funds to a certain number of performing arts groups and individual programmes. It is time for us to set up an "Arts Council" which is responsible for implementing and co-ordinating the territory's arts policies, including the various forms of arts that have long been neglected, such as visual arts, cinematic arts and literary arts, so as to tie in with cultural development in the 21st century. I hope the Secretary for Recreation and Culture will give a comprehensive and substantial response to this proposal.

Another policy of major concern to me is the broadcasting policy. There is also no mention of it in this year's policy address. As a matter of fact, Hong Kong is experiencing rapid development in the information era. There is an urgent need to enact legislation to define the role of a public TV station. What should be the future for Radio Television Hong Kong? After the Executive Council has endorsed the hiving off of Radio Television Hong Kong from the civil service structure, can this decision survive the consultation with the Chinese Government? This is something which we

are concerned about. What is the need of Radio Television Hong Kong in a commercial society? Can it balance its role of providing information, education and entertainment? While improving its efficiency and quality, can it balance and complement the other two commercial TV stations? Can it help the public to have a better understanding of current affairs, a grasp of information and a knowledge of arts and culture?

Under the principle of providing a diversified broadcasting service to suit individual needs, the Government should consider ways to prevent the broadcasting service from being monopolized so that competition can bring about progress and improvement. Of course, the Government should also pay attention to the quality of service of the broadcasting business. There are many problems which the Government has to deal with concerning its broadcasting policy. For example, the relationship between satellite TV and cable TV and the impact of subscription TV on free TV are the issues that the Recreation and Culture Branch has to answer to this Council. I would urge the Government to review with determination and sincerity the shortcomings of the existing broadcasting policy branch so as to allow greater public participation in the making of broadcasting policy and to resist the present monopolistic situation. By having a really open broadcasting medium actually belonging to the people of Hong Kong, the aim of disseminating information in a democratic manner can thus be achieved.

In paragraph 50 of his policy address, the Governor said that despite severe financial constraints, the Government will continue to implement a comprehensive programme to control pollution. Yet, the sewage discharge scheme, which is of great concern to the public and which is the subject raised time and again in this Council, has been shelved indefinitely because of financial problems. Pollution in our sea is not only unsightly and unpleasant -- smelling, but would also lower our quality of life and pose serious health problems. In Hong Kong, more than two million metric tons of sewage and industrial effluent are produced every day, which are enough to fill 1 000 Olympic swimming pools. Of this, only 10% of the effluent has been treated before discharge, 40% partially treated and 50% not treated at all. If the Government let this sewage discharge scheme drag on, I think that in three to five years' time, Hong Kong, the "fragrant harbour", will be turned into the smelly harbour. It will mar Hong Kong's image as "the Pearl of the Orient" and will humiliate Hong Kong people in the international tourism scene. I must stress that environmental protection, which is a basic right enjoyed by the people and a basic responsibility of the Government, is indeed a more long-term infrastructural development. Obviously, the

Government is now giving top priority to the PADS project when it comes to resources allocation. As for another form of infrastructure -- environmental protection, I wonder what the priority is. I hope the Government will be determined and resolved to implement the sewage discharge scheme. At the Wan Chai Praya, the water there often has an oxygen content of less than 50%, which is lower than the water quality objective standard. If the Governor would make a visit to the typhoon shelter in Causeway Bay, he would notice that the water there is as black as ink and also gives out bad smell. The typhoon shelter is in fact a potential tourist spot but now tourists are kept away from it. In the policy address, it is also mentioned that over the next five years, some \$8 billion would be spent on environmental protection, meaning that on average \$1.6 billion would be spent each year. But if we look at the gross domestic product (GDP) of Hong Kong, which is between \$600 and \$700 billion, the amount of money spent on environmental protection each year only constitutes some 0.25% to 0.30% of our GDP. When compared with other countries such as Japan, spending on environmental protection is 3% of GDP. In West Germany, it is 4.5%. Even in China, it is 0.6%. Therefore, the spending on environmental protection in Hong Kong is very much out of proportion to its economic achievements.

There is a specious argument that environmental protection may add to the production cost of manufacturers and is therefore harmful to our economy. In fact, we must consider the social costs involved before we can have the answer. If we ignore the need to protect our environment resulting in our environment being badly undermined, our quality of life on the decline and our health being seriously affected, we then have to pay enormous social costs for medical facilities and for a rebuilding of our environment. In fact, environmental protection and economic development are not mutually exclusive. In overseas countries, environment impact assessment is now a popular approach. It means that before an infrastructural or works project is to go ahead, investigation will be conducted to assess the impact of the project on the environment so as to reduce social costs. We must realize that economic development can be classified into long-term and short-term ones. If we just set our sights on short-term interests while ignoring long-term interests, we may have to pay an even higher price in the long run. A lot of countries, such as Australia and the United States, have already started to do research work to help protect the environment. As such, many new products and new designs have now come on stream and the waste recycling industry has even developed into a big business. Therefore, economic growth may not necessarily be mutually exclusive with environmental protection. I think the Government should put in more efforts in environmental protection and strengthen public education about the importance of environmental protection. They

will therefore not give any absurd arguments as some did yesterday.

On the economic side, Hong Kong is now undergoing transformation from a labour-intensive to a technology-intensive manufacturing base. In this process, the Government has a vital role to play. On the one hand, the Government has to provide opportunities for workers to be retrained so that they can switch to other trade. On the other hand, support has to be given to manufacturers so that they can change their manufacturing process from a labour-intensive one to a technology-intensive one. Therefore, the Government must not hold dear to the laissez-faire policy and should increase funding for technological research as appropriate. In the policy address, it is mentioned that a new Industry and Technology Development Council would be established but no other policies were touched on. I must stress once again that the PADS project is just the "hardware", while technological research and manpower training are the "software". Without the "software", the "hardware" cannot work. In 1984, the Hong Kong Affairs Society suggested that the Government should set up a "science park". I am glad to learn today that the Vice-Chancellor of the University of Science and Technology has proposed to the Government that a mini-sized science park be built between the University and the third Industrial Estate in Junk Bay so as to carry out research work on industrial technology. I hope that such a project is not a castle in the air and can get off the ground.

Finally, I hope the Government would not just pay attention to the development of "hardware" in its health care policy and should also co-ordinate development with "software". For example, the Eastern Hospital is a grand building and its design is amazing. But if the hospital cannot come into operation on schedule due to a shortage of nurses or other medical staff, it would indeed be a pity. I have myself been to the Chai Wan Clinic, where I saw a lot of old people queue up each morning for medical services no matter what the weather condition is. I also realize that there is a serious shortage of accident and emergency department facilities in the Eastern district. Therefore, it is very important that the Eastern Hospital, for which residents in the Eastern district have been waiting many years, can be commissioned on time. We hope we will not be let down again.

MR STEVEN POON (in Cantonese): Mr Deputy President, I am pleased to see that the Governor has allocated a considerably large portion of his policy address to elaborating on the importance of Sino-Hong Kong relationship. For various reasons since the Chinese and British sides started negotiations on the future of Hong Kong,

Sino-Hong Kong relationship has not been harmonious and at times, one can say the relationship was particularly strained. Hong Kong is a very small place. We lack natural resources and our population is very dense. The only favourable condition we have is that we are close to the plentiful resources and large market of China. In fact, commerce and industry for Hong Kong are to a greater or lesser degree directly or indirectly connected with China. As such, simply from the angle of economy, Hong Kong's existence is inseparable with China.

Politically, the Sino-British Joint Declaration defines our future. The promulgation of the Basic Law further defines our future political structure. As to whether the set political blueprint is acceptable, it will depend on personal wishes and preferences. Those who decide not to live in such political environment as will then prevail or those who feel the need to "take out insurance" should have ample time to plan for themselves. However, those who will stay on will still make up the majority. As a government, we should think of the long-term interests of these people. We should create, on the foundation of the Joint Declaration and the future Basic Law, a political environment to enable them to have a stable livelihood. With this as the major premise, I think that the adoption of a confrontational and unco-operative attitude towards China will do no good.

Whilst we cannot, politically and economically, dissociate ourselves from co-operation with China, and whilst the world political climate has turned to become more harmonious, many people of Hong Kong do not understand why there is always such tension in Sino-Hong Kong relationship. On the political basis of one country two systems and Hong Kong people ruling Hong Kong, the silent majority of Hong Kong does not comprehend what advantages Hong Kong as a whole will gain, what sort of protection the general public will have and what kind of benefits the industrial and commercial sectors will gain by confronting China. As Eastern Europe and the Soviet Union take on a new political look, the people of Hong Kong who have grown up in capitalism cannot help cherishing certain expectations in respect of China. However, this is not to say they hope there will be great chaos in China or they hope China will split up like Eastern Europe or the Soviet Union. The reason for this is that the people of Hong Kong know that, as far as the people of China are concerned, such a turn of events will only bode ill for them. From a self-serving point of view, the majority of Hong Kong people feel that on the foundation of existing political and economical developments, a volatile situation in China will not do Hong Kong any good. I therefore feel that in dealing with Sino-Hong Kong relationship, the leading philosophy should be co-operation, not confrontation.

I am relieved to learn that the British Prime Minister was able to reach an agreement with China on the issue of the new airport and that a Memorandum of Understanding was signed. That Memorandum fully reflects the spirit of co-operation between the two parties which should exist during the transition leading up to the reversion of sovereignty over Hong Kong to China.

In fact, the Government should tell the people of Hong Kong clearly that in the context of the present economic and political environment, there is no chance for a successful implementation of any large-scale infrastructural projects without blessings from the Chinese side. Furthermore, without large infrastructural projects, the economy of Hong Kong and the livelihood of the people will come to a standstill, and we will lose our competitive edge in world trade. No matter whether it be a government built or private-built large infrastructural project, drawing on capital from international consortia will be a must. Such consortia will ask for political stability; they will also ask that the Government assure them that their capital and loans can be recovered. We have less than six years for the transition. Without the agreement or recognition of China, we cannot provide the assurances required and our bid to put together capital will not succeed.

Of course, co-operation is not equal to deferring to the views of the Chinese side at every turn. If there is any point contrary to the Joint Declaration and the future Basic Law, we should argue our case on just grounds. Nevertheless, to my mind, most of the differences are the result of divergence of interpretation and points of views. I am sure that through rational and amicable communication, the differences can be resolved and there would not be any need for confrontation.

Sincere co-operation with China is a practical and realistic approach. It is one of the main factors for ensuring the prosperity and stability of Hong Kong beyond 1997. On the basis of what has been achieved over the new airport issue, I call on the Government to further communicate and co-operate with China.

In his policy address, the Governor mentioned the close economic link between Hong Kong and China's southern region. In fact from the 1970s when China first opened her doors, there has been continuous development of the economies of China and Hong Kong. Today, Hong Kong and south China have basically become a closely-knitted-together economic system -- such an economic synergism has emerged out of no pre-planning whatever. Indeed the Government has done a great deal, but this is still mainly the result of endeavours by individual industrial and commercial entrepreneurs.

With the signing of the Memorandum of Understanding in respect of the new airport, there should be more concern for this economic structure. The new airport and port facilities may be built here in Hong Kong, but their future targets for service should be south China including Hong Kong. I suggest that the Government should engineer its economic strategy under the guiding principle of Hong Kong as a part of the economic structure of south China, not Hong Kong as an independent economic entity. Even now after years of buying water from Guangdong, we still hear of the Government negotiating urgently for water supply and considering water rationing. Even now because of the serious shortage of power supply in Guangdong, the production of Hong Kong-owned enterprises and factories in Guangdong is being affected. Even now we see trucks queuing up at the border and the place is chock-a-block with traffic, the border is still not open round the clock for shuttling trucks. Factories set up in Guangdong by Hong Kong businessmen are proliferating and a 3 million-strong workforce is hired, but we still do not have plans to enhance the productivity of these workers and industrial qualities.

I think we need to -- and it is now the opportune time -- set up a "south China economic co-operation committee" for Hong Kong and south China provinces. This committee should discuss and arrange for economic co-operation within the region and gather up all loose strings of association and turn them into a properly woven and beautiful piece of silk embroidery. This committee should be set up on the initiative of Government with participation by the private sector. And it should be an influential organization too. Matters waiting to be resolved by this committee are plenty, for example, the problems of bottlenecks at the border; the problems to arise from the existence of four airports in the Pearl River area within a radius of 100 kilometres; funding of road building projects in south China; integration of the water and power supply matters within this region into a complete plan; utilization of favourable factors in various places to enable effective distribution of industry; allocation of industrial resources; co-ordination of training for industry, commerce and management personnel; promotion of listing of Chinese enterprises on the Stock Exchange of Hong Kong; the possible conflicts between the Mirs Bay port development plan and the Hong Kong port development plan; and the construction of railroads to link container terminals. As long as we can set our economic plans on the assumption that Hong Kong is a part of the south China economic structure, the future of our economy will only be for the better.

At this time when international regional economic communities are formed one after another, it is no longer suitable for Hong Kong to rely solely on her own strength.

This would only make her lose her competitiveness in the international markets and her standing. By 1992, the economic structure of western Europe is set to become more close-knit; the United States, Canada and Mexico will form into an economic community too; ASEAN countries are stepping up their economic co-operation; Japan in northeast Asia is herself a strong economic power; North and South Korea are on the way to develop economic ties. Hong Kong has no part in any of these economic communities. The economic future of Hong Kong is definitely linked to China and in particular, to her co-operation with south China. If the Government can form a "south China economic co-operation committee" or a similar organization with influence, Hong Kong will enter a new economic era filled with hope. In 10 to 20 years, the people of Hong Kong will be thankful to our Government for having made the effort today.

In 10 years' time, it is certain that an overwhelming majority of Hong Kong people will have stayed on. We need to create a prosperous and stable Hong Kong for these people. A Hong Kong that fits this description must be built on an effective government and a hard-working, highly efficient civil service of integrity. In the past few years, civil servants felt the impact of the Sino-British negotiations and the uncertainties of our political future. Along with the open challenges to the prestige of our Government, civil service morale dropped low. The dispute over the new airport further affected the prestige of the Government. The fast-paced democratization in recent years also put greater pressure on civil servants. I am particularly concerned about the morale of our discipline forces because they are the main stay to maintain law and order in Hong Kong and the pressure on them during the transitional period is relatively greater. The Government should pay close attention to these circumstances and take effective measures to enhance the efficiency and morale of civil servants. Having worked for a long time within the structure of a colonial government, our civil servants know little about China. To enable them to cope with changes in 1997, we must strengthen their links with nearby provinces and Beijing. In the Joint Declaration, it is laid down which Secretary posts shall be taken up by people of Chinese nationality. In less than six years that we have before 1997, we must train up people so that they can have the ability to take up such posts.

I think the people of Hong Kong at this time demand from the Government not only a smooth transition to 1997, but also a corps of able civil servants dedicated to serving Hong Kong beyond 1997. It is incumbent on the Government to prove to the people that their demands will be met.

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

MR HENRY TANG (in Cantonese): Mr Deputy President, the close and mutually dependent relation between China and Hong Kong is the most significant issue in the policy address this year. The objective political situation is such that we must face reality and accept the facts. I quite agree to a point emphasized in the policy address: "As 1997 approaches, the need for closer consultation and co-operation with China will increase".

China will resume her sovereignty over Hong Kong with effect from 1 July 1997. Counting down to this important date, we have only about five years ahead. Both China and Hong Kong have to expedite their establishment of a normal partnership. There is no harm for us to take the initiative on more occasions to communicate and exchange views with Mainland China. Such an attitude will help achieve mutual understanding and co-operation, and enable a successful implementation of the "one country, two systems" concept.

According to the concept of "one country, two systems", the Special Administrative Region of Hong Kong will be granted a high degree of autonomy. We of course have to uphold our principles, yet to deliberately resist co-operation with the sovereign state is doubtlessly an act to destroy our already limited political scope and desert the interests of six million people in Hong Kong.

Undeniably Hong Kong has its inherent constraints on the political arena, but as far as economic affairs are concerned, we may, as we like, open up an area in finance and economy that will let the general public benefit the most.

The policy address is rather optimistic towards our economic prospects for the following year because it has only set its eyes on the current recovery in trade performance.

However, frankly speaking, I am not so optimistic. I think that we must look ahead. It will be too narrow-minded and short-sighted if we merely consider the development trends for one or two years. What will our economy be like in 1994, 1995 or even after 1997? I cannot find any new strategies on economic development in the policy address. Does a new airport alone mean everything? Without the support of thriving business, what will be the use of a magnificent airport?

At this moment, I can only use the phrase "a path beset with difficulties" to describe the present prospect of trade in Hong Kong.

For the recent few years, global economic slow-down and revival of protectionism around the world, led by the United States in particular, have served a blow to Hong Kong.

Last year, the United States ruled that a 5.86% anti-dumping surcharge ought to be levied on artificial fibre sweaters made in Hong Kong, and our exports of artificial fibre sweaters to the United States had subsequently dropped by 40% as compared with that another year before. The recent administrative review may possibly lead to increase in the surcharge. On top of it, the European Economic Community accuses China and Hong Kong of dumping small colour television sets, and Mexico accuses Hong Kong of dumping blue denim. It is indeed one trouble after the other, affecting seriously the job opportunities of people in Hong Kong, discouraging businessmen from making investments as well as jeopardizing our competitiveness.

Though the industrial and commercial sectors have kept persuading the Government to make provision for the establishment of a Free Trade Fund to resist the spread of protectionism, it is regretful that the Government has all along eschewed reality and refused to take prompt action to help local businessmen fight against unfair allegations by giving some blandishments.

In view of the recent tension between China and the United States over trade matters, and the proposed sanctions on China in connection with the most favoured nation clause, though unrelated to Hong Kong in the first place, and the application of Section 301 of American trade law, condemning China of discrimination against American exports, Hong Kong will suffer much more than China in terms of financial set-backs and losses should these sanctions prove successful.

Not a word of the aforesaid crises and hidden worries was mentioned in the policy address. I am very dissatisfied with the attitude of the Government. It turns a blind eye to local commerce and industry and let them struggle on their own for survival.

Free market economy has all along been practised in Hong Kong. The policy of "positive non-intervention" has proved a success. With the assistance of the Trade Development Council, local products are kept promoted overseas. However, the

advantages we enjoy do not imply that we have adequate strength to resist protectionism. Situation changes with the times. The policy of non-intervention has become ineffective in the 1990s today. We have to review the whole economic development strategy. The Government should try to play a more positive and aggressive role.

On the other hand, low economic growth and high inflation are the most difficult problems for us. If the vicious cycle of inflation is not faced squarely, I am afraid that inflation will further deteriorate and our economic growth stay at a low level.

Inflation is a complicated issue. Shortage of labour, increase in indirect taxation, sharp rise in daily commodity prices and loopholes in policies on public utilities may all be causes of the spiralling inflation. It is estimated that inflation will soon be pushed to another climax when there is a massive inflow of capital at the commencement of works on the new airport.

The policy address only proposed to combat inflation by importation of foreign labour which I think is not adequate.

I must stress that importation of foreign labour should only be considered after we have exhausted the local resources, and when there is the need, only a limited number of the selective categories should be imported. Since local workers are part of our community, they deserve to reap the benefits of social prosperity. Their interests should not be undermined.

However, there is an undeniable shortage of labour in Hong Kong. The growth of the workforce is on the decline. With more opportunities for higher education and the onset of an economic transformation, fewer and fewer young people are willing to join the blue collars. For example, in the manufacturing industry, there were about 0.8 million workers in 1989, but in mid-1991, the workforce diminished by 18% to 0.68 million. I therefore would not oppose to importation of labour as a means to regulate the demand and supply of the labour market.

As a matter of fact, many advanced countries are also confronted with the same problem. The imported labour of our neighbour, Singapore, amounts to 11% of its total workforce, whereas ours only comprises 0.6%. Singapore attains an economic growth of 8% this year. Her inflation rate is merely 4%, but her people enjoy a wage increase of more than 10%. This rightly shows that with an additional supply of labour, both

the overall productivity and the competitiveness of the country will be benefited.

For many years, the Government of Singapore has been encouraging birth among the people so as to increase the labour force of the country, but I am afraid such viewpoint could find no market in Hong Kong. To facilitate our long-term development, we have to take positive action in training managerial and technical personnel, enhance automation in manufacturing processes, and improve product quality. The Government and the commercial and industrial sectors ought to make joint efforts to achieve these goals.

It is most heartening to me to learn from the policy address that a new Industry and Technology Development Council will eventually be established early next year. This is a piece of long awaited good news.

Though Hong Kong ranks eleventh among all export countries in the world, our development in high technology lags far behind the other three little dragons in Asia. This is most regrettable indeed. The industrial policy of the Government has long been criticized for lack of vision and sense of responsibility. Most factories in Hong Kong are of medium and small sizes which do not have the resources to carry out research and development projects. It is said, "Advance forward or you will fall behind." I hope that the Industry and Technology Development Council will usher in a new era for us.

However, I understand from the policy address that the aforesaid Council only acts as an adviser to the Government. This arrangement is far from satisfactory. In my opinion, the Council can only be called into full play if it is provided with greater authority in administration and it can make decisions independently. The scale of funding will also be a crucial factor for its success. The other three little dragons receive an annual subsidy equivalent to about 2% of their GDP. Hong Kong should receive a subsidy no less than theirs; otherwise, our efforts will be of no avail and it will be hard for our industries to pick up again in future.

Mr Deputy President, though democracy and freedom are of paramount importance to Hong Kong, it is also essential for us to take positive action to develop our economy. Hong Kong and China are closely tied to each other. Our success will be an impetus to the political and economic reforms in China. As we join hands, we may complement each other.

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

MR TIK CHI-YUEN (in Cantonese): Mr Deputy President, my colleague the Honourable LI Wah-ming of Meeting Point has put forward our views on the long-term social and economic development of Hong Kong. I will now look at the constitutional development of Hong Kong and Sino-Hong Kong relations from the perspective of the transition to 1997. Besides, I will talk about the development of new towns.

#### Constitutional development

With the gradual increase in the number of elected seats and the introduction of directly elected elements into this Council, the Legislative Council today is different from that in the past in respect of its composition and the political role it plays. From now on, the Administration, in formulating policies, will inevitably have to step up consultation and co-ordination with this Council and to give full weight to the Council's views, especially the views of the district population as reflected by directly elected Members. In his address, the Governor proposed the building up of "a co-operative partnership" with this Council to "share the responsibility of ensuring..... that we continue to have good administration." To this, the Meeting Point agrees. In order to maintain an effective running of the Hong Kong Government during the transition, it is essential that the Government strengthens its co-operation with the legislature and shoulders its responsibility. In emphasizing the importance of that partnership, we must also appreciate the direction towards which the relationship between the executive and the legislative is developing. According to the future political system as stipulated in the Basic Law, the executive and the legislative will have their respective functions, serving as checks and balances upon each other. The political role played by Legislative Council Members today and in the future is very clear. That is, to gradually develop the Council into a completely independent legislature with adequate institutional power to monitor the executive. As such, the meaning of the "partnership" should be clearly defined and not to be used as a pretext to combine the different functions and roles of the executive and the legislature. The lack of distinction between Unofficial Members of the Executive Council and the Legislative Council and the blurring of the executive and the legislature in the past must be rectified. It is only through the separation of the two Councils which act as checks and balances upon each other that such a "partnership" can take on concrete meaning.

Looking at the "partnership" proposed by the Governor from a higher level, we think the relationship should not be restricted to the Legislative Council. We think a more specific proposal is to build up partnership between the Government and society. As a representative body, the Legislative Council provides a major channel for the reflection of public opinion. However, we should also note that a characteristic of the political system of Hong Kong is the definite roles played by advisory bodies on relevant policy areas and by district-based committees in policy-making. Therefore, it is necessary to reveal the composition and operation of these bodies and committees in order to enhance transparency of the process, and to draw people from all walks of life rather than a limited sector to join these advisory bodies and committees. In considering the partnership between the executive and the legislature, the Government should also strive to build up links between the Legislative Council, statutory bodies with executive power and policy advisory bodies and committees. Nevertheless, the policy address has not touched on these aspects.

The Governor revealed that the Administration is reviewing the election system and will establish the Electoral Commission. We welcome the review and hope to remind the Administration again that in the review, due attention should be paid to the views of Legislative Council Members. Moreover, the scope of the review should not be limited to direct elections. Instead, it should cover functional constituency elections. The review should also cover the roles and composition of the two municipal councils and district boards. We suggest that all appointed seats be cancelled. Concerning voting age, as 18 years old is the recognized and statutory age of majority, the voting age should be accordingly lowered to 18.

## Relations with China

Hong Kong will revert to China in 1997 and become a special administrative region under sovereignty of the People's Republic of China. Thus, the importance of Sino-Hong Kong relations is beyond doubt. We have long affirmed the indispensability of a balanced Sino-Hong Kong relationship to the future of Hong Kong. However, such a relationship should not be established at the expense of the fundamental rights of Hong Kong. That would not only violate the mutual benefit and accommodation spirit behind the "one country, two systems" concept but also affect the long-term interest of China.

In his address, the Governor stressed contacts between China and Hong Kong at governmental levels. This is obviously too narrow in scope. Sino-Hong Kong relations should not be limited to the relationship between the Governments of China and Britain or the Governments of China and Hong Kong. Hong Kong people and the Legislative Council should also promote Sino-Hong Kong relations. The recent agreement by the Joint Liaison Group on the Court of Final Appeal, which was widely criticized by the public, rightly demonstrated the limitations of tackling Sino-Hong Kong relations through secret diplomatic channels between China and Britain. Given the fact that Hong Kong is still under British rule, it is inevitable for China and Britain to hold discussions for Hong Kong. However, if the discussions are to bear fruits that meet the wishes of the people of Hong Kong, the public and this Council should be consulted whenever the Joint Liaison Group discusses important and sensitive issues in future. Similarly, results from regular meetings between the British Foreign Secretary, the Governor and officials of the Chinese Government should also be reported to this Council. It must be understood that without the agreement and support of the people of Hong Kong, any arrangements concerning Hong Kong made between the Chinese and British Governments or the Chinese and Hong Kong Governments will easily cause discontent in Hong Kong, hampering smooth implementation of such arrangements and sound development of Sino-Hong Kong relations.

The policy address also emphasized a reciprocal relationship between Hong Kong and Guangdong. At present, cooperation between the two areas is restricted to matters like law and order and the environment. In this respect, we suggest that the Government should set up a co-ordination committee on Hong Kong-Guangdong co-operation to specifically enhance economic co-operation and community building projects.

One of the significances of Hong Kong's reverting to China in 1997 is the national reintegration and recognition that will result. To prepare for this development, national education in Hong Kong should be actively promoted by the Civic Education Committee, and the incorporation of national education into the curricula of all schools. Our younger generation should know more about the political, economic and social situation of China. They should also know the contents of the Basic Law for the future Hong Kong Special Administrative Region. "To know" does not mean "to accept". But if we lack the knowledge of China, there is no way which we can face the 1997 issue and the transition to 1997.

## New town development

Now I would like to take New Territories North (NTN) District as an example to talk about the problems encountered in the development of new towns.

NTN District, comprising Tai Po and the North District, has been incorporated into the new town development plan for 10 years. During this period, its population has more than doubled. Through large-scale housing programmes, the Government has moved some urban population into the new towns, thus achieving the worth-supporting objective of a more even distribution of population. However, in implementing these programmes, the Government failed to co-ordinate the development of community facilities with the increasing population in new towns, and the residents thus have to face a lot of difficulties in their daily lives.

## Medical services

As regards medical services, NTN District still lacks a casualty hospital that provides a range of services. The district hospital will only be built towards the end of the 1990s. As such, residents have to tolerate the severe shortage of medical services for a long period of time. Apart from hospital services, accident and emergency services and out-patient specialist services are also inadequate. This abnormal phenomenon also affects other districts because residents of Tai Po and NTN District have to travel far away to another district to use such services, causing inconvenience to the residents of both districts. We urge the Government to implement improvement programmes on medical facilities for NTN District as early as possible.

The Government will soon publish a green paper on medical policies. We hope the Government can conduct an overall review on medical services in Hong Kong; including the role of public medical services, treatment and preventive medical services, and the cost-recovery concept. The implementation of policies involves financial implications and resource allocation. The Government should fully consult medical professionals and Legislative Council Members when it later drafts the paper concerned.

## Transport services

We have intermittently received complaints from Tai Po and North District residents concerning inadequacies of their transport facilities. The lack of monitoring by the public on train services has resulted in high fares and poor service. Meanwhile, under the constraints set by a "transport co-ordination policy," bus services in the district cannot be further expanded and thus residents do not have much choice in deciding their mode of transport.

We agree that the principal mode of transport should be by mass transit systems. However, there is much room for improvement in the provision of mass transit services in Hong Kong. Our train services operate on commercial principles as dictated by legislation. That means they are profit-making and therefore their fare increases are not subject to monitoring. Meanwhile, the development of bus services, also a mode of mass transport, is restricted. The Education says the aim is to ensure reasonable utilization of resources. We have never objected to the reasonable allocation of resources, but such a monopoly of resources thus constituted has failed to give members of the public, as consumers, the power to influence policy-makers. It is necessary to conduct a comprehensive review on the provision of our mass transit services and strengthen public participation.

## Education

Education has all along been the largest expenditure item in respect of social services in Hong Kong, accounting for 17% to 18% of our public expenditure. This vast sum of money, however, has not been well used and allocated. In the past 10 years, funds for tertiary education has been increased from 5% to 27% of the total expenditure on education. However, the percentage for primary education has dropped from 34% to 24%. In fact, in implementing plans to improve primary and secondary education in these few years, the Government has concentrated on secondary schools and neglected primary education.

The neglect of primary education not only has far-reaching implications on the overall development of our education system but also affects new towns to a great extent. Owing to the population structure of our new towns, improvement on primary education is of paramount concern to us. This will also help to relieve the problem of juvenile delinquency in new towns.

We urge the Government to come up with concrete improvement proposals for primary education and to increase the allocation of funds for primary education. We suggest that the Education Commission propose in its fifth report to create Graduate

Master/Mistress posts in primary schools and restructure the colleges of education to offer bachelor degree courses in education.

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

MR JAMES TO (in Cantonese): Mr Deputy President, in today's debate, I shall voice the opinion of myself and the United Democrats on the following aspects.

Law and order

First, I would like to speak on the issue of law and order. Although there has not been a general increase in crime in our society where the incidence of crime is still far below that of metropolitan societies of western industrial countries, we should not look to the stability of our society as a matter of course. The increase of crimes of violence (in particular armed robberies), the open challenge posed by criminal elements in the Wan Chai area to policemen executing their duties, the triad societies' monopoly of trades -- all these are worrying matters for the public. I call on the Government to improve law and order by adopting the following measures:

(1) Strengthen police manpower, boost their morale, deploy more police officers on beat duties and acquire more advanced patrolling equipment.

(2) Strengthen co-operation between China and Hong Kong in curbing the influx of criminal elements and the smuggling of arms into the territory.

(3) Encourage members of the public to report crimes and step up co-operation between the police and the public. Afford better protection to ensure the safety of those who report crimes and that of witnesses to crimes. For example, the Housing Department should exercise flexibility when handling requests to move from tenants who are being harassed because they have reported crimes. Simplify crime reporting procedures. Review the efficacy of the standard statement form and widen its scope of application. Promote the neighbourhood system.

(4) Strengthen investigation into sale of soft drugs, triad infiltration in schools, use by triads of juveniles in criminal activities, and cases involving illegal use and forgery of credit cards.

(5) Maintain the fight against triad societies and organized criminal syndicates as the prime object.

(6) Consider re-establishment of an anti-triad bureau and put police officers with relevant experience in charge.

Members of the public are also beginning to worry that we will lose control over the order situation in camps for Vietnamese boat people as there has been progress on the agreement between the United Kingdom and Vietnam on repatriation. Government should therefore step up the maintenance of law and order in this respect.

Vietnamese boat people

The Vietnamese boat people issue has been bothering Hong Kong for more than ten years and over \$4 billion of public money has been spent on it. The recent repatriation agreement between the United Kingdom and Vietnam seems to have let in the dawn on the boat people issue. In fact, there is still a need to seek international co-operation to resolve the matter. In particular, the United Kingdom and the United States should be called on to take up a greater share of responsibility.

After the signing of the repatriation agreement, the United Kingdom should seek to carry out the agreement and those screened out as non-refugees should be repatriated to their home country in an orderly manner. On the other hand, the United Kingdom should pay a greater share of expenses in respect of the boat people issue. In the past, the United Kingdom Government footed less than 10% of the total expenses on the boat people, and yet, in support of British military costs for the Gulf war, we donated \$0.23 billion. I sincerely call on the United Kingdom Government to shoulder a major portion of the expenses brought on by the stranded boat people in Hong Kong, or this Council will consider deducting the sum from the military costs of British forces stationed in Hong Kong.

For the United States, there is a more positive role to play than to hinder solutions to the boat people issue. To a very large extent, the problem of Vietnamese boat people has been brought on by the United States. Despite objecting time and again to our adopting the mandatory repatriation policy, the United States would not take in boat people stranded here in large numbers. At the same time, the United States has thrown in high-flown words that Vietnamese boat people screened out as non-refugees should not be repatriated from Hong Kong. In the end, we in Hong Kong

are left to continue to take up this heavy burden. I sincerely call on the United States Government to be co-operative and to refrain from objecting to our mandatory repatriation policy.

### The rule of law and human rights

I would now turn to the issues of the rule of law and human rights. To maintain the confidence of the people of Hong Kong in our future, we must ensure the rule of law and judicial independence now and in the years beyond 1997. We must also ensure sufficient legal protection for individual freedom and rights (including property rights).

(1) A Court of Final Appeal of an international judicial status and in line with the terms of the Sino-British Joint Declaration as well as the Basic Law should be set up as soon as possible so as to accumulate precedent cases, display the certainty of the law and independence of the courts. In this way local and foreign investors will be able to build up confidence in the continuity of the rule of law in Hong Kong.

(2) Enforce and carry through the Bill of Rights steadfastly. This should include taking the initiative at once to amend all laws that contradict the Bill of Rights and reducing the uncertainties of the law.

(3) Establish a Human Rights Commission with the functions of mediation and arbitration.

(4) Promote in full and publicize to all, including law enforcers, the knowledge and education about human rights.

(5) Government should commit itself not to extend the freeze period for the application of the Bill of Rights to the six Ordinances.

(6) Amend as soon as possible the law to replace the death sentence with life imprisonment.

The treatment of an ex-Legislative Council member as a defendant by enforcers has sparked public discussion whether there exists any abuse in the procedure of law enforcement. There is indeed a need for the Government to conduct a full review of the orders for law enforcement officers.

I myself think that sending young first offenders, who are here illegally to work, to 15 months or more in prison is an outright violation of human rights. The authorities should like immediate action to abolish this sentence which has virtually become mandatory.

## Housing

On housing, the Governor made a far too simplistic reference in this year's policy address. He related only our present circumstances of half the population accommodated in public housing units supplied by the Housing Authority and its target to build 400 000 units by 2001. He did not touch on housing matters of great concern to the public, namely, property speculation, high housing prices beyond the affordability of the people, housing for the "sandwich class", compensation and resettlement in respect of old areas to be rebuilt, amendments to the law governing the management of private buildings, and poor quality and unsatisfactory response to public housing units offered for sale.

On general housing policy, I support the Honourable LEE Wing-tat in that the main model to adopt should be a combination of public housing flats and HOS units and that it should be a gauge to regulate private housing prices so that those with real needs would be able to afford owning or leasing units in the private housing market.

I suggest that the following measures should be adopted in curbing the over-heated property speculation:

(1) Further supervise the situation to ensure that people are buying and selling uncompleted flats in an orderly manner and further restrict internal buying.

(2) Levy stamp duty on Sale and Purchase Agreements so as to add to the costs borne by speculators.

(3) Step up the levy of profit tax on property speculation.

(4) Seriously consider levying a capital gains tax on real properties.

(5) Negotiate with banks for more cautious mortgage loan policies.

(6) Abolish the linking of prices of HOS and public housing flats to the pricing of private housing units.

(7) In the long term, increase land supply and be more flexible in approving land use waivers and appropriate relaxation of plot ratio and so on.

#### Building management

Half of our population is housed in private buildings. Good building management is therefore a great help to improving environment, hygiene and law and order. Many people have high hopes on the draft Bill on building management in respect of which consultation has recently been completed. They hope the Government will be committed to improving on unfair terms in deeds of mutual covenant and building management work. I wish to propose directions for further improvement:

(1) Repeal clause 2A in the principal Ordinance and return management powers of large estates to the owners themselves. Coupled with the licensing system for building management companies, the interests of small owners can be protected and the quality of management ensured.

(2) Reduce the requirement set in the draft Bill for two-thirds of ownership to pass the motion to recover management powers to one-half.

(3) Establish the office of "Commissioner for Building Management" to be responsible for the management of private premises and to pool building management professionals within government departments for a more efficient implementation of the building management policy.

(4) Allocate more resources to assist owners' corporations in performing a better job in management.

(5) Set up a tribunal for building management so as to perform an arbitration role in an efficient and economical way in respect of disputes among owners, residents and management companies.

(6) Review and improve existing standard clauses in deeds of mutual covenant and further protect the interests of small owners.

#### Urban renewal

Urban renewal is a very important area in environmental improvement and planning. However, as seen from the procedures and the recent cases of compulsory acquisitions by the Land Development Corporation for urban redevelopment, we should note the following points:

(1) Whether small owners who have their land compulsorily acquired can have a reasonable share of the profit from rebuilding.

(2) In the Land Development Corporation Ordinance, there is no requirement for proper resettlement of affected residents.

(3) In the long run, the Land Development Corporation should train its own professional work team instead of relying mainly on real estate developers for professional and technical support.

(4) The Land Development Corporation should gather funds by the issue of bonds instead of relying mainly on fund support from real estate developers who co-operate with it. In this way the LDC will not be too much influenced by the real estate developers and hence become their tools for compulsory acquisitions.

(5) There should be more representatives from the public on the board of directors of the LDC and members should declare their interests in a way similar to that of Members of the Legislative Council. On the other hand, the authorities should immediately revise the quantum of compensation for residents of buildings compulsorily acquired for redevelopment purpose because the quantum now in force is already outdated and far removed from realities.

#### West Kowloon Reclamation

As a directly elected member from the West Kowloon constituency, I hope the Government will ensure that the West Kowloon reclamation work and subsequent related works will not seriously affect the residents there, particularly in terms of environmental impact.

There is a pressing need to expedite and complete the West Kowloon Sewage Treatment and Drainage System so that marine pollution can be curbed before reclaimed land links up with Stonecutter's Island.

Meanwhile, residents are worried that the Government might, in order to achieve work efficiency, come close to unconditionally abandoning some basic environmental standards or requirements, such as permitting work to proceed round the clock.

Furthermore, land reclaimed from the sea at West Kowloon will, apart from providing land for a major transport link to the new airport, bring about improvement to the congested and poorly planned West Kowloon urban development. It is hoped that the Government will publish at an early date the Outline Zoning Plan in respect of the reclaimed land for the purpose of public consultation.

Voting age

I just heard the Honourable Miss Emily LAU mention many problems in the system after 1997. I hope to see what it will be like after 1997. Some say by virtue of my being the youngest member of this Council, I stand the best chance of witnessing whether Hong Kong will remain unchanged for 50 years. I am one for giving the younger generation more chances to take up social responsibilities and according them basic rights as citizens. Voting right is the first step of their social commitment. I am therefore for the lowering of the voting age to 18.

With these remarks, I express disappointment over the inadequacies of the policy address.

DR SAMUEL WONG: Mr Deputy President, three weeks ago, we were told the government policy regarding engineering matters. This covered infrastructure development, housing construction, environmental protection methods, the establishment of the Industry and Technology Development Council, the massive increase in technology places in tertiary education, research and development, with a brief mention of computers in the health service. It took, as in previous years, 15% of the policy address.

We were not told, however, of any policy on technology, telecommunications or energy. Nor were we told the degree of flexibility to be built into the infrastructure to cater for major technology developments; the weight placed on cost/benefit analysis in determining the timing and extent of major projects; the policy on the use of high technology in fighting crime, in the hospital service, in

future elections and in forging better relations with China; the degree to which clean high technology will be used in environmental protection or the general policy on waste management. The term "information technology" did not appear in the speech. Why is the annual government statement on policy so limited in its approach to technology?

Today I am going to restrict myself to commenting on certain aspects of the infrastructure, the environment and some of the gaps in policy on high technology. The rest I will leave to be raised during debate and questions throughout the coming Session.

Infrastructure

I would like to see infrastructure development to proceed with both cost/benefit and flexibility being given high priority.

Like most citizens in Hong Kong I am pleased that the general infrastructure programme is no longer held up by difficulties with the airport. The progress report on the various aspects, particularly the airport core projects, is encouraging. Furthermore, I am particularly pleased at the more open approach to the release of information. We are told we are to have all the information we need to assess government proposals. This is a most encouraging development. I hope I can now have a sight of the cost/benefit analyses that led to various decisions on timing and extent of airport core projects that appear on the surface surprising.

In short I want to see value for money and I intend to make use of the Governor's policy of open door to information to see that we get it.

I am also concerned with technological development. In two sections of the policy address the infrastructure projects are summed up in terms of airport, railways, roads, bridges, tunnels and the environment -- all part of building for the future.

Now there is an anomaly. Every year so many million passengers, so many thousands of trains, buses and other vehicles will travel to and from the airport. But so many billions of packets of data will travel to and from the airport every second. Where does the provision for this come in the airport core programme? There is no mention of it. The fact is that for sheer complexity the telecommunications of the airport will far outweigh all the trains, tunnels, bridges and roads. Why are they not in the programme? I think I know. I think it is because they are so much cheaper, and

the Government does not have the expertise anyway. So who will formulate the policy on telecommunications for the airport? Could it be that it will be left to the private sector? Will this generate interface problems? Will it provide flexibility for the future? I doubt the cost/benefit of not employing appropriate expertise in the policy branches.

There is a great need for flexibility throughout. We are constructing these vast projects to last at least 50 years. Aircraft were powered by petrol for 40 to 50 years. Next came the jet engines which we have had for 40 to 50 years. What comes next? Oil may become scarce or too expensive or environmentally unacceptable during the next 50 years. Landing aids, radar and air traffic control may be revolutionized during that time by things today unheard of. I hope we are planning enough flexibility to cover any eventuality of technological development. It will cost some money now, but nothing like it might cost for it to be introduced to an operational airport or a busy road or rail system not designed to accept it.

We must pay due regard to cost/benefit and flexibility.

Before leaving the subject of infrastructure I would just mention that much has been said about importing labour. Many people infer that the huge infrastructure projects have created this need. I believe this is not quite the case. Much of the dredging, reclamation, road building and so on will be done with heavy machinery. The imported labour is required mainly elsewhere, such as in building construction and catering. I urge the Government to fully exhaust the possibility of retraining other surplus manpower before resorting to significant import of labour.

## Environment

Environmental protection, more than any other aspect of our society, calls for government policy and incentives if it is to be effective. Environmental protection does not come naturally to an affluent society.

I am conscious that a high proportion of pollution is generated by engineering processes and the solutions are often of an engineering nature also. My institution, which has formed an environmental division of its members, has been pressing for a more global approach and I am pleased to see that Government has now taken the first step in this direction by developing a joint environmental approach with Guangdong. However, at some stage we must get to grips with the fact that we occupy the same

planet as all other countries, to do which we will need, not just an energy saving policy, but a total energy policy to make the generation globally acceptable.

On the local front we need a quantified policy. The policy speech made a brief mention of saving paper. Let me use this to illustrate the need for waste management policy. Saving paper is doubly important because its source is the depleted forests of the world and its disposal often releases greenhouse gases or takes up valuable landfill. Paper, however, performs a useful purpose. That purpose needs to be fulfilled. So you can find an alternative to paper, recycle it or dump it. The sort of questions involved are: to what extent can the paper in the Government be replaced by electronic data? To what extent can we start a phased conversion of newspapers to bulletin boards or disposable disks? Is there some way that classified portions can be restricted to those readers who want them? When will auditors carry out their duties solely from disks? These are but a few questions that point to engineering solutions which will not happen of their own accord. Someone needs to initiate them. It can only be the Government through incentives.

This example can be applied to the whole of waste management. The policy needed is: how much is to be prevented at source, how much recycled and how much dumped?

## High technology

But the fundamental question remains: why was the policy address this year so limited towards technology? Why is there such reticence to announce any government progress in high technology? Only two weeks ago the Secretary for the Treasury was asked if the Government could assist the electronics industry. His reply included the statement that the Government did not have the expertise. Could it be that the policy branches simply do not have the expertise to provide significant input to the policy address on high technology?

This time last year Prof C K POON, in speaking on the same motion in this Council, said: "In order to make use of internationally transferred technology we need to have our own core expertise. We need to have in-house competence and knowledge before we can commission the services of external consultants. To make use of the advice of international experts, we need to have indigenous expertise to interpret the advice."

Yet, apparently, while massive funds have been spent on external consultants, no policy branch has the expertise to provide any high technology to the annual policy address and one wonders if they also have the indigenous expertise to interpret the advice they receive.

There are two basic approaches which can lead to a better policy appreciation of high technology. One is to team up with indigenous expertise. In Australia, a task force has been established using the resources of the Australian Institution of Engineers and Industry to formulate an Australian National Technology Policy. Can we not do something similar here in areas where the Government lacks the expertise to formulate policy themselves?

I have, however, advocated before, and will continue to do so, that in four areas the Policy Secretary should be qualified in the subject for which he or she is responsible. These are information technology, including telecommunications; industrial technology; environment and planning; and public works. Only in the last of these is such a principle adopted, and even then there has been up to now no career development in the Government to provide a replacement when the incumbent retires. Furthermore, I believe that one or other of the Secretary for Education and Manpower and his deputy should be qualified in some branch of high technology.

These suggestions are not inconsistent with the ministerial idea, indigenous in old democracies, that members of the legislature, rather than civil servants, should head up policy branches. Without commenting on this concept, which I know is favoured by some people, I would just point out that we have an acute shortage of technologically qualified members in this Council too. So the technology, on which the economy of Hong Kong is so utterly dependent, is inadequately monitored at both legislative and policy levels.

Whatever approach is adopted, only if expertise is injected into government policy making can we expect to see effective helmsmanship on our journey into the future.

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

8.00 pm

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

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

Question proposed, put and agreed to.

DR PHILIP WONG (in Cantonese): Mr Deputy President, in the introduction of the policy address, it was stated that Hong Kong is going through three crucial changes, and these changes bring forth a very important issue of how to properly manage the transition to 1997 when Hong Kong's relationship with the People's Republic has entered a new, closer and more significant stage.

I am very delighted to note that in Chapter 3 of the policy address -- "Relations with China", special emphasis has been placed on the establishment of a harmonious and effective partnership with our counterparts at all levels in China, and pointed out that we should be prepared to listen to the views of China with care and patience so as to resolve differences between two sides and enhance mutual communication. This is a rational and positive approach and will undoubtedly enhance the co-operation between China and Hong Kong.

As the representative of Chinese General Chamber of Commerce in the Legislative Council, I am proud of being pro-China. As a businessman who knows well about Hong Kong, I support a living style modelled on capitalism. I firmly believe that after Hong Kong is reverted to China in 1997, the idea of "one country, two systems" will be practicable and meet the objective reality of Hong Kong. In the next six transitional years, the Administration must take the initiative to prepare Hong Kong for the convergence with the return of sovereignty. The 50-odd Members of this Council, who come from different walks of life, different constituencies and different political parties, should, irrespective of their standpoints and divergence of political views, jointly work in accordance with the functions stipulated in the constitutional system of Hong Kong, to contribute towards the stability of our society and instilling confidence towards the reversion to China.

As the Governor has said that we need to have a harmonious partnership with China, I think that Legislative Councillors have the responsibility to make positive and constructive contribution towards the stability of Hong Kong and strive for the long term interest of Hong Kong and also for the smooth transition over the return of sovereignty.

The 1991 policy address is brief and concise. It only serves as the statement of general outlines and principles, the more significant statement being an indication of basic policies and approaches during the transitional period. However, the Governor failed to give concrete analysis for many policy matters, some of the rather significant social policies were not even mentioned, much to the regret of many people in Hong Kong.

Although certain impending policies do not appear in the policy address, they are of greatest concern to the people at large and should not be evaded. I would like to state the following seven points according to my personal observation for your consideration.

#### Inflation

Inflation has been a formidable problem over the recent years. Inflation rate has been spiralling steadily over these few years. Although the Governor told us that the Government has adopted certain measures to curb inflation, the effect is still minimal. The current inflation rate remains at around 12% which will directly and seriously affect the overall economy and people's livelihood.

Inflation is not really an intractable problem. Apart from freezing the fees and charges of government departments, controlling wage increase of civil servants and tightening the expenditure of government departments, the Administration should consider changing the land use of more land to become residential land and to curb inflation by means of a reasonable level of property prices; such measures would have an immediate effect. The rise of inflation due to soaring prices of commodities will not be as drastic as the spiralling effect brought about by the rise of property prices. As soon as the property prices are stabilized by the Government, inflation can be contained.

#### Importation of labour

Hong Kong's economy is undergoing a transformation, there is an acute shortage of labour in some sectors, this will not only restrict our economic expansion but also exacerbate inflation. In order to achieve the aim of curbing inflation, short-term importation of labour is an understandable measure.

However, we must not indiscriminately expand this scheme and regard the importation of labour as the cure-all formula to reduce inflation. After all, we must identify all the contributory factors to labour shortage and tackle it at root, only then can the overall economy of Hong Kong and the interests of the labour sector be benefited.

To be specific, before the growth rate of GDP rises to 6.5% (it is 3.8%-4.5% now) and the inflation rate falls back to 8%, Hong Kong may relax the labour importation policy, but the number of imported workers should be subject to adjustment according to the change of GDP and inflation rate.

To make this possible, options to be considered include the increase of emigrants from Mainland China and the reduction of the number of civil servants (maintaining the size of civil servants to around 155 000) so that manpower resources can be drained back to private sectors.

However, importation of labour should not be deemed as the long term and sole solution for labour shortage. In the long term, the Government should provide more practical vocational training through the Polytechnics and Vocational Training Centre, allocate more resources to train more work force for retailing and hotel industries so as to eliminate this obstacle to our economic development.

## Central Provident Fund

The Governor has excluded the subject of Central Provident Fund in the policy address. There is only a proposal to consider making improvements to the Long Service Payment Scheme, to make employees below the age of 45 eligible for payment if they are dismissed after five years' service.

Central Provident Fund and Long Service Payment are different in nature. The labour sector has all along been supporting the establishment of Central Provident Fund and has been urging the Government to study the details for its early implementation.

Viewing this issue from the perspective of the interests of the working class (wage earners), the spirit of provident fund system is commendable but I must seriously point out that a centrally managed provident fund scheme would bring about many intractable problems. The most crucial one being the management of a huge sum of provident fund, who will be responsible for the central co-ordination work? What is the creditability of the agency responsible for its administration? Will there be sufficient protection for the contributors?

At the moment, the Central Provident Fund of private enterprises have amounted to nearly \$80 billion. Should the central provident fund scheme be approved and introduced, it will involve a colossal fund of hundreds of billions dollars. For a central organization which has to manage such a mammoth scheme; would it mean no protection to wage earners who are contributors of the fund should this organization fail to have adequate creditability and a stringent monitoring system? This is a matter which warrants deep consideration on the parts of the Government, employers and employees.

Moreover, inherent polarity does not exist in the labour relations of Hong Kong. The past industrial and commercial success was built on good labour relations based on mutual understanding and co-operation, therefore, any format of provident fund and Long Service Payment must take into consideration the interests of the employers and employees so as to agree on an option acceptable by both parties, only through this can the spirit of mutual co-operation be consolidated in our labour relations.

## Sales tax

Since Sir Piers JACOBS, the then Financial Secretary floated the idea of imposition of sales tax in March 1988, it seems that the Government has never lost its interest in the introduction of sales tax. Though the Governor did not mention this in the policy address, the consultation exercise is still going on. It implies that there exists the possibility that the implementation of sales tax will be triggered off at any time.

The Chinese General Chamber of Commerce has opposed to the government proposal of introducing sales tax mainly for the following reasons:

-- All along, the existing system has been proved successful to meet the actual

expenditure, there is no need to deliberately change it;

-- It will increase the burden of people in middle and lower income strata and widen the rift between the poor and the rich;

-- It will spearhead the price hikes and inflation will soar as a result, affecting people's livelihood and intensifying the internal conflicts of the community;

-- A lot of human resources will be deployed for the collection of an additional \$3 billion (as estimated by the Government). Huge administrative costs will be involved, thus the disadvantages will outweigh the advantages and it will also incur a heavier workload for retailers and they will suffer as a result of higher operating costs;

-- Tourism in Hong Kong will be hard hit (jeopardizing our reputation as "Shoppers' Paradise").

-- It will encourage blackmarket transaction and reduce government revenue.

Hong Kong is now going through the transitional period of the transfer of sovereignty, our society has already undergone a lot of changes, should the levy of sales tax give rise to crisis such as social unrest or riots, can Hong Kong survive such an impact, during this transitional period? This is a matter that warrants careful deliberation of the Government before making a decision.

## Estate duty

The Government has always spent huge administrative costs for the collection of estate duty, and its cost-effectiveness is really low; litigation between the Government and the inheritors often takes eight to 10 years to complete, even for a successful case, the tax collected often cannot offset the administrative costs involved, resulting in a waste of public funds.

Moreover, during the 70s and 80s, the value of property market has suffered great fluctuation and the stock market slumped several times, this has made the calculation of estate duty extremely onerous. Besides, the genuine target of the Inland Revenue

Department -- the rich, always makes prior arrangements to their estates which makes it impossible for the Inland Revenue Department to infringe on. Thus the collection of estate duty is becoming an unthankful task and it should be under full review when our tax system is reviewed.

## Housing policy

As regards the housing policy, the policy address has emphasized a principle: increased fund can only come from greater economic growth.

In terms of the economic growth of the Housing Authority, the sale of flats to sitting tenants scheme is certainly a viable solution, unfortunately though this scheme was under severe attack by some people and the take-up rate of sitting tenants is disapprovingly low.

It is right for the Housing Authority to implement new measures which aim to encourage more people to buy their own houses. Bearing in mind this well-aimed objective, the Home Ownership Committee under the Housing Authority which I chair will call a meeting shortly to review the details and future of the scheme of sale of flats to sitting tenants.

I believe that in the implementation of any scheme, the Housing Authority must adhere to the principle of ensuring its ability of repayment so as to provide good quality residential flats for needy families.

As far as the purchase of private properties is concerned, I suggest that the Government consider offering low interest mortgage loans for first home buyers, so as to help and encourage the sandwiched class who have a housing need to buy their own houses, as this concession would only be made available to first home buyers, there will not be any possibility of abuse.

Should the spirit of "Home Ownership Scheme" be extended to private properties, the housing needs of the middle income class would then be catered for.

## Positive non-intervention policy

In the past 30 years, the economic development in Hong Kong has been successful;

this was attributable to the positive non-intervention policy adopted by the Government. Manufacturers, businessmen and investors can thus whole-heartedly develop their business without political pressure and established an autonomous set-up in their operations; so as a result, Hong Kong's economy could flourish with developments in various industries and commercial sectors. Both the Government and the investors would treasure the real benefits brought by this positive non-intervention.

Unfortunately though, such policies have been changing over the recent years. The Government is positively intervening a growing number of industries. The question of whether it is beneficial to intervene the internal operation within the trade, history will speak for itself. However, I believe that government intervention will bring forth some striking ill effects.

The Government often intervenes with the internal operation of the trade under the pretext of public interests, their arguments are unsubstantiated and fail to secure wide support. Taking the example of the reforms in certain industries, in fact we did not hear of any voices who urge for reforms with compelling reasons. The Government ought to provide substantiated justifications before making any intervention.

Intervention is not a favourable policy itself, it would hardly be convincing for an intervention without justifiable reasons.

## Conclusion

There are a lot of intractable problems of various scales existing in Hong Kong; these are political, economic and social problems and concerted effort of all sectors are needed to solve them. I sincerely hope that in the years ahead the people in Hong Kong will, for the sake of long-term interest in Hong Kong, contribute themselves for the prosperity and stability of Hong Kong.

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

REV FUNG CHI-WOOD (in Cantonese): Mr Deputy President, I would like to speak on environmental protection.

Environmental pollution is serious in Hong Kong. Although the Government has made great efforts in improving the environment in recent years, this can only prevent further deterioration of the problem. The Governor stressed in his policy address by saying, "Improving the environment remains an urgent priority" and "For the Government, improving the environment remains a priority -- a major challenge for the 1990s". However, the Government's determination has not been demonstrated by action. At present, Hong Kong generates 2 million tonnes of sewage each day with half of which being discharged into the sea without any treatment. The Governor has also promised us a \$14 billion strategic sewerage programme in his last policy address. The Government "must press on" with such a programme. Subsequently, it has been said that the strategic sewerage programme will be definitely shelved. I wish that it is not true. In May 1990, the Director of the Environmental Protection had a plan to spend about \$20 billion over the next decade on the provision of sewerage and garbage treatment and disposal facilities. Now that the Governor said that only HK\$8 billion, instead of HK\$10 billion, that is half of \$20 billion, would be allocated for the next five years. Has the funding for environmental protection been curtailed? The original plan to designate Victoria Harbour, Western Buffer and Eastern Buffer as Water Control Zones this year was deferred to 1994 for financial reasons. Two years ago, the Government planned to invest \$5 billion in improving the sewerage system over the next decade. However, this May, the Government only earmarked \$1.692 billion, instead of \$2.5 billion, that is half of \$5 billion, for the system in the following four years. Furthermore, the Environmental Protection Department failed to recruit more staff as scheduled and therefore work failed to go ahead as planned. I would like to urge the Government to persevere with its commitment and objectives and not to defer any projects for improving the environment.

The Governor is absolutely right in his policy address by saying, "A clean and safe environment requires a personal commitment from all of us. The quality of life in Hong Kong depends on all of us taking our environmental responsibilities seriously". Unmistakably, public participation and support are necessary for environmental protection. To our disappointment, it is the custom of the Government not to publicize consultancy reports with objective views on major issues such as the environment impact assessment of the airport, construction of a new power station in Black Point and even minor project such as the storage of chlorine in the water treatment plant in Sha Tin. Non-disclosure of information may dampen public interest of participation and fuel their suspicion against the Government. This is absolutely not something that a democratic and open government should do.

Furthermore, the Government lacks foresight on environmental protection. Hong Kong has not had any overall policy for environment protection so far. As a result, the Government has not considered issues like the generation and conservation of energy, ways to reduce and recycle waste and preservation of nature. For example, the Government keeps looking for sites for building landfills so as to dispose of the ever increasing amount of refuse. But it has never found ways to reduce the amount of refuse. The Environmental Pollution Advisory Committee should be renamed as the Environment Advisory Committee and should expand its scope of work, such as strategy formulation and so on. In respect of energy, it is the private sector which constantly demands the Government to build more power plants and the Government has not systematically been developing various kind of energy according to the actual situation. It is regretful that the Energy Efficiency Advisory Committee set up recently by the Government has not given due attention to the overall energy policy. An Energy Committee and corresponding departments should be established to project and cater for the great need for energy in the future as early as possible.

It is the lack of energy that gave birth to the monstrous Daya Bay Nuclear Power plant. The Hong Kong Government failed to monitor effectively the external investment of the private sector. Although the people of Hong Kong will be making use of 70% of the electricity generated at the nuclear power plant, they have no ways of monitoring the safety standards of the facilities as well as the level of electricity charges in the future. The people of Hong Kong are extremely anxious about the safety of the nuclear power plant. The remedial measure is to commission a consultancy firm on nuclear power safety to monitor the projects of the plant and its operation in future. The monitoring stations in the territory can detect an accidental leak of radioactivity from the nuclear power plant only when the radioactive substances have been blown into the territory by the wind. But it will be too late by then. Will the Government seek the approval of the Guangdong Nuclear Investment Company Limited to establish direct links among the monitoring stations in the vicinity of the nuclear power plant and those in the territory. By so doing, the Royal Observatory can be immediately informed of any leak of radioactivity. However, Hong Kong citizens will still not be able to obtain the guarantee that the Royal observatory will immediately release information about the leaks. For some reason, the Government will delay releasing the information or will never do it. Besides, the public have so far not been informed of the details of the contingency plans and their effectiveness.

Education on environmental protection must be strengthened by the Government.

It is said in the policy address that emphasis "can" be given in the schools to the importance of environmental issues. The Government should replace "can" with "must" and include environmental protection as a subject in the curriculum for the primary and secondary schools.

Country parks are something that our Government is proud of. It was mentioned in the last policy address that country parks would remain clean. We worry that private developers are planning alternative uses for country parks. Recently, there has been a private firm which intends to apply for a piece of land in the country park for construction of a golf course. I wish the Government will stick to its principle of setting up country parks so that they will remain intact.

### Taxation

In recent years, the inflation rate has been very high and the impact on the grassroots is great. The gap between the rich and poor is growing much wider. The inflation rate in the past two years was around 10%. The personal allowance remained the same last year and is slightly increased by 5% this year which is left far behind the inflation rate. The burden of the grassroots thus becomes even greater. The Government should increase the personal allowance to no less than \$57,000 next year with future annual adjustment at a level not lower than the inflation rate. On the contrary, the profit tax rate has been constantly declining over the past decade and remained at the same level in the past three years. The profit tax rate should be increased by 1% next year. Besides, the Government should introduce capital gains tax and shelve the proposal to levy the sales tax. This will alleviate the burden on the grassroots while enabling the Government to widen the tax base at the same time.

### Law and order

Recently, the problem of law and order is really worrying. In public housing estates such as Kwong Fuk Estate at Tai Po and Cheung Wah Estate at Fanling, the number of burglaries and robberies are obviously increasing and the culprits were mainly young people. Apart from increasing the number of police officers and boosting their morale, the Government should also give due recognition to the problem of adolescents. In areas like Tai Po and North District where out reach youth service has not yet been offered, the Government should establish such service as soon as possible and increase the teacher-student ratio so as to reduce teachers' workload. By so doing,

teachers can have more time to take care of individual students.

Mr Deputy President, I hope the Government, in the transitional period, will still be concerned about environmental protection and people's livelihood and should not delay tackling these problems. I am not satisfied with this year's policy address and hope that we will have a forward-looking and democratic policy address of commitments which will take greater care of the interests of the general public next year.

DR YEUNG SUM (in Cantonese): Mr Deputy President, at this time, I believe people welcome the Yeung folks more!

Thirteen members of the United Democrats of Hong Kong who are Members of the Legislative Council have spoken. I propose to summarize what they said.

I would also respond briefly here to the views expressed by other Members in three areas, namely, (1) Sino-Hong Kong relationship, (2) constitutional development and (3) people's livelihood.

#### (1) Sino-Hong Kong relationship

As pointed out in the policy address, Sino-British relationship is one of partnership. However, the Governor did not explain clearly the nature of this relationship. He did not even bring out the point that up to now, China has not given the Legislative Council due recognition. It would seem that this was the Governor's preferred interpretation and a best wish on his part. Judging from the recent agreement of the Joint Liaison Group in respect of the Court of Final Appeal and the Memorandum of Understanding in respect of the new airport signed earlier on, Sino-Hong Kong relationship is in fact no more than a subsidiary of the Sino-British relationship. In actual fact, the status of Hong Kong to both the Chinese and British Governments is quite low.

To the British Government, Hong Kong is no more than a bargaining chip in Sino-British negotiations. The British Government is dedicated to looking after British interests, so that in case of contradictions between China and Britain, it naturally abandons the interests of Hong Kong and defers to the wish of the Chinese Government. The Memorandum of Understanding in respect of the new airport and the

agreement in respect of the Court of Final Appeal are good examples.

With regard to the Chinese Government, it has not shown sufficient respect for the Sino-British Joint Declaration or even the Basic Law. It reflects that the Chinese Government lacks sincerity in respecting the rule of law. The fact is, before the advent of 1997, the Chinese Government has interfered considerably in the self-government of Hong Kong. If such a development persists or even worsens, the high degree of autonomy for Hong Kong after 1997 will be a cause for worry.

The United Democrats believe that during the transitional period, China and Hong Kong should communicate more. However, the power of decision regarding Hong Kong affairs should be exercised by the Hong Kong Government. This point has already been clearly defined in the Sino-British Joint Declaration. When the Hong Kong Government makes decisions on Hong Kong affairs, the general public should be fully consulted. As seen from the Memorandum of Understanding for the new airport and the agreement on the Court of Final Appeal, the Chinese and British Governments ignored the people of Hong Kong. In respect of many important decisions, not only was the public kept in the dark, so were Councillors of both the Executive and Legislative Councils.

My colleagues in the Legislative Council seem apt to allege that the United Democrats adopt a confrontational stand towards China. I would like to clarify here that members of the United Democrats basically love China, love Hong Kong, love democracy. There is nothing in our blood to dictate that we are confrontational towards China. However, when the Chinese Government acts against the Joint Declaration, infringes on the individual rights of the people of Hong Kong, hinders the development of democracy in Hong Kong, the United Democrats will stand up readily and speak out to protect the people of Hong Kong.

## (2) Constitutional development

The United Democrats regret that in the policy address, there is no mention of the real significance and results of the 1991 elections. The 1991 election was the first ever of its kind in the history of Hong Kong, and it was a successful election. The entire process could be described as peaceful, orderly and calm. The turnout rate broke the record too. Unfortunately, the Governor did not make a positive assessment of the results of the 1991 general election in his policy address. What he did was to discuss in a roundabout way whether the number of directly elected seats

would be increased in 1995.

The United Democrats believe that at least half of Legislative Council membership should be returned through direct election in 1995 and the appointed membership of boards and committees outside the Legislative Council should be abolished.

By 1995, functional seats in the Legislative Council will be increased and there will be an electoral college. Members of the Legislative Council should discuss these developments fully and the Hong Kong Government should consult the public on these issues.

A Legislative Council Member described the September elections as a campaign against China and Beijing. I am astonished by such a way of speaking and I regret the haughty disregard of public opinion as well as the irresponsible attitude which is implicit in this manner of speaking. According to a recent opinion poll on the results of the September elections, 43% of those who responded felt the elections strengthened their confidence in the future of Hong Kong. We hope the Chinese Government will respect the choice and wishes of the people of Hong Kong and recognize the status of the Legislative Council, or it would be a further blow to the confidence of our community in our future.

As to the relationship between the Executive and Legislative Councils, the United Democrats regard it as one of mutual co-ordination and check and balance. Partnership should be a relationship on an equal footing, not between the master and the servant. The Legislative Council represents public opinion and it monitors government administration. The Executive Council helps the Governor to discharge the functions of administration. Their roles are different and their relationship should not be one of master and servant.

To implement the principle of mutual co-ordination and check and balance between the Executive and Legislative Councils, the United Democrats suggested the establishment of a standing committee system for the Legislative Council. The suggestion was endorsed by the majority of Members. Such a system would make the work of Legislative Councillors more systematic and the Legislative Councillors more reflective of public opinion, enable the Legislative Council to monitor the work of the Executive Council and government departments, ensure that the Government does not abuse its powers and render the Council more accountable to the public.

### (3) People's livelihood

Our economy is at present plagued by high inflation and low growth. The Secretary for the Treasury has clearly pointed out that there will be a squeeze on the expenditure of government departments. The United Democrats are very concerned about the effects of inflation and low economic growth on the general public, particularly their livelihood.

High inflation has hit Hong Kong for three years, but the Hong Kong Government has yet to come up with effective counter-measures. The Governor in his policy address and some Members of this Council pointed to labour shortage -- seemingly labour shortage alone -- as the cause of inflation. There has therefore been a proposal to relax the importation of labour from outside Hong Kong. The United Democrats will not accept this kind of analysis or proposal because the causes of inflation are manifold with labour shortage being one of them.

The United Democrats call on the Government to introduce effective measures to counter inflation and suggest the following for consideration:

1. Increase land supply and ease market pressure arising from the demand for housing;
2. Curb property speculation activities;
3. Freeze fees and charges for government services;
4. Review the profit control schemes for public utility services;
5. Increase productivity by financing technological research activities so that redundant labour resulting from the restructuring of the local economy may have opportunities for re-training.

I am pleased that quite a number of my colleagues in this Council support the above proposals. They have also made clear that a cutback on public expenditure will not curb inflation effectively, but will affect the economic growth of our community.

Turning to social services, the United Democrats feel great concern over the privatization of social services and its effects on people's livelihood. With the

development of privatization of social services such as the sale of public housing flats and HOS units, the policy of cost recovery for medical services, the direct subsidy scheme for education and so on, people are forced to pay more for social services. The United Democrats would like to sound a warning to the Government that during a time of economic slowdown, the burden on the general public can be expected to become heavier still! If the Government does not step up reviews of the privatization of social services, the stability of our society during the transitional period may be affected!

What is more regrettable is that from a full-scale programme of support, development, prevention and relief as stated in the White Paper on Social Welfare, the policy address has receded into focussing on "people in disadvantaged circumstances and prone to harm". This is an obvious sign of retrogression in the spirit of government social welfare policy. We refrain for the time being from commenting on rehabilitation services as mentioned in the policy address. We will watch closely the progress of work relating to the upcoming Green Paper on Rehabilitation Services because these disadvantaged people are a group that deserves fair treatment.

The United Democrats are deeply dissatisfied that there is no mention in the policy address of a retirement protection plan for the aged although our population is aging fast. We believe a compulsory contributing retirement scheme is imperative at this juncture.

Along with economic development, environmental pollution in Hong Kong becomes more and more serious every day. The United Democrats think that those who pollute the environment should shoulder a greater share of responsibility for environmental improvement.

On the issue of boat people, the Hong Kong and British Governments should step up lobbying the United States so that the United States will improve relations with Vietnam, call off the economic sanction on Vietnam and stop opposing the policy of mandatory repatriation. For this, the Chairman of the United Democrats, Mr Martin LEE, is at present doing lobbying in the United States. We hope the British Government will act in response to and in co-ordination with Mr LEE's effort.

In general, the policy address has failed to suggest effective measures to improve, in the context of the Joint Declaration, Sino-Hong Kong relations, the development

of democracy and the livelihood of our people.

Mr Deputy President, with the above remarks, I support the motion and register dissatisfaction with the policy address.

MR HOWARD YOUNG (in Cantonese): Mr Deputy President, he who laughs last laughs best. He who speaks last does not necessarily speak best, but under today's agenda and sequence of speaking, the last speaker has the most power in determining when this meeting shall finish, or as some of the media who have been treating us as schoolboys shall say, when class is to be dismissed.

MR HOWARD YOUNG:

Importation of labour

Mr Deputy President, this is perhaps the most controversial issue touched upon in the Governor's address to this Council at the beginning of the month. Nevertheless, I regard this point and the emphasis the Governor put on the necessity of co-operation with China during the run-up to 1997 as the two areas where the Administration has dared to stick its neck out and tell us what needs to be done, even though it may not be palatable to all people.

Importation of labour is nothing new. In fact, Hong Kong has been importing human resources rapidly since the 1960s through immigration from China in one form or another. Our prosperity has been reliant on the ability of an expanding population to integrate into the existing workforce productively.

Perhaps what we need to do is to overcome the connotation that "labour" means people in workers' jeans toiling away on the factory floor. The reality of Hong Kong is that the proportion of service industry staff in relation to the total working population is increasing and that of the manufacturing industry is decreasing. This is a structural change. That is why I prefer to use the terminology of "importation of qualified staff" which is what we are really trying to achieve so that the industries that have staff shortages can continue to grow at a fast pace.

In the tourism industry which I represent, for example, there are certain sectors which are experiencing shortages at various levels and need to recruit experienced

staff from abroad. The hotel industry is one. There are already hotels that need to resort to employing people from China on so-called training schemes. Why do we not call a spade a spade and legitimize it? In the airline industry, not only has recruitment of talented cabin staff from overseas been a tradition, but in certain fields such as aircraft engineering, recruitment of good mechanics from abroad has allowed the industry to overcome the difficulties caused by outflow of talented staff being lured overseas.

Mr Deputy President, as long as we have the necessary safeguards of settling and implementing minimum wage levels so that the interests of local workers are protected and avoid importing labour in fields where there are uncertain employment prospects in Hong Kong, I agree that controlled relaxation of schemes for importing necessary additions to our workforce will benefit the economy.

Having said that, importation of staff should be seen as a short or medium-term measure that is used to cure the symptoms, but does not strike at the long-term root of the problem. The long-term solution is to solve the problem of creating the local skills necessary to provide for the demands of our growing economy. In this respect, I plead that in the exercises of austerity in government expenditure, the carving knife should not be applied to areas such as the Vocational Training Council which helps retrain dislocated workers or teaches skills to young school leavers in preparation for joining rapidly growing service industries.

Another root of the problem may lie in not just the availability of skills, but in the projected absolute amount of workforce coming on to the market over the next few years. Some of this is due to better further education prospects for school leavers, some is due to the departure from Hong Kong of emigrants numbering tens of thousands annually. Although agreement was made with China some years ago on limiting the annual or daily flow of one-way immigration from the mainland to about half of what it had been previously, the Government might like to explore the possibility of increasing the intake from China, but with Hong Kong having a say in the criteria and qualifications, or perhaps even in the actual selection process of the unused quota of about 75 people daily. This would be only about half of what we lose through emigration, and is less likely to cause pressures on our social infrastructure, and perhaps less controversial than simple importation of labour.

The airport

Mr Deputy President, it is gratifying that progress on the new airport is being made expeditiously since the signing of the Memorandum of Understanding between Britain and China. Since this is a project that is of great significance to Hong Kong's future well being and at the same time that has a considerable impact on our financial resources, I hope the Administration will spare no effort in keeping not just this Council, but the general public informed on the progress. In particular because we have the unique opportunity of planning an airport from scratch to last for 50 years, it is very necessary to have the informed input from all potential users of the facility.

Airports are not just for the use of airlines, but more important and numerous are the passengers themselves, the hotels whose guests arrive and depart from the airport, the travel agencies and tour operators who meet and see off travellers at the airport, the transportation operators, even the retailers who intend to bid for franchises at the airport. I hope the soon to be announced new Airport Consultative Committee will not just consist of people whose lives will be affected by the new airport or those who are concerned with the financial aspects of it, but have adequate voices to speak for the different interests who will be the users of the new airport. As the Chinese saying has it "the wool ultimately comes from the body of the sheep", it is the users who will ultimately pay for the airport; so it is only fair that they should have a voice early on in the day.

The new airport is due in 1997, but all projections show that even with the opening up of Shenzhen airport recently, Kai Tak airport will become saturated before then. In the process of planning for the new airport, we must not neglect the absolute necessity of maintaining and upgrading the facilities at Kai Tak. Aviation and tourism are both very competitive businesses. There are many neighbouring places in the Asian region that would like to build themselves up as the aviation hub and primary tourism destination of Asia at the expense of Hong Kong. If we do not keep up with the growth in demand during Kai Tak's eclipsing years, we will be losing business that will not come back easily.

## Inflation

Mr Deputy President, the Governor mentioned inflation as a major concern. What an understatement! Hong Kong has had bouts of double digit inflation before, but I recall the last time was when many of our trading partners and competitors were experiencing the same or even worse. Another Chinese saying "the boat rises with

the tide" can be applied to that past era where it did not matter so much as we were relatively in the same position while money churned around at a higher pace and higher figures. But commonsense shows that if the boat rises while the tide does not, then something is wrong somewhere. Perhaps the boat is stuck on a rocky reef waiting to come down with a crash?

Although shortage of labour is pinpointed as a structural obstacle attributing to inflation, this is not the only reason. At the risk of being refuted by Prof CHEN who spoke yesterday, another reason may be monetary, in that our currency is tied to the US dollar through the peg, which inhibits our ability to be our own masters in using interest rate policy to combat inflation in so far as interest rates in the United States remain low. However, there are very practical political considerations in relation to the peg; so that may be a price we have to pay for stability.

Housing and the cost of housing is given little mention as an important factor in contributing to inflation, perhaps due to the fact that the inflation index is based on a large proportion of people who live in public housing and therefore are shielded from the excesses of rampant private housing purchase prices which much of our middle class endure. One of the ironies of the private housing market is that there are many people who cannot afford to buy relatively lower priced older flats, but are forced to mortgage themselves to the hilt in buying much more expensive new housing. This is caused by the attitudes of the banks whose lending policy is sometimes extremely generous in loans for new properties but ultra conservative when it comes to assessing values and lending ceilings for old properties. To have a gap is not uncommon in other developed economies, but in comparison, I get the feeling that the disparity is wider in Hong Kong than many places elsewhere.

Mr Deputy President, the Governor mentioned the need for partnership in meeting the challenge of change in constitutional development and partnership in the challenge of relations with China. There is also room for partnership in the third area of change, that is, the economic changes. The partnership here is between the Government and the private sector. I hope that in the same way there seems to be some sort of partnership in operation regarding interest rates with banks, the partners can be persuaded to tackle the problem of housing inflation caused by speculation and easy money.

Partnership

The Senior Member in moving this motion said that civil servants must learn to face the music. I think we all need to learn to create the music with the right sounds, not the quacking of lame ducks, not just crowing like roosters or blowing of trumpets, not beating war drums in the name of parties or otherwise, whether by the 14 United Democrats or by the other 45 "un-united democrats", nor screaming like children, certainly not a solo where only one type of voice is heard. Partnership also applies to the relationship amongst Members within this Chamber, hopefully a harmonious chorus. When we hear the encore of replies from the Administration, I hope we will not have found that these two days' speech have been -- yet another proverb -- "playing a tune to the cows".

With this, I wish to thank the Governor for his address, and those Members in this Chamber who are still awake for staying so, and those who are not for not snoring loudly.

ATTORNEY GENERAL: Mr Deputy President, as the very last speaker today, I shall ensure that my speech is the very shortest. I move that this debate be now adjourned.

Motion on the adjournment proposed, put and agreed to.

Adjournment and next sitting

DEPUTY PRESIDENT: In accordance with Standing Orders, I adjourn the Council until 2:30 pm on Wednesday 6 November, 1991.

Adjourned accordingly at thirteen minutes to Nine o'clock.