

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 21 October 1992

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 FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.B.E., J.P.

THE ATTORNEY GENERAL

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

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

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

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

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

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

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

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

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

THE HONOURABLE EDWARD HO SING-TIN, O.B.E., J.P.

THE HONOURABLE RONALD JOSEPH ARCELLI, J.P.

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

*The Financial Secretary doubled up as the Chief Secretary on 21 October 1992.

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

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

DR THE HONOURABLE LEONG CHE-HUNG, O.B.E.

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

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

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, J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE GILBERT LEUNG KAM-HO

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

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

THE HONOURABLE JAMES TO KUN-SUN

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

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

ABSENT

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

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

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

THE HONOURABLE TIK CHI-YUEN

DR THE HONOURABLE PHILIP WONG YU-HONG

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR CLETUS LAU KWOK-HONG

Papers

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

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Marine Stores (Amendment) Regulation 1992.....	328/92
Massage Establishments (Amendment) Regulation 1992	329/92
Prevention of Bribery Ordinance (Amendment of Schedule) Order 1992.....	330/92
Schedule of Routes (Citybus Limited) Order 1992	331/92

Written answers to questions**Security at community halls**

1. MR HUI YIN-FAT asked: *In view of the present law and order situation in Hong Kong and the Government's cutback on care-takers at community halls in a bid to achieve savings in their operating cost, will the Administration inform this Council what measures are being taken to step up security at community halls so as to ensure that such places will not be subjected to the threat of burglary or vandalism?*

SECRETARY FOR HOME AFFAIRS: Mr Deputy President, first, I would like to comment on the present law and order situation in Hong Kong. As has been pointed out on a number of occasions by the Secretary for Security, the crime rate in Hong Kong, which is defined as the number of crimes reported per 100 000 population, is low when compared with other major cities. Indeed, our overall crime and violent crime rates in the first nine months this year have dropped by 7% and 6% respectively when compared with the corresponding period in 1991.

Turning to the main part of this question; security in all government facilities is very closely monitored. In the case of community halls and centres, there is little evidence to show that security generally is a major problem.

Nevertheless, following the withdrawal of on-site staff, CNTA conducted a review of security in community facilities in consultation with the non-government organizations and the Hong Kong Council of Social Services.

The review identified a number of measures which could be introduced in some or all community centres to improve security. These are: the installation of roller shutters at main entrances and rear exits, fitting heavy-duty locks on all main gates, fitting security bars on windows (including windows in toilet areas) and on air-conditioners, installing anti-climb spikes, coiled barbed wire, and stronger doors, replacing wooden key boxes with metal ones, installing locks to toilet doors, locking up doors leading to roofs, property marking, and a number of other measures.

These measures are being progressively introduced in facilities which are particularly vulnerable to vandalism or burglaries. As a further step, community centre tenants have been urged to co-operate by taking reasonable precautions themselves to ensure the security of these premises.

The security of public premises is always rather difficult to maintain. It is a compromise between allowing free and unrestricted access to the public, which increases the risk of vandalism and other problems, and being too restrictive. I believe we have achieved a reasonable balance which allows relatively free access where required, but with adequate safeguards to protect the premises, users and tenants alike.

Companies Ordinance sections 142 and 143

2. MISS EMILY LAU asked: *In view of the Government's notes to the Finance Committee on 14 August 1992 and 2 October 1992 to approve \$30 million or more on the inspection of the affairs of Allied Group Limited and related companies, and another \$7 million or more on the inspection of the World Trade Centre Group Limited and Tomson Pacific Limited, will the Government inform this Council in relation to inspections conducted under sections 142 and 143 of the Companies Ordinance:*

- (a) *the measures taken by the Government to ensure the cost-effectiveness and efficiency of the inspection work; and*
- (b) *the number of inspections conducted over the past ten years, and in respect of each of these inspections:*
 - (i) *the costs borne by the Government;*
 - (ii) *the time taken by the inspectors to complete their investigations;*
 - (iii) *whether investigation reports have been published; and*
 - (iv) *the effect which these inspectors have had on the protection of the interests of investors in Hong Kong?*

SECRETARY FOR MONETARY AFFAIRS: Mr Deputy President, the answers to the questions raised are as follows:

- (a) For those inspections conducted under sections 142 and 143 of the Companies Ordinance, the Administration maintains direct contact with the inspectors to ensure that each inspection is carried out as smoothly and as effectively as possible. In the case of the two on-going investigations cited, steering groups have been set up to monitor progress of the inspections as well as the work of the inspectors. In each case the steering group, which is chaired by one of my deputies, comprises experienced officers with a knowledge of company affairs from the Legal Department, the Securities and Futures Commission and the Monetary Affairs Branch. The groups meet regularly to receive and review progress reports from the respective inspectors and consider with the inspectors the most cost-effective and efficient way of proceeding with the inspections.
- (b) In addition to the two cases currently under investigation, eight other inspections have been conducted over the past 10 years under the Companies Ordinance. (One of these cases involved eight companies.) The information requested is summarized in the attached table.

The positive effects of the various inspections include:

- (a) the punishment of wrong-doers for past deeds and prevention of their remaining or becoming directors of public companies;
- (b) the avoidance of assets of companies being manipulated by those in control in a manner which is against the best interests of the generality of shareholders;
- (c) a deterrent to other would-be wrong-doers from acting improperly;
- (d) a demonstration of the Government's commitment to the maintenance of a fair market for the investing public; and
- (e) the identification of areas of company or securities legislation where regulation need to be strengthened or improved.

It should be noted that one objective of such inspections is to investigate specific complaints or serious problems perceived to exist in listed companies. The efficacy of such inspections cannot solely be judged by the number of adverse findings and subsequent sanctions imposed. An inspection can therefore in some instances be considered as having been satisfactorily concluded even if it establishes that there has been no abuse of fiduciary duty or that a particular complaint is not substantiated.

<i>Year</i>	<i>Company involved</i>	<i>Cost borne by Government</i>	<i>Time taken</i>	<i>Whether Report published</i>	<i>Result of investigation</i>
		\$			
(3) 1985	Perak Pioneer Limited	2.6M) 6 months))))))))))	Not published because of possible prejudice to criminal proceedings	Petitions by FS to wind up companies (petitions subsequently stayed pending final determination of concurrent petitions by a creditor, which are also stayed because of possible prejudice to criminal proceedings).
(4) 1985	Plessey Investment Limited	2.6M)		
(5) 1986	Asean Resources Limited	0.8M (costs borne by applicants (shareholders))	1 month	Not published because of possible prejudice to possible criminal proceedings; a copy was furnished to shareholders who had applied for the inspection	Legal action taken by shareholders against the company.
(6) 1989	Mandarin Resources Corporation	3.7M	4 months	Not published because of possible prejudice to criminal proceedings; but copies were furnished to the SFC and certain shareholders on request	Criminal investigation.
(7) 1989	Jademan (Holdings) Limited	3.5M	4 months	Not published because of possible prejudice to criminal proceedings; but a copy was furnished to the SFC	Prosecution.
(8) 1990	Paladin Limited	1.9M	4 months	Not published because of bearing on possible legal proceedings. Report of the Takeovers and Mergers Committee of SFC published.	(No action taken by Government.) Takeover and Mergers Committee of SFC issued public censure on some of the directors of the company. The Stock Exchange also sanctioned and banned those directors from becoming directors of all Hong Kong listed companies.

Grant of land in industrial estates

3. MR GILBERT LEUNG asked: *Will the Government inform this Council of:*
- (a) *the total area of land that has so far been granted in the Tai Po and Yuen Long Industrial Estates; and the area of the remaining sites available for grant in these two estates;*
 - (b) *the causes of the slow progress in the grant of land in the Yuen Long Industrial Estate; the measures to be taken to encourage more applications from eligible investors;*
 - (c) *the strategy adopted in land use planning for the Tseung Kwan O Industrial Estate; the changes, if any, in the strategy subsequent to the experience gained from the Tai Po and Yuen Long Industrial Estates; the timing in the grant of the first site in Tseung Kwan O Industrial Estate; and*
 - (d) *the transport facilities which will be in place to meet the future development of the Tseung Kwan O Industrial Estate?*

SECRETARY FOR TRADE AND INDUSTRY:

- (a) 70 hectares (ha) of land have been granted in the Tai Po Industrial Estate and 44 ha in the Yuen Long Industrial Estate. 2 ha remain to be granted at Tai Po although these are under a right of first refusal to an existing grantee. 22 ha remain to be granted at Yuen Long of which 4 ha are under right of first refusal by existing grantees.
- (b) Demand for sites on the Yuen Long Industrial Estate was low during the first three years after it opened in 1982-83. However, as the Tai Po Estate filled up, demand for sites at Yuen Long has increased. The growth of Yuen Long New Town and the development of better transport links have also helped to encourage demand. In the past six years, 35 ha of land has been granted at Yuen Long, with 6 ha granted since April 1992.

The Hong Kong Industrial Estates Corporation has sought to encourage demand for sites at the Yuen Long Industrial Estate by advertising in industrial and trade journals locally and overseas and through participation by its staff in overseas conferences. The Industry Department also publicizes the Industrial Estates to overseas manufacturers through its inward investment promotion programme.

- (c) The Tseung Kwan O Industrial Estate is, like the existing Estates, intended to accommodate a wide range of industries. The new Estate will not therefore be zoned for particular uses. However, as the Estate has deep sea access, jetties and pipe paths have been planned to accommodate industries requiring these facilities. The Hong Kong Industrial Estates Corporation intends to adopt the same broad criteria for the selection of lessees as have been adopted for the Tai Po and Yuen Long Estates.

The first fully-serviced sites at Tseung Kwan O are expected to become available in the first quarter of 1994. The Corporation has already invited applications and a deposit has been received from one company for a site.

- (d) The Tseung Kwan O Road Tunnel, linking the New Town to East Kowloon, was opened in November 1990. A dual carriageway (Road D6) leads from the New Town to the Industrial Estate. Currently only one side of the carriageway is in service but this will be adequate to serve the first phase of the Industrial Estate. Additional highway capacity will be provided by the planned West Coast Road from Kwun Tong to Tseung Kwan O and by the provision of a bridge across Tseung Kwan O which will allow industrial traffic to be diverted from the town centre.

Redevelopment by private developers

4. MR JAMES TO asked: *On 1 July 1992, this Council agreed to a motion urging the Government to set up a special working group to carry out a comprehensive review on matters concerning the acquisition of buildings by private developers for redevelopment purposes and to formulate policies in respect of redevelopment procedures, compensation for and rehousing of tenants, and redevelopment impact assessment (including the impact on the community and the environment), so as to protect the interests of the affected citizens. Will the Government inform this Council of the action that is being taken on the agreed motion?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, a review group, led by the Planning, Environment and Lands Branch and including representatives from the departments involved and the Land Development Corporation, was set up in July to examine the urban renewal process with particular regard to the role of the Corporation. The position of owners and occupiers, including tenants, affected by redevelopment schemes is being considered in the review. The views expressed by Members of this Council in the debate on 24 June and 1 July 1992 will also be taken into account. The group will complete its initial task by the end of this year. It will then

review other aspects of the redevelopment process, including activities in the private sector.

English Schools Foundation chief executive's "golden handshake"

5. MISS EMILY LAU asked: *In view of public concern over the award of 4.35 million dollars to the Chief Executive of the English Schools Foundation when he left office in August this year, will the Government inform this Council:*

- (a) *whether any public money has been involved in the payment; if so, what the amount is;*
- (b) *whether it is aware of the terms of employment for the Chief Executive which enable him to obtain such huge sum of money as gratuity; and*
- (c) *whether the Government has any plans to monitor the operation of the English Schools Foundation?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the answers to Miss LAU's questions are as follows:

- (a) It has been a long established arrangement for the government subvention to the English Schools Foundation (ESF) to go towards meeting teacher salaries only. Central administration expenses, including the payment made to the Chief Executive and Secretary referred to in the question, are met by the Foundation itself.
- (b) The payment to the Chief Executive and Secretary was made as a settlement between the ESF and one of its employees. The reasons for the level of payout were announced by the Chairman of the ESF in a statement to parents, teachers and members of the Foundation on 16 September 1992.
- (c) The ESF is a statutory body which regulates itself. The Education Department, however, examines the Foundation's annual audited accounts to ensure that the government subsidy is properly spent.

The "Sangtong" policy

6. MR HENRY TANG asked: *Will the Government inform this Council of its assessment of the long and short-term impact on Hong Kong's economic development, especially on air traffic, tourism and trade, if China and Taiwan*

agree to adopt the "Sangtong" policy (that is, direct mail service, transport link and trade)?

SECRETARY FOR ECONOMIC SERVICES: Mr Deputy President, it is difficult to predict with certainty the possible impact on Hong Kong's economic development of the establishment of direct economic links between China and Taiwan.

In the field of trade, Hong Kong serves both as an *entrepot* for indirect trade between China and Taiwan and as a trans-shipment centre for goods sourced from or destined for China and Taiwan. In 1991, indirect trade passing through Hong Kong amounted to HK\$45 billion or some 8.4% of Hong Kong's total re-exports. During the same year, about one-quarter or 4 million tonnes of the trans-shipment cargo handled by Hong Kong involved China as either the source or the destination, whilst the figure for Taiwan was 7% or 1.2 million tonnes.

If direct links are established, part of the existing *entrepot* trade passing through Hong Kong is likely to be channelled directly to Chinese ports. Further, a proportion of China related trans-shipment cargo is likely to be diverted away from Hong Kong to ports in Taiwan which currently have a comparative cost advantage. These two developments would probably have the effect of slowing down growth in port throughput in the short to medium term. However, given Hong Kong's position as a leading centre for financial, trade-related and telecommunications services, it is likely to remain attractive as a transportation hub.

As regards tourism and air links, Hong Kong is an important gateway for Taiwanese travelling to China. Of the some 1.3 million Taiwanese who visited Hong Kong in 1991, some 450 000 went on into China after their stay in Hong Kong. The development of direct air links will undoubtedly result in some of those 450 000 taking direct flights from Taiwan to China. On the other hand, Hong Kong's attraction to Taiwanese visitors as a tourist and business destination in its own right continues to increase. In the longer term, therefore, it is likely that a short-term loss in transfer traffic would be offset by continuing real growth in the number of visitors destined for Hong Kong.

As regards mail traffic, the establishment of direct links is expected to have only minimal impact. At present there is hardly any surface mail between Taiwan and Mainland China. In the reverse direction, some 161 tonnes of mail was carried in 1991 for which the Post Office received HK\$670,000 in postal dues, representing only some 0.04% of total turnover. There are no statistics on air mail since it is "apron transferred" and does not enter into the postal system.

To sum up, the establishment of direct links between China and Taiwan is likely, in the short term, to lead to a slow-down in the growth rate of activities.

However, given that any change is unlikely to happen overnight, there will be time for Hong Kong to make adjustments to any short-term adverse impacts. In the longer term, the establishment of direct links should stimulate new trading opportunities in the region which, together with a generally more prosperous South China, should bring more business opportunities for Hong Kong.

Property agents

7. DR HUANG CHEN-YA asked: *Will the Government inform this Council:*

- (a) *in order to protect the rights of individual citizen in property transactions, whether consideration would be given by the Administration to formulating measures, such as requiring property agents to register so as to regulate the operation of these agents and quality of their services;*
- (b) *if so, what the details of this specific plan are;*
- (c) *if not, what the rationale for not doing so is?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, during the adjournment debate on estate agents in May this year, I confirmed that, looking beyond the trade's own current ideas on self-regulation, the Administration would be examining possible regulatory controls to suit Hong Kong's situation. Since then, we have held discussions with trade representatives and the Consumer Council and the latter has agreed to present proposals on the matter for the Administration to consider. We will study these when they are ready.

The Administration also sees the need to provide prospective property buyers with adequate information on flats they wish to buy. The Registrar General (Land Officer) already operates a Consent Scheme requiring the disclosure of information in the sale of many uncompleted flats coming onto the market. The Administration is also examining, again in consultation with the Consumer Council, the possibility of improving the position through legislation. I understand the Law Reform Commission intends to conduct a similar study on the subject and will ensure that the Commission is provided with information which will assist it.

Parking facilities for heavy duty vehicles

8. MR LEE WING-TAT asked: *In view of the acute shortage of parking facilities for heavy duty vehicles such as huge lorries and container trucks in Tsuen Wan, Kwai Chung and Tsing Yi, leading to illegal parking of such*

vehicles on-street which endangers road users, will the Government inform this Council of:

- (a) *the additional amount of land that will be designated for use for parking heavy duty vehicles in these areas over the next five years; and*
- (b) *its plan for providing additional parking facilities for heavy duty vehicles at Container Terminals No. 8 and 9?*

SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS: Mr Deputy President, in the coming year, about 2 000 parking spaces for heavy goods vehicles will be provided in Tsuen Wan, Kwai Chung and Tsing Yi. Three sites totalling 6.7 hectares have just been or will soon be let on short-term tenancy, providing for 750 parking spaces and other sites are under planning. Additional parking spaces will also be made available through transport management measures.

Container terminal operators have been encouraged to provide spaces within the terminals for over-night parking and one operator has already agreed to designate about 300 spaces for this purpose.

Over the next five years, 52 hectares of back-up land will become available at Container Terminals Nos. 8 and 9 and will include land designated for heavy goods vehicle parking.

Land reserved for other container-related uses may be allocated to provide additional parking, if necessary. For example, about 14 hectares of industrial land next to Container Terminal No 9, which will become available in 1996, may be used for the purpose before industrial development begins.

Social security payments

9. MR CHIM PUI-CHUNG asked: *In respect of the Governor's proposal in his policy address on 7 October 1992 that the restrictions on absence from Hong Kong applicable to the elderly and disabled recipients of social security payments be relaxed to 180 days with effect from 1 July next year, and in view of the increasingly serious problems concerning the elderly in Hong Kong, will the Government consider:*

- (a) *eventually lifting all such restrictions imposed on the elderly recipients so that they will be allowed to reside on a long-term basis in Mainland China and receive those allowances in the form of an annual lump sum there; and*

- (b) *encouraging and subsidizing Hong Kong welfare agencies to operate old people's homes in China for those Hong Kong elderly people who wish to live there, so as to accommodate more of them at lower costs?*

SECRETARY FOR HEALTH AND WELFARE: The answer to the two-part question is as follows, *seriatim*:

- (a) Social security schemes in Hong Kong are non-contributory and are financed by taxpayers' money. As such, they are only intended for those in the community who are in need of financial or material assistance. If we were to abolish the absence rule, any elderly person who fulfils the eligibility criteria would receive social security payments for the rest of his life even if he is settled permanently elsewhere. This would create a tremendous financial burden to taxpayers in Hong Kong. If an elderly person is on Public Assistance, it will be impracticable to lift the absence rule altogether, as his eligibility has to be reviewed from time to time. The new 180 days of permitted absence would allow elderly people to spend more time with relatives and friends outside Hong Kong.

As regards the suggestion of paying the social security allowances in the form of an annual lump sum, the practical difficulties involved have to be considered. For instance, there is the possibility of overpayment should the recipients' eligibility change during the year. Recipients might also suffer if they exhaust the lump sum early in the year.

- (b) There are at present no plans to subvent Hong Kong welfare agencies to operate homes for the aged in China for Hong Kong residents.

Employment opportunities for graduates in medicine, social work and paramedical studies

10. DR CONRAD LAM asked: *In view of the difficulties encountered by graduates in medicine, social work and various paramedical studies in seeking employment this year, will the Government inform this Council:*

- (a) *whether graduates of such disciplines are expected to meet with similar difficulties in the next few years;*
- (b) *in what way the Government would increase their job opportunities; and*

- (c) whether the Government has any comprehensive plan and measures in hand to ensure that manpower training is provided on a scale appropriate to the actual demands of the community; if so, what the detailed arrangements are?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, having regard to the major improvements to our social welfare and health care services announced in the Governor's address to this Council on 7 October 1992, we anticipate that there will be a requirement for about 1 270 medical, 3 100 social work and 1 250 paramedical graduates and diplomats between now and 1996-97 to meet service needs and projected wastage in the public sector. There should thus be ample employment opportunities for these graduates and diplomats.

The Administration regularly reviews and updates its forecasts of requirements to take account of changed circumstances and the availability of funds in the public sector. The Hospital Authority and the Department of Health are currently reviewing the requirements for health care professionals. The advice of the Health and Medical Development Advisory Committee will be sought on the findings when available. The Advisory Committee on Social Work Training and Manpower Planning also conducts regular reviews of requirements for social workers. The outcome of these studies should provide useful reference for accurate planning for manpower training in these professions.

The Administration maintains regular liaison with the University and Polytechnic Grants Committee (UPGC) regarding the public sector's manpower requirements for these professional groups. The UPGC in turn advises the tertiary institutions which take these requirements into account in planning the programmes of study they offer.

Telephone directories

11. DR SAMUEL WONG asked: *In view of the Government's commitment to the protection of the environment, will it inform this Council:*

- (a) whether it is aware of the number of telephone directories printed in Chinese and English by the HK Telephone Co. Ltd. in the past two years, and the percentage that had not been collected by telephone subscribers; and
- (b) whether it would encourage the Company to stop printing telephone directories so as to reduce paper consumption and hence help in environmental conservation?

SECRETARY FOR ECONOMIC SERVICES:

- (a) The Government does not maintain records of the number of telephone directories printed or distributed by the Hong Kong Telephone Company Limited. However, we understand that demand for printed telephone directories is on the decline.
- (b) Whilst as an element in overall environmental policy the Government encourages the community to reduce use of and, where practical, to recycle paper, it is not present policy to target specific publications issued by private companies. With regard to the particular example referred to, telephone directories have long been an integral part of the public telephonic service provided by the Hong Kong Telephone Company under its exclusive franchise. To press the company to cease providing directories would in the Government's view be incompatible with our overall telecoms policy objective of ensuring that the widest possible range of services continue to be available to the community at reasonable cost. The Government would however be prepared to consider sympathetically proposals from the Hong Kong Telephone Company for the development of cost-effective, customer-oriented, alternatives to reduce further the demand for printed telephone directories.

Unregistered schools

12. MRS SELINA CHOW asked: *Will the Government inform this Council:*

- (a) *whether stricter measures are being implemented to deal with the proliferation of unregistered schools providing supplementary education; and*
- (b) *whether consideration is being given to raising the penalties for failing to register a school as well as to compiling a list of all registered schools which would be made widely available to students?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the answers to Mrs CHOW's question are as follows:

- (a) In response to a 75% increase in the number of suspected unregistered schools, the Education Department has taken the following measures:

- (i) stepping up the number of inspections of suspected premises, from 14 inspections of 11 premises in 1991 to 113 inspections of 49 premises in 1992;
 - (ii) establishing arrangements with the Consumer Council with a view to disclosing, if necessary, the names and addresses of purported educational institutions which are found not to have been registered as schools;
 - (iii) reviewing the Education Ordinance to see whether the existing provisions are sufficient to enable prudential control over the activities of private educational institutions including, in particular, private tutorial centres.
- (b) (i) Under section 87(1)(a) of the Education Ordinance, the penalties for failing to register a school are a fine of \$25,000 and imprisonment for two years. These are considered to be sufficient.
- (ii) The Education Department and its District Education Offices keep a list of all registered schools. The list is available to the public who can either view it in person or make enquiries by telephone.

Universities and polytechnics admission scheme

13. MRS SELINA CHOW asked: *Will the Government inform this Council of the present state of the universities and polytechnics overall admission scheme, in particular the progress of the Joint University and Polytechnic Admissions System; and how any problems with the whole admission system are being resolved?*

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, at present the Joint University and Polytechnic Admissions System (JUPAS) operates on a two-year cycle. At the end of Secondary VI, some students are admitted to the four-year degree programmes of the Chinese University of Hong Kong, while some others receive conditional offers of places on degree programmes offered by the other UPGC-funded tertiary institutions (apart from Lingnan College which will not be covered by the JUPAS system until 1994). At the end of Secondary VII, students who had received such conditional offers and who satisfy the academic requirements laid down in those offers are given the option to accept or reject the offers. This is followed by two further rounds of offers which are made on the basis of applicants' academic results and course

preferences. A third round of offers is then made by individual institutions direct to remaining applicants if places are still available.

The 1992 admission exercise has been completed and the enrolment statistics for the seven tertiary institutions as at 1 October 1992 are annexed. It should be pointed out, however, that the enrolment situation has not yet stabilized (because, for example, some students may choose to go abroad or to take up employment). Institutions will take stock of the actual student numbers at the end of December 1992 and will then, in accordance with established practice, report to the UPGC in the context of their annual statistical returns.

Some confusion is known to have arisen under the present system, largely because many students who had not received conditional offers at the end of Secondary VI were anxious to secure tertiary level places. These students approached the institutions direct for a clear indication of their chances and, in the process, sometimes gained the wrong impression that they had been given places. In actual practice, no candidate can be admitted direct by a tertiary institution outside the JUPAS system until the final stage referred to in the first paragraph of this reply.

Another common misunderstanding concerns the criteria for admission. Students often believe that admission is solely dependent on the grades achieved in the Certificate of Education and Advanced Level Examinations. In practice, admission depends not only on examination results but also on other factors such as performance at interviews, the results of aptitude tests and school reports.

Notwithstanding these problems, JUPAS has on the whole achieved the desired objective of giving students more choice of programme than before as well as giving them more complete information on which to base their choice. The system has also eliminated the problem of wastage of places resulting from multiple enrolments.

JUPAS and the tertiary institutions are taking steps to improve the procedures under the existing system in the light of working experience this year. With the Chinese University of Hong Kong changing over to post-Secondary VII entry in 1994, the JUPAS system will be greatly simplified. It will operate on a one-year cycle, using an iterative computer programme to match students and programmes with a view to giving each student the offer best suited to him or her. Students will not be required to make their choices of study programmes until November of their year in Secondary VII. The whole admission procedure will be completed in August of the following year, leaving ample time for students to take part in orientation programmes and other pre-term activities.

Annex

	(a) <i>Original Intake Quota (fte)</i>	(b) <i>Revised Intake Quota (fte)</i>	(c) <i>Actual Intake Figure (fte)</i>	(d) <i>Difference between (b) & (c) (fte)</i>
University of Hong Kong	2 695	2 507	2 630	+123
The Chinese University of Hong Kong	2 302	2 052	2 082	+30
The Hong Kong University of Science & Technology	1 040	980	1 179	+199
Hong Kong Polytechnic	2 259	2 079	2 169	+90
City Polytechnic of Hong Kong	2 186	1 965	2 081	+116
Hong Kong Baptist College	1 300	1 189	1 484	+295
Lingnan College	235	235	248	+13
Total	12 017	11 007	11 873	+866

Corporatization of Radio Television Hong Kong

14. MR FREDERICK FUNG asked: *As the proposed corporatization of Radio Television Hong Kong (RTHK) has been discussed for years, will the Government inform this Council:*

- (a) *whether a decision would be made on the proposed corporatization by the end of the year; if not, whether a deadline would be set for a decision to be made;*
- (b) *whether the views of RTHK staff would be taken into consideration in making the decision; and*
- (c) *whether the uncertainty surrounding the proposed corporatization has had any adverse impact on the manpower and resources development of RTHK; if so, whether the Government will take steps to enable RTHK to overcome the problem and to ensure that a comprehensive development programme can be drawn up for the future?*

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President,

- (a) It is our intention to resolve the issue of RTHK corporatization speedily and satisfactorily. Whilst our main aim is to achieve efficiency, flexibility and economy, we need to consider a number of complex factors before a final decision is taken.
- (b) Before such decision is taken, we will take into account the views expressed by all parties concerned including staff members of RTHK and their union. We will consult them on any proposals affecting their present position.
- (c) That a decision has not been taken to corporatize RTHK has had no adverse impact on the manpower and resources development of RTHK although it poses slight operational problems as regards fixing the length of employment contracts for new staff or for existing staff renewing their contracts. This does not have any effect on RTHK's output or on the scope of its activities. Quite separately, RTHK's budget provision has been reduced by about 14% over the past two years in an attempt to streamline its operations as a government department. "Attacking the baseline" has been a service-wide exercise, to which RTHK has responded positively.

Category III pornographic film posters

15. MR PANG CHUN-HOI asked: *At present, while Category III pornographic films can only be exhibited in cinemas to people aged 18 or above, the publicity posters of these films, which are shown not only to adults, can be put up anywhere in the territory without being subjected to censorship. Although some of these posters may be without indecent exposure, they are very seductive and can adversely affect juveniles who are under the age of majority, will the Government inform this Council whether consideration will be given to amending the legislation concerned so that posters of Category III pornographic films can only be put up after censorship?*

SECRETARY FOR RECREATION AND CULTURE: Mr Deputy President, while posters of Category III films are not subject to censorship, the public display of indecent matter is not without control. Under the Control of Obscene and Indecent Articles Ordinance (COIAO), Cap. 390, if any indecent matter is publicly displayed, the person making the display and any person causing or permitting the display to be made, whether or not he knows that the matter is indecent, commits an offence and is liable to a fine of \$200,000 and to imprisonment for 12 months.

To deter the public display of indecent posters and film stills, the Television and Entertainment Licensing Authority issued advisory letters to some 115 local cinema operators in August 1992, reminding them of the need to observe the COIAO in respect of all matters put on public display, as well as informing them of the latest standard of the Obscene Articles Tribunal in respect of billboards, cinema stills and film posters. Instances of blatant disregard of this standard will be referred to the police for prosecution.

Introduction of any form of censorship, on however small a scale, would need to be very carefully considered and has to be balanced against the freedom of expression which the community should enjoy. At present, the Administration has no plans to introduce censorship of film posters.

Civil servant co-operative housing scheme

16. MR JIMMY McGREGOR asked: *Will the Government inform this Council:*

- (a) *of the number of flats that have been provided to civil servants under the civil servant co-operative housing scheme;*
- (b) *of the number of such flats that have been sold for redevelopment; and*
- (c) *how assessment is made of the modification premium payable to the Government in respect of those flats approved for redevelopment, and the average rate per square metre?*

SECRETARY FOR THE CIVIL SERVICE: Mr Deputy President,

- (a) Since the introduction of the co-operative building society scheme in 1952, 238 societies have been formed providing a total of 5 702 flats. Twenty-seven of these societies have since been dissolved and the titles of 459 flats have been transferred from the dissolved societies to individual members.
- (b) So far, 66 flats have been sold in the open market following payment of a land premium to remove the alienation restriction in the title. Only one application for redevelopment of one site involving 20 flats has been received by the Director of Buildings and Lands.
- (c) The modification premium is determined on the standard basis of the difference between present market value and the assessed market value of the site as a result of modification to the permitted development potential. Since the sole application for redevelopment

is still being processed, it is not possible to provide details on the amount of premium and average rate per square metre at this stage.

Family support services

17. MR FRED LI asked: *Will the Government inform this Council:*

- (a) *what additional funds will be made available for the development of a system of support services catering for family needs, for example child care centres, community care service, home help service and single-parent family support service;*
- (b) *in developing such a system, whether adjustments would be made in response to population changes and the conditions of the districts; and*
- (c) *what measures will be taken to co-ordinate the delivery of such services by the various government departments concerned in order to minimize wastage?*

SECRETARY FOR HEALTH AND WELFARE: The answer to the three-part question is as follows, *seriatim*:

- (a) Some \$50 million will be made available in 1993-94 to strengthen the range of support services and facilities to cater for family needs, including the provision of more child care centres, foster care homes, small group homes, home help teams, family casework and family life education.
- (b) In developing these support services, adjustments have been, and will continue to be, made in response to population changes and the conditions of individual districts. The planning ratios for various types of services are applied flexibly having regard to the demographic characteristics and the existing facilities of individual districts.
- (c) At present, close liaison and co-ordination among concerned government departments are maintained through District Service Co-ordinating Committees, inter-departmental committees and working groups. These arrangements will be strengthened, if necessary, to ensure a smooth and cost-effective delivery of services.

Container Terminal No. 9 development rights

18. MR FRED LI asked: *Will the Government inform this Council:*

- (a) *when the Government will decide on the ways to award the right to operate Container Terminal No. 9;*
- (b) *what criteria the Government will adopt in deciding whether to award the right to operate Container Terminal No. 9 by:*
 - (i) *open tender;*
 - (ii) *restricted tender;*
 - (iii) *negotiation; or*
other ways; and what the estimated revenue to be generated respectively by these ways is; and
- (c) *whether the Government will take any measures to enhance the competition within the container industry, in order to minimize monopolization and protect the interests of the users?*

SECRETARY FOR ECONOMIC SERVICES: The Government is at present examining the most appropriate method for the disposal of the development rights for Container Terminal No. 9. The preferred approach will be determined in the light of careful assessment of how best to ensure timely completion of the terminal, optimum efficiency in the throughput of containers and the need for competition in the port.

As no conclusion has yet been reached, it would not be appropriate for me to speculate on which method of disposal may be selected or the revenue which might be generated. I am nevertheless confident that a decision will be reached in time for development rights to be granted by early 1993.

Weight of schoolbags

19. MR ERIC LI asked: *Will the Government inform this Council:*

- (a) *whether the Education Department has conducted any survey on the weights of schoolbags carried by primary school pupils; if so, what the average weight of a schoolbag is;*
- (b) *whether such weight would affect the pupils' spinal health;*

- (c) whether the Education Department has issued any guidelines to schools to deal with the problem of excessively heavy schoolbags; if so, what the guidelines are; if no, why not; and
- (d) whether the Education Department will advise schools to provide pupils with lockers for keeping their textbooks?

SECRETARY FOR EDUCATION AND MANPOWER: Mr Deputy President, the answers to Mr Eric LI's questions are:

- (a) A survey conducted by the Education Department in 1987 found that school bags carried by primary school pupils weighed 3.4 kg on the average. This weight included textbooks, workbooks, water-bottles and pencil cases.
- (b) According to a research report on "The weight of school bags and its relation to spinal deformity", published jointly in May 1988 by the Hong Kong Society for Child Health and Development, the Department of Orthopaedic Surgery of the University of Hong Kong and the Duchess of Kent Hospital, no causal relationship was found between the weight of school bags and spinal deformities. This research was based on a sample where the average weight of school bags was 4.6 kg.
- (c) The Education Department first issued guidelines to schools in May 1989 on how to avoid excessively heavy school bags. These have been re-issued at regular intervals, the last time as recently as January 1992. The guidelines suggest practical ways to schools and parents to reduce the weight of school bags. For example: parents and pupils are reminded to pack the minimum of textbooks; teachers are encouraged to design their time-table in such a way as to avoid pupils having to bring too many textbooks and workbooks on any particular day; and schools are urged to provide items such as dictionaries and stationery for common use.
- (d) The Education Department considers that its advice to schools to minimize the weight of school bags is sufficient. Lockers are not essential for primary schools. They are costly to provide and maintain and require close supervision in their use.

Refusal of entry into Hong Kong

20. DR CONRAD LAM asked: *With regard to a number of previous cases in which Members of certain groups or individuals with background associated with the democratic movement in China, such as Members of Chinese Alliance*

for Democracy and the Global Chinese Students Union, were refused entry into the territory, will the Government inform this Council:

- (a) *for what reasons the Government prohibited these people from entering Hong Kong; what implications it would have on Hong Kong if they were granted entry into the territory;*
- (b) *whether the Government has the authority to prohibit these people from entering Hong Kong if they are Hong Kong permanent residents; if so, on what basis and principles such power is exercised and whether those residents who are refused entry would be provided with a reasonable explanation; and*
- (c) *whether the Government has kept reason-specific record of those persons who have been refused entry; if so, what the figures of various categories of refusals for the past three years were; if not, what the reasons for not keeping such figures are?*

SECRETARY FOR SECURITY: Mr Deputy President,

- (a) The Government's position is that it will not allow Hong Kong to be used by outsiders for their own political purposes. If allowing a particular individual to enter the territory would not be in the interests of Hong Kong, the Director of Immigration may exercise his authority to refuse that person permission to land.
- (b) Hong Kong permanent residents have the right of abode in the territory. That right includes the right to land. Therefore, Hong Kong permanent residents may not be refused entry. But all persons seeking entry must provide evidence of their identity and status (that is, nationality, permanent residency, and so on) before being admitted.
- (c) We have the information necessary to provide the statistics requested. But it will take about two weeks to provide the answer in the required format. I will table a reply to this part of the question as soon as the figures have been collated. (Annex I)

Motion

SUSPENSION OF STANDING ORDERS

THE CHIEF SECRETARY moved the following motion:

"That Standing Orders 11 (Order of Business at a Sitting) and 12 (The Order Paper) be suspended to enable the Governor to brief Members

about his current visit to China, and if he so wishes, invite and answer questions from Members on matters arising from the visit, at a sitting of this Council on 24 October 1992."

He said: Mr Deputy President, I move the motion standing in my name on the Order Paper.

The Governor said at the sitting of this Council on 8 October that he would like to meet Members as soon as possible after his return from his current visit to China to brief them about his visit and to answer Members' questions. He, as President of this Council, has now appointed 24 October for a sitting for this purpose. To this end, Standing Orders 11 and 12 have to be suspended.

We are now considering the necessary amendments to the Standing Orders of this Council so as to enable the Governor to address this Council and to answer questions from Members to avoid the need to suspend Standing Orders every time we have a sitting for such purpose.

Mr Deputy President, I beg to move.

Question on the motion proposed, put and agreed to.

Member's motion

MOTION OF THANKS

MRS ELSIE TU moved the following motion:

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

MRS ELSIE TU: Mr Deputy President, I move the motion standing in my name on the Order Paper that the Council thanks the Governor for his address.

By the time the Governor had finished his brilliant speech on 7 October, I was in a state of euphoria. If I may be allowed to mix my literary references, I thought that a Daniel had come to judgment and that we were about to enter Utopia.

But we cannot live in dreamland and we have to look at hard realities to see what hope there is of fulfilling the dream.

I shall confine my remarks to the social and political issues of the Governor's speech though I agree that they all depend upon our ability to continue to generate economic success and that the implementation of social progress must move in step with our economic growth. The message I get from

all quarters, including the grassroots, is that the priority must be given to stability. I emphasize that our absolute priority must be STABILITY.

On social issues, a lack of care for the elderly, especially the infirm and the handicapped, has long been a source of shame to me, and it should be a matter of shame to the Government too. Today's infirm were yesterday's workforce that sacrificed to build up our present prosperity. The Governor's key targets deal with most, though not all, of the problems, and I hope that those keys will soon be opening doors to those who need housing, care and attention and other forms of assistance.

Likewise, the handicapped and the mentally sick have long been an unfair burden on individual families who may not know how to cope with their handicapped members, and who get little or no help from government-trained personnel. I trust that the improved services promised will make more provision for the handicapped to learn to take care of themselves as far as they are able, and to do some useful work suited to their capabilities. I hope too that the public will be educated to accept, and to show more care for those unfortunate members of our community. I am glad to hear that their needs will be taken up in the next five years.

Mr Deputy President, it is our duty as legislators to make sure that all the Governor's promises will be implemented in full, and on time, and if possible even more speedily than promised.

I am particularly happy that the blueprint provides for government departments to adopt performance pledges. While I have no personal complaint, but can only praise those government departments with which I come into contact, I do know that there is vast room for improvement in the way some departments deal with the general public. For example, I want to see those in need of social welfare being treated as unfortunate persons in need of help and not cross-examined as if they were at best beggars and at worst criminals.

I want to see the Housing Department telling the truth about its failed rented housing programme, rather than pretending they have a waiting-list going forwards when in fact it is now going backwards because there is simply no rented housing available for those who live in disgraceful conditions in tenements, squatter huts and temporary housing areas. These residents are living in much worse conditions than the sandwich class, which is now also underprivileged in housing. The Housing Authority needs an overhaul because it has failed to deal with the major problems.

I also want to see foreign domestic workers being treated as human beings and not suspected by some officials of being dishonest, or even as prostitutes. I deplore the way in which human rights are denied to those contracted domestic workers in our community.

Time does not allow me to enlarge on the many other social issues about which I am concerned, so I shall pass on to the political scene.

Converts to any cause are often more radical than those who have spent their lives in the cause, and as a democrat who lobbied the Governor's political party in London for decades without success, I am happy, if not a little surprised, to find that Mr PATTEN is now such a champion for democracy in Hong Kong. If only he had spoken out about this issue 10 or 20 years ago, we might have avoided our present political dilemma as to how to rush quickly into democracy without upsetting the Basic Law applecart. Our present Governor must be aware that before, and even long after 1997 appeared on the political agenda, his party staunchly opposed any elected representation on this Council. I should be interested to hear some explanation for this very sudden change of heart.

However, since the Governor has been converted to democracy for Hong Kong, I agree that the scope of some of the present functional constituencies needs to be widened, and this should have been done at earlier elections. I can see some difficulty in implementing the nine new functional constituencies as proposed, because other groups are also demanding one person, two votes and the results could be chaos.

As to other political changes, I have some qualms which I will now express.

The 1995 elections should be planned with great care because they begin a process that will straddle 1997, and we cannot afford to make mistakes that would lead to drastic changes in 1997.

It must now be obvious that since it took years to discuss, draft and legislate the Basic Law, it is most unlikely that China will be willing to consider changes to the constitution before it has even been implemented. It would therefore have been wise, in my estimation, for the Governor to reach agreement with China on issues that may be considered in breach of the Basic Law before putting them before the Hong Kong public. For example, does the separation of the Executive and Legislative Councils, welcome though it may be here, breach Article 55? And are the implications of the proposed Election Committee to fill the 10 vacated appointed seats in line with the through train concept? If they are, all well and good. But if they are not, would that not frustrate Beijing as well as disappoint those of the Hong Kong community who welcome the changes? Will there not be dismay in some quarters if we have to backtrack? In fact, the Governor did not consult enough before making his decisions. My own constituency, the Urban Council, was not consulted on matters that concerned them and they intend to hold a debate next month to make their views known. Others too were not consulted.

In his speech the Governor made it clear that the proposed political reforms were not final and he realized there might be some complex administrative arrangements to make. But I wonder if he considered that he might also meet with some opposition.

I hope with all my heart that the Governor during his visit to Beijing will be able to convince the Chinese officials that this proposals are compatible with the Basic Law. If not, we shall have another period of uncertainty and we have had enough uncertainties already. Confrontation between China and Hong Kong on political issues are the last thing we need now between the present time and 1997. What we DO need is trust, co-operation and understanding. How happy we should all have been if the Governor had ended his speech by saying that he had discussed the proposed changes with the Chinese Government and had their blessing! As it is, quite a sizeable proportion of the population here have been left with the anxious feeling that, as in the case of the Tsing Ma Bridge, Hong Kong may have pre-empted decisions that could have been made jointly.

I hope that my qualms are unfounded and that there will be mutual agreement between China and Hong Kong during the Governor's visit to Beijing, and that he can convince the Chinese that the democracy he proposes will give us, in his own words, and I quote, "the through train of democracy running on the tracks laid down by the Basic Law."

Mr Deputy President, I beg to move.

Question on the motion proposed.

MR ALLEN LEE (in Cantonese): Mr Deputy President, I have read Mr Chris PATTEN's policy address many times. And under the present circumstances, I would like to use a fairy tale to express my feelings, which I believe a lot of Hong Kong people share with me.

This is the story: Once upon a time there was a river by the name of "Fragrance" in the Land of Gods. The river was wide and the rapid waters ran deep. At the southern bank of the river lay a small place. Small though it was, the place boasted picturesque scenery and was a land of the wise and able. A lot of reputable people and some remnants of the former regimes all well-known in the mortal world made their home in that place. They were also known as the Gods of Capitalism as they practised capitalism of the mortal world. The land on the northern bank of the river was vast in territory and abundant in natural wealth, and the residents were those who had either truly surrendered their fame and fortune or those who had lofty ideals. They were known as the Gods of Socialism and the place they lived was known as the Mainland in the Land of Gods. Meanwhile, it was necessary for gods who wished to cross the river from the southern bank to the northern bank to make use of boats. Occasionally there were some skilful gods who just waded across the river. But first of all they had to break off some branches from the willow trees to make a light boat.

They then lay prostrate on the boats and paddled along with their arms. Since they had to negotiate currents and rapids during the crossing, they were usually soaked through when they reached the other bank, as bedraggled as drenched chickens in the mortal world. Therefore the saying that "All gods are worry-free" sounded a bit misleading.

Later, it was proposed on the Land of Gods some concept akin to "One Country, Two Systems" to facilitate more exchanges among the Gods of Capitalism and the Gods of Socialism, so that they could complement one another and lived in harmony. For this, the Senior Leader on the immortal world appointed LU Ban, a master in architect, to design a bridge made of clay, timber and granite to link up the two banks so that the gods from both sides could have a safe crossing. This piece of news brought great delight and excitement to the Gods of Capitalism and some of them even wished to give a full play to their leadership so as to lead fellow gods to cross the river. Prominent among these gods were ZHONG Liquan, LUO Tung, LIANG Hongyu and LI Shimin. One of them, ZHANG Fei, who made his name by breaking the Chang Ban bridge by merely giving a loud shout, also said that he would cross the river and advance valiantly, never making a U-turn. In addition, all these gods shared one wish, and that is, to build the bridge on a solid foundation.

Building bridges and roads was LU Ban's speciality. Assisted by ZHOU Gong, the great architect selected 50-odd gods as his aides, and in a few years' time, they came up with a blueprint under the title of "the Basic Law of Building A Bridge". However LU emphasized that he was only responsible for the design, whereas the actual construction of the bridge would have to be dealt with by the Gods of Capitalism themselves. A god by the name of PANG Zhu of the southern bank considered this very unreasonable and volunteered to mobilize people to build the bridge. Although he was no expert in bridge building, having lived for so many years, he had acquired the virtue of seeking advice on everything. In the meantime, he also began looking for volunteers to support him and tried to build up his knowledge about bridge building. Finally, he learned that a good foundation was necessary for building a bridge, and that the finest and straight timber was required for laying the pile foundation. And no withered or fragile wood could be used. To that end, PANG had to go far and near to collect every piece of suitable timber. He came to the view that it was best for building a bridge by placing a post on the pile foundation near the bridge head to secure the bridge and to prevent it from sinking. He also thought that he had to make use of the thousand pieces of rocks by the river bank to forestall any possible flood so that the foundation would not be destabilized.

LU Ban of the northern bank did not agree with PANG Zhu's plan. He accused PANG of being a downright layman and of contravening the provisions stipulated under "the Basic Law of Building A Bridge". LU also jeered at PANG for practising democracy after having lived for so many years and for having to ask people for advice, which was regarded as a disgrace to the immortals. PANG retorted by claiming LU being behind the times. He pointed

out that when the Senior Leader made the Pill of Immortality, he had also searched all corners of the Heaven and even went down to the Land of the Mortals to seek advice from the mortals. Finally LU warned PANG that the bridge should be constructed according to the provisions of the Basic Law. And there should be no post, no rocks and no support, otherwise even if PANG managed to build the bridge, he would dismantle it and build another one.

At this PANG lost his patience too. He said the construction of the bridge involved neither the Land Fund of the immortal world, the granting of any land nor the question of whether the Core Project was cost-effective. And he accused LU of being unreasonable. The row then went on and subsequently developed into an impasse. And the bridge project was put on ice. The sentiment was well echoed in a poem that went the rounds of the Land of Gods as follows:

"Rapid flows of the Fragrance River the two banks divide,
To have a safe crossing on a bridge we must rely,
Only a river apart yet the gap seems a thousand miles,
When shall we see an end to all these clamours and rows?"

Mr Deputy President, I am a born optimist, but now my heart sinks because I feel that a storm is brewing. However I hope that it will subside soon so that the people of Hong Kong can live a prosperous and contented life.

Mr Deputy President, I support the motion.

MRS SELINA CHOW (in Cantonese): Mr Deputy President, my speech today centres around a subject which is not found in the Governor's policy address. But it has significant implications on our community now and in the future.

The bewildering number of youth gang incidents and student suicides of late has aroused public concern for problems of the youth. Numerous solutions were hence suggested.

A task force of the Education Department recently conducted some discussions and studies on the question of student suicide. Its findings indicated that of the 21 suicides happened lately, two-thirds involved students below the age of 15. An analysis was done on the causes of the suicides and it was discovered that most students have problems in their relationship with their families, schools and friends. Moreover, a report released by the University of Hong Kong in January this year revealed that in addition to triad influence and academic difficulties, parental separation and family breakdown were also areas where students felt most helpless.

It is evident that youth problems cannot be dealt with singularly. They have an inseparable relationship with family, school and community. And different social sciences have suggested that the family is a very complicated

entity either in terms of time or space, and it has a close link with the community and the goals advocated by it. Family problems are also subject to influence by the evolution of the world. The return of Hong Kong to China has therefore a certain degree of impact and influence on the community as a whole, the family and the youth problem.

The above well known problems bring us naturally to the subject that I wish to share with you today — communication.

"Communication" and "dialogue" are fashionable terms currently. But do we really understand their meaning?

Communication is the sending of signals from one person to another, with the hope that the receiver will make a response. Communication therefore involves the sending, receiving and transmitting of signals.

The advancement of technology does not necessarily mean improvements in communication. Although telephone, television, facsimile and telex have enhanced the opportunities of communication, they do not guarantee better communication. On the contrary, they pose obstacles at times to good communication. The inception of telephone recording separates dialogue. The emergence of television negates the need for family members to talk to each other when dining together.

Today a lot of young people feel confused and puzzled. One of the factors is that they cannot communicate effectively with their families and schools, thus making it impossible to prevent them from falling into the abyss of crime. Mutual passing of the buck is totally meaningless after tragedies occurred.

There is no denying that in Hong Kong today advancement and prosperity have been achieved at the cost of inter-personal communication.

The lack of communication between husband and wife has led to an increasing number of divorce and single-parent families.

The lack of communication between employers and employees has led to an escalation of industrial actions. Even school principals had to take to the streets for "responsibility allowance".

The lack of communication between schools and parents has enhanced school children's feeling of being lost and helpless, thus leading to various tragedies.

The lack of communication between education authorities and schools has led to the rejection of good ideas one after the other. A series of policies such as the Whole School Approach and the Target and Target-related Assessment are threatened to be shelved as a result of resistance from teachers.

The lack of communication among the Education Department, Social Welfare Department and City and New Territories Administration has denied the Government a comprehensive and co-ordinated policy for the youth. What we have now are piece-meal and separated solutions only.

Duplication of work or even contradictions have been brought about by the lack of communication among advisory bodies such as the Board of Education, the Education Commission and the Curriculum Development Council.

On another level, the various constitutional problems confronting us today have been a result of inadequate communication, such as the lack of adequate communication between the Executive and Legislative Councils, and that over the formation of the Government-Legco Committee, the Governor's visit to Beijing and the exchange of words between China and Britain. All of these are questions of communication.

It can be seen that many problems originated from a lack of sufficient communication and good communication is certainly helpful to the resolving of many problems. But communication must be built on a foundation of faith and mutual trust. I am convinced that everyone who is concerned about our community, whether he/she is working in the Government, family, school or any other organization or institution, will resolve many problems as well as preventing many from happening as long as he/she has the determination and sincerity to make more effort in this respect.

MR HUI YIN-FAT (in Cantonese): Mr Deputy President, this is the eighth time I have participated in a debate on the Governor's policy address since I joined this Council in 1985. Yet, I can hardly stand so much attention paid to social welfare in the policy address like this time but at the same time obliged to respond with caution to the public worry that the Government is going to hand out so-called "free lunch". Over the past seven legislative years, I kept on urging the Government in policy address and Budget debates to allocate more to the Lotteries Fund earmarked for social welfare services. But it is not until now that the Governor promises an immediate capital injection into the Lotteries Fund of \$2.3 billion so as to ensure that there will be sufficient funds to improve social welfare services between now and 1997. To me, it is just like the light at the end of the tunnel. However, it is most heartening to note that, the unprecedented proposal to adopt performance pledges, modelled on the United Kingdom's Citizens Charter, shows that the Government not only will pay great attention to the quality of the public services offered to the citizens, but also has made effort to shed its image of making unfulfilled promises by changing its established practices of formulating policies without prior guarantee of any financial support.

However, I would like to emphasize that this is not my intention today to praise the Government for coming round to the contributions that social welfare

services have made to maintain the stability and prosperity of Hong Kong. On the contrary, I wish to take this opportunity, on behalf of the social services sector, to make it clear to the Government their concern about the relevant proposals in the policy address. At the same time, I would refute the point raised by some people that the Government is offering "free lunch" to the community.

In preparation for today's debate, I carried out a questionnaire survey immediately after the policy address among my colleagues in the social work sector through the agencies under the Hong Kong Council of Social Services. I am very grateful to them for their prompt response within such a short period of time so that their valuable advice could flesh out my arguments. Firstly, I wish to talk about the social security issue.

According to the explanation given by the officials concerned, after the implementation of the new Comprehensive Social Security Assistance Scheme next year and the additional adjustment for this year's inflation rate, the Government will have provided the beneficiaries with assistance at a reasonable level. There are some even of the view that the Governor is too generous, thus turning Hong Kong into a welfare state. However, the findings of my questionnaire survey reveal that nearly 80% of the social workers think that the new scheme still cannot enable the beneficiaries to maintain a reasonable living standard. I hope Members of this Council and our community will pay great attention to such an opinion because no other professionals can have a better understanding of the predicaments of the lower income groups than the social workers.

As a matter of fact, the basic scale rate, that is, excluding the rental and other allowances, for each single adult after the two adjustments next year is merely about \$1,050 per month on average or only \$35 per day to day for meals and daily miscellaneous expenses. This amount is far below the rate of \$1,800 per person as calculated by international labour security standard. I hope Members of this Council and the public can objectively think it over to see whether the Hong Kong Government has turned Hong Kong into a welfare state and whether the Hong Kong Government is "too generous" in view of our economic achievements. In fact, the Government is indeed taking a backward step and indeed stingy when we compare the adjustment scale with the adjustment in 1981 when the amount was increased by 25%.

The social work and labour sectors' concern about the social security system goes beyond the problem whether the level of new assistance amount can enable the beneficiaries to maintain a reasonable living standard. They are also worried about when the Government can implement the compulsory retirement pension scheme and, if implemented, whether it can solve the extremely pressing problem of aging population in Hong Kong. Unfortunately there is no response to such concern in the Governor's policy address.

Given the Government's present security provision for people of lower income, I am disgusted with some people's accusation that the Government is handing out "free lunch". It is because any conscientious and responsible government, be it in a welfare state or capitalistic society, has the basic obligation to care for the most helpless people in its community. And one should bear in mind the contribution of such basic assistance scheme to social stability. Many local workers are leading a hand-to-mouth existence. With the absence of unemployment and retirement security, which is the most basic provision in a welfare state, for the workers in Hong Kong, I wonder how many people will give up their jobs to receive a cash assistance of just \$1,000 or so.

As for the easing of restrictions on the requirement for the elderly and disabled beneficiaries to receive social security cash benefit while out of town, nearly 60% of the social workers who have returned the questionnaires agree that the Government should scrap all the restrictions. In my opinion, as the Government's intention is to make it more convenient for the beneficiaries to be taken care of by their relatives in mainland China or other places, why can we not go further by lifting all the restrictions? Only in this way can the pressure brought about by the beneficiaries on our housing, medical and other social service facilities be significantly reduced.

In respect of social welfare services, it is generally believed that between now and 1997 the recurrent spending on social welfare will be further increased by 26%, or a total growth of \$2.3 billion in real terms as pledged by the Governor, on top of the two policy papers on social welfare and rehabilitation. Unfortunately this is only a "beautiful misunderstanding", not the real situation.

Firstly, I would like to point out that the several key targets and services to be enhanced including those for the mentally handicapped, the disabled, the mentally sick, the elderly, children and families as mentioned in the policy address are only a reiteration of the Government's commitments in the two papers. That is to say, the Government will not further drag its feet over the provision of social welfare services and it is going to make an immediate capital injection into the Lotteries Fund. Looking from this point of view, one must realize that the proposal is nothing new at all. The so-called breakthrough is only the decision to meet the targets concerning the aforesaid services at an earlier time by 1997.

Secondly, as the key targets are to be met ahead of schedule, there has to be additional capital injection. But according to my preliminary calculation, a 26% increase in the spending cannot offer sufficient guarantee of achieving the target because when this percentage is divided by the future four financial years, there is only a 6.5% increase per year in real terms. This is only an increase of 2% *vis-a-vis* the Government's commitment to social welfare as laid down in last year's White Paper on social welfare. It is only an insignificant amount in view of the total recurrent spending this year. But what is more important is that about 65% of the total spending on social welfare each year is used to

finance our social security schemes. The figure taken into account only the factor of an inflation rate of, say, 10% in each of the coming four years, will go up by 6.5% in the total expenditure. And this is going to offset the commitment made by the Governor. Under such circumstances, we have every reason to be concerned about the increase in the spending on some of the social welfare services. A considerable number of my colleagues in the social work sector are thus worried that the Government may resort to the robbing-Peter-to-pay-Paul tactic by drastically reducing social welfare services which are regarded as less important or under less public pressure so as to meet the key targets. In other words, it is expected that the Government will still cling to the policy of treating symptoms but not the disease between now and 1997.

In fact, the social work sector has quite a lot of other concerns and grievances in relation to the policy address. For instance, with the rampant criminal activities involving youth gangs in new towns and the serious suicide rate of primary and secondary students the Government still chooses to put off the implementation of the one school social worker to 2 000 students arrangement till 1997, not to mention the ideal arrangement of one school one social worker. The contribution of community development services to new towns development and old areas redevelopment is obvious to all but such type of services was neither a subject reviewed in the White Paper on social welfare nor is given any attention in this year's policy address. In this connection, I would like to urge the Government to formulate a policy for future development expeditiously and make a commitment to implement the policy. On the other hand, as we have to speed up the development in social welfare services, there is certainly a need to have sufficient support of professionally trained manpower because social welfare is a labour-intensive service. However, the Government's decision to reduce a number of social services has led to an excessive supply of manpower and a cutback in the intake of social work students by our tertiary institutions this year. I am worried that we will suffer from a shortage of trained social workers in the event we decide to speed up the development in social welfare services again. In view of these misgivings, over 95% of social workers support my view that the Governor should direct the departments concerned to unveil the detail of the plans for funding and manpower supply within a certain period of time, or in the Budget next year, and put them under public scrutiny if our community's confidence in the Government's ability to meet the targets as scheduled is to be strengthened.

As regards the constitutional reforms, my understanding is that a majority of social workers endorse the Governor's proposals in his policy address. They attach hope to the Governor's visit to Beijing to win China's trust with his sincerity so that the proposals can be smoothly put into practice. As a matter of fact, no matter how grand is the Hong Kong Government's plan for our people's livelihood and welfare, there is no guarantee that such plan can be implemented if the Government fails to establish a democratic foundation.

In conclusion, the proposals in the policy address, though not new to us, do reflect to a certain extent the Hong Kong Government's sincerity in

responding to some of the problems relating to people's livelihood that have always come under fire. I hope with all my heart that the Government will continue to act according to our people's wish with an open attitude. Only in this way can the Government set our people's minds at rest at this sensitive moment in the latter half of the transitional period.

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

MR MARTIN LEE (in Cantonese): Mr Deputy President, before looking at Hong Kong's policy direction for the next five years and indeed beyond 1997, let us look back on the blueprint for the future development of Hong Kong, outlined in the 1984 Sino-British Joint Declaration. In 1984, the British Government, the Chinese Government and the Hong Kong community at large were looking forward to a society of "Hong Kong people ruling Hong Kong with a high degree of autonomy" after 1997. Hong Kong would have an elected legislature and an executive authority which shall abide by the law and be accountable to the legislature. After 1997, Hong Kong would remain a free port practising a capitalistic economic system and we could participate in international trade agreement independently. Apart from defence and foreign affairs, the internal affairs of Hong Kong would be decided by Hong Kong people on our own such as, among others, our election system, our Court of Final Appeal, our housing and our children's education. And the existing freedoms and lifestyle will remain unchanged in the Special Administrative Region. The above-mentioned standards were originally put forward by both the Chinese and the British sides because a capitalistic Hong Kong enjoying a high degree of autonomy would play a significant role in China's modernization. The Joint Declaration is not only in the interests of Hong Kong but also benefits China as well. Where the British Government is concerned, it is to ensure that these promises are to be realized before its departure in 1997. After all, the above-mentioned standards should be adopted as a yardstick to assess the Governor's policy address.

The policy blueprint for the next five years outlined by the Governor Mr PATTEN has won the applause of many people. But can his political blueprint really fulfil Hong Kong people's wish for democracy and freedom? Or is it that the secret negotiations and under-the-counter deals over the past eight years have again and again shattered our beautiful dreams to such an extent that we have no alternative but to lower our "aesthetic" standards? If Mr PATTEN had put forward the same set of proposals in 1984 when the Sino-British Joint Declaration was signed and told us that by 1997 only one third of the Legislative Council Members would be directly elected and there would be no directly-elected Members on the Executive Council, I believe that instead of applause, the proposals would have been greeted with boos. It is because the proposals are a far cry from the standards set out in the Joint Declaration between China and the United Kingdom in 1984.

Against this backdrop, although Mr PATTEN's policy address has made the first right step forward, incorporating some of the proposals which the liberal groups have been advocating for years, for example, extending the electorate of the functional constituencies, abolition of appointed members on the district boards, yet such a step is definitely not a big one, let alone a "take-off" as described by some people. As compared with the standards set out in the Joint Declaration, such a step is merely a "modest step". Of course, a step forward is after all better than being stagnant or taking a backward step. But bearing in mind that we have already wasted eight years of precious time and we have to make up for the lost time in the next five years, we have indeed a long way to go and we must attain the objectives set eight years ago. We must proceed in this direction and never retreat. I hope that Mr PATTEN will not break the promises to Hong Kong people made by both the Chinese Government and the British Government then and "not put the car into reverse gear" under no circumstances.

Some consider Mr PATTEN's political blueprint to be too "radical" because it does not comply with the principle of "remaining unchanged for 50 years" in the Joint Declaration. In fact, "remaining unchanged for 50 years" is what Hong Kong people long for. But what does the so-called "unchanged" mean? Does it refer to no change in technology development and our environment, public feeling or political system? I am sorry to say that these things are bound to undergo changes. Then what does "unchanged" mean in the Joint Declaration? The so-called "unchanged" in the Joint Declaration actually refers to a mechanism, that is, "adapting oneself to changing circumstances and the freedom to seek changes" in a capitalistic community under an environment of free investment. The Joint Declaration is in fact forward-looking. It does not aim at freezing Hong Kong at a certain time and space in history, but rather to preserve its vitality. However, the present provisions in the Basic Law are in contrary to this spirit as they attempt to put the post-1997 Hong Kong, as far as possible, in the 1984 Hong Kong framework. Therefore, if we are to safeguard the mechanism of "adapting oneself to changing circumstances and the freedom to seek changes" which is vital to our survival, the Basic Law should be amended expeditiously.

As a matter of fact, the Basic Law is not the eternal truth. It is merely a set of written constitution subject to the restraint of a specific time and space in history, and passed by China's National People's Congress on 4 April 1990. At that time, China was still under the shadow of the June 4 Incident. The Basic Law was passed under such a tense political atmosphere that the prevailing situation at that time compelled the Beijing Government to have the post-1997 political development of Hong Kong confined to a mode which was neither in line with the Joint Declaration nor the public wish. I think that the Beijing Government should allow Hong Kong people to decide, on our own, Hong Kong's future because only Hong Kong people know how best to run our own business. It is as impractical to have the mode of political development of Hong Kong restricted within a fixed framework as a Government to decide on how

many vehicles to be produced, how many pieces of garments to be manufactured or how many school places to be added 10 years later.

Mr Deputy President, nowadays democracy is the main global trend which cannot be shifted by one's subjective will. It is hopelessly stupid to try to obstruct the advancement of the wheel of history with rigid law. Please remember: "changes" themselves are not to be afraid of; it is those opposition forces which buck the trend of history that frighten us. Therefore, please stop using excuses such as "the Basic Law cannot be amended before it comes into effect" to ward off the demand. The Chinese Government seeks changes in areas as important as its economic system. Why can it not allow a small place like Hong Kong room for development? The Basic Law is passed by the Chinese Government. If it has the *bona fide* intention to amend, the Basic Law can certainly be amended.

One question has always baffled Hong Kong people in the latter half of the transitional period: the "convergence" or the so-called "through train" question. Taken at face value, it is in the interests of Hong Kong that the political system or indeed all affairs in the transitional period can converge with the post-1997 blueprint. But does it go so far as to suggest that in order to have convergence, we do not have to bother with what we are converging? The underlying idea of "riding on the through train" is good. But does it mean that we can get on any train without knowing its destination? If the convergence in the run-up to 1997 and beyond does not serve Hong Kong well, or if the through train we ride on will take us to hell, are we still going to support the convergence or remain on board? We must ensure that the system to be converged with in the run-up to 1997 and beyond are advantageous to Hong Kong people and that the through train we ride on is one which runs on the tracks of the Joint Declaration, taking us towards the destination where "Hong Kong people ruling Hong Kong with a high degree of autonomy."

Mr Deputy President, after the delivery of this year's policy address, many indicated their appreciation of the Governor's enterprising spirit in his proposals for 1995 elections. The community would like to see that the 1995 elections would bring Hong Kong's democratic political development forward by a large stride. Meanwhile, some expressed worry that this package would certainly meet with strong oppositions from the Chinese side. And if the British Government is to be bent on having its own way by going ahead with the proposals, it will not only affect the convergence of political system in the run-up to 1997 and beyond, but also we are not able to ride on the through train. Today when this Council is having the debate here, the Governor, Mr PATTEN, is in the first round of discussion on the political reform package with the Chinese officials in Beijing. It is too early to speculate on the final outcome of the discussion at this moment. However, I must point out one fact solemnly: Hong Kong people cannot afford to have an agreement or convergence at the expense of our ideal of a democratic political system.

The Sino-British talk may give rise to several scenarios. The most ideal one is that both parties follow the letters of the Joint Declaration and reach an agreement on the political system in pursuant with the spirit of the Joint Declaration. And the agreement not only meets the requirement of convergence, but also facilitates democratic development of Hong Kong and meets the Hong Kong people's craving for democracy. This will be the most desirable outcome. Another scenario is as what I have just mentioned that both parties renege on their promises in the Joint Declaration and come up with a political model which is contrary to the principles of democracy. They come to this agreement for the sake of an agreement and have convergence for the sake of a convergence. As a consequence, it is true that Hong Kong's political development can have convergence in the run-up to 1997 and beyond and that we can achieve the goal of riding on a through train. But the substance of the political system will have gone bad. It is one which turns its back on democracy, violates public opinion and hinders the democratic development in Hong Kong. Such an outcome will be the worst and a total failure. It will do the most harm to Hong Kong and is totally unacceptable. If we are really to worry about the Sino-British talk, it is the possibility of such an irrevocable outcome that troubles me the most.

Therefore, having weighed the pros and cons, I have come to a view that if the Chinese Government and the British Government cannot fulfil the democratic promise given in the Joint Declaration and come to an agreement on a political system which is advantageous to the democratic development of Hong Kong, I would rather see that the British Hong Kong Government will still adhere to the spirit of the Joint Declaration and unilaterally put into place before 1997 a political system which is in line with democratic principles and conducive to Hong Kong's democratic development. In this way, Hong Kong's democratic political development will at least not be stemmed abruptly and we can still press ahead. When the Chinese leaders come to realize that the democratic developments in Hong Kong are indeed beneficial and useful to the territory, they will cast away their prejudice and give a free hand to Hong Kong to develop its democratic system further. This is what convergence and the through train concept mean.

Mr Deputy President, Hong Kong is going to undergo very significant changes in the next five years. It depends wholly on ourselves to materialize our dreams on this piece of land. I am confident that if Hong Kong people take an unyielding stand in these crucial years and uphold it till the end, we are able to continue our success story.

Mr Deputy President, I support the motion.

MR DAVID LI: Mr Deputy President, a fortnight ago, the Governor delivered his vision for Hong Kong to this Council. He has since carried his message directly to the people of Hong Kong in a way no Governor has ever done. I

believe that a questioner, at one of the Governor's public forums, even likened Mr PATTEN to Halley's Comet.

The Governor should be congratulated on a brilliantly crafted presentation. Whatever the ultimate fate of his proposals, he has radically changed Hong Kong politics. He has also challenged this Council as perhaps never before in its history.

The electoral proposals, the separation of the Executive and Legislative Councils, and the establishment of a Business Council, all raise fundamental, long-term questions about public influence, the process of policy formulation and, indeed, the future of this Council.

Taken at face value, the Governor's address had something for everyone. It appeared to promise that in the next five years the Administration would finally make good on the policy omissions of the last 151.

While much that was offered is what Members of this Council have advocated for years, there is always an implicit danger in seeming to attempt to do so much so quickly. Expectations can be generated which Hong Kong could not hope to meet, even if it could afford the cost. Divisive demands are already growing.

The task before this Council clearly is to push the Administration vigorously to turn promises into pragmatic policies while holding its spending programmes within the bounds of fiscal prudence.

For my Constituency, a key commitment in the Governor's address was the establishment of the Hong Kong Monetary Authority. This is a body long advocated by members both of my Constituency and this Council.

The Administration has been moving in the right direction for a number of years. It has built expertise and reclaimed power. But to be an Authority it is essential to have authority.

The new Hong Kong Monetary Authority still lacks teeth and independence. This is particularly important in an Administration where direct influence over policy formulation appears to be more closely vested in special interests than has been the case for a long time.

Thus, it is imperative that the Administration not only continue vigorously to build the new Authority's professionalism, expertise and responsibility, but also to set out a clear timetable for the Authority's future development.

It is also vital that the Administration clearly define the proper scope of the new Hong Kong Monetary Authority before it develops. My Constituency has suggested that oversight of the new Authority by a strong independent

committee, along the lines of the Hong Kong Exchange Fund and the Banking Advisory Committee, would ensure its efficiency and effectiveness.

Another shortcoming of the Governor's laundry list was the linked rate. But here, at least — and at last — the Administration acknowledged that the inflexible peg limits Hong Kong's ability to fight inflation. Perhaps admitting the peg is a problem is the first step to a cure?

While the rest of the world is successfully combatting inflation, Hong Kong can do little because of the inflexibility of the present peg system. Yet high inflation, year after year, erodes competitiveness. How much longer can the good ship Hong Kong ride the stormy seas of inflation, sea cocks open, while the Captain gamely reassures passengers and crew that there is no need for alarm because our currency is stable? If our competitiveness is washed overboard, it will be more than Hong Kong's business that loses out. It will be our prosperity, indeed our *raison d'être*.

Competitiveness is, and always will be, the key to Hong Kong's survival. That is why my Constituency enthusiastically supports the Governor's promise to invest more in our human infrastructure.

Again, it is this Council's task to make sure that the Administration lives up to the spirit of the Governor's remarks, not the limits set by a miserly Treasury.

Take worker retraining, for example. So far, the amount committed over the next five years would help as few as one in eight of those who are "casualties of technology or economic revolutions" — the unemployed, and the underemployed.

But even if we were to set a massive retraining scheme, how do we economically provide opportunities and incentives for people to upgrade their skills before they are made redundant? If the shortage of critical skills causes labour problems today, the problem is likely to be all the greater in the future.

The Governor's commitment to the Open Learning Institute is a positive initiative. But are bricks and mortar — that centuries-old love of educators — the best way to help this classroom without walls? Surely, a strong case needs to be made for what would seem at first glance to be a contradiction in terms.

The Governor also promises more money for education, especially primary and secondary education. At last, it seems, there is hope Hong Kong can begin to fulfil the intent of the Llewelyn Commission's report. That report's far-sighted recommendations have been long subverted by the bean-counting mentality too often dominating the thinking of the Education Commission in the past.

Again, it is important to make sure that the new money is well spent. If the administration is to deploy an extra 2 200 teachers over the next five years, it must first deal with the wastage rate that is actually eroding the teacher core.

It must make teaching an attractive profession. It must emphasize salaries, training and retraining, curricula and classroom tools, not the bureaucratic paper chase in the Education Department. Otherwise, all the Administration's proposals will achieve in the next five years is to bring us back to the same unsatisfactory situation we have today.

It is also vital that the Administration actively seek to draw the business community into the process of designing and implementing the curriculum at all levels. There needs to be a dialogue to ensure that students are equipped with the skills that they need for today's jobs and tomorrow's.

The Governor was right to target technology, research and development. China is the only developing economy that will be able to challenge the United States, Japan and Germany on the technological frontiers of the next century.

Hong Kong must be equipped to play its part in developing and commercializing these new technologies. But, as we learned with the third university, throwing money at a problem usually brings expensive solutions.

Even now, one hears that academic research grants are sometimes made on a hit or miss basis. Occasionally, good projects go unfunded because they are beyond the understanding of the granting authority, while lesser, more understandable schemes are supported. Clearly, more needs to be done to set up an efficient system to monitor the quality of the research being funded.

Hong Kong's long-term competitiveness also hinges on the quality of life we can offer not only international business, but our own people as well. The Governor's initiatives on water pollution have to be welcomed — although the battle against air and noise pollution should not be neglected. But long-term plans need to be spelled out and consensus built to support their implementation.

The Governor has singled out the sandwich class for relief from housing costs. However, somehow part of the sandwich has been lost. We are left with a few slices — perhaps 40 000 to 45 000 households out of an estimated 260 000.

Hong Kong's competitiveness is also a function of the Administration's accountability and efficiency. The Governor has set the right tone by opening himself up to questions asked directly by the public. I doubt there are many European or North American heads of government who would risk doing the same in an open public forum.

But if Hong Kong is to put real meaning back into the words "civil service", the test will come at the user level where the people actually meet the Administration — over the telephone, at the counter, and in the mail. It will

also come at Budget time when the taxpayer sees whether the Administration has improved its responsiveness by streamlining procedures to enhance efficiency.

Whatever the financial gains — or cost — it is time for the Administration to privatize some of its non-core activities. Hong Kong has always relied on the private sector to supply many services. Privatization meets many of the Governor's stated goals. It promotes efficiency and effectiveness, encourages competition and raises funds, while reducing the burden on the public purse.

Privatization becomes all the more attractive an option now that the Government proposes an unprecedented commitment to social welfare. The Governor is right to say that as a civilized community, with substantial social conscience, Hong Kong should do more to assist the unfortunate among us.

Many of the initiatives now put forward are not new. The additional school social workers were first promised some 10 years ago. The Green Paper on Rehabilitation has already spelled out the importance of improving welfare services for the elderly, the handicapped and youth at risk.

But in ramping up social services, as in all the Governor's spending initiatives, it is essential that Hong Kong does not expend beyond its long-term financial base. We do not want a situation where programmes and services, on which large numbers of people have come to rely, suddenly become too expensive and must be cut back sharply.

Hong Kong's Administration probably erred in the past by applying the worst case approach to calculating its probable revenues — and then exulting in the resulting surpluses. But we should not fall into the trap of spending tomorrow's money today, especially now, when prudence suggests that we prepare for the ripple effect of recession in many of our larger markets.

The Governor rightly stressed the need to safeguard Hong Kong's way of life, its prosperity today and tomorrow. The challenge facing this Council is to work together, and to work with the Administration, to achieve these goals, ensuring that the policies are meaningful and effective, matching generosity with fiscal prudence.

A fortnight ago, the Governor charted Hong Kong's course for the next five years. Along the way, he plans to deliver stability and prosperity in "practical terms" — through education, through social welfare, through health care.

It is this Council's task to ensure that stability and prosperity are not only delivered to the people of Hong Kong today, but safeguarded for tomorrow by maintaining and increasing our competitiveness.

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

MR NGAI SHIU-KIT (in Cantonese): Mr Deputy President, although the Governor Mr Chris PATTEN is not present in today's meeting, it is at him that I intend to direct my speech. To begin with, the policy address by Mr PATTEN is of special significance to Hong Kong in the latter half of the transitional period, because it is written by the last Governor of Hong Kong himself. Besides, the Administration's strenuous efforts to accelerate the democratization of our political system have made a handful of party-affiliated politicians, who are thirsty for power, become excited while the great majority of the public are still at a loss as to how to cope with the developments. I would like to remind the people of Hong Kong that the highest level of power in Hong Kong has always been vested in the Governor and not the Legislative Council nor the Executive Council.

No matter how much I oppose to the political changes proposed in the policy address, I cannot deny the magnificent tactics employed by the Governor. In just a few months' time, his popularity has outshone any local political leaders. In the minds of the public, his status is even higher than those Members in this Council who achieved landslide victories in the 1991 direct elections. The image he has projected is just like a head of state beloved by the electors, and his charisma has suddenly brought the public into a reverie of politically romantic atmosphere. However, politics is realistic and government is based on legitimacy. The legal reality is that the Governor is appointed by the British Government to exercise power and to rule Hong Kong on behalf of the United Kingdom. The Hong Kong Governor's power, which is derived from the Letters Patent and the Royal Instructions, is absolute in this small colony. Under this legal reality, no matter how many elected Members there are in the Legislative Council, and how much the Administration makes itself look like an accountable administration, the Governor, as the nucleus of power, could not be held accountable at all. No matter how far the so-called representative government develop, the people of Hong Kong will not have the real power, nor will they have a way to hold the Governor accountable, to impeach him or even dismiss him. And the Administration will never topple. I think that the people of Hong Kong, especially those who have been intoxicated by the charm of the Government, should always bear this in mind.

In the face of such reality, we should come to think carefully. The accountable government proposed in the policy address will last only to 1997. But where will such rapid and drastic changes in the political system lead Hong Kong to? How can the track to be laid by the Governor, on which the political express train is to run, connect with the track already laid by the Basic Law such that the express train will not go wrong by human errors, such as derailing or turning over which will deal a destructive blow to the Special Administrative Region Government and its residents?

Mr Deputy President, the new arrangement for the elections of the functional constituencies is another aspect of the political changes that worries me. In order to drive the direct election factor into every political slot, the Governor has re-defined the functional constituencies. Previously, the emphasis

is laid on the unique social functions of the various professions, but now the criterion has been changed and the functional constituencies will be defined simply on an occupational basis, without any significance attached to their "functions". This will have two adverse effects. Firstly, the functional constituencies will lose their functional roles; secondly, as employees from all walks of life will have voting right, the nine new functional constituencies will be tantamount to another kind of labour functional constituencies, and the number of representatives for the labour sector in this Council, presently two, may be drastically increased, and still not including members of trade unions who may be elected into this Council through direct elections. Should this be the case, the conflicts between employers and employees will intensify and will escalate to the level as high as the Legislative Council and pressure will build up for Hong Kong to become a welfare society, jeopardizing the capitalist system on which Hong Kong's success has always depended!

Mr Deputy President, the 150 years of colonial history and the last 40 years of economic miracle in Hong Kong should suffice to make the Governor aware that what the people of Hong Kong cherish is a free life without political interference. Since 1984, the efforts of developing a representative government, "the authority for which is firmly rooted in Hong Kong, and which is able to represent authoritatively the views of the people of Hong Kong" were not successful; in 1988, the attempt to introduce direct election into the Legislative Council also ended in failure. The Governor should have learned a lesson from these facts. Pushing the people of Hong Kong to confront with China will be a move seriously against the will of the people of Hong Kong and detrimental to the overall interest of Hong Kong. The above-mentioned measures that have proved to be unfeasible and unacceptable to the people of Hong Kong and to China now seem to have revived in a different form in the policy address of the Governor, and this will have completely neutralized his predecessor's efforts in establishing mutual respect with China, and pursuing convergence in political system and a smooth transition. At this moment, the Governor is holding talks with the Chinese Government in Beijing, with a view to forging co-operation and mutual understanding, and to eliminating any possible confrontation. I wish him success here.

Looking forward to the next five years, I am afraid the people of Hong Kong will have to find their living space as the relationship between China and the United Kingdom is expected to become tense, and to find out a viable road by striking a balance between democratic development and smooth transition. However, if the Governor is bent on having his own way by taking the change of political system proposed in the policy address forward, the hope for smooth transition and convergence will burst like a bubble. Should this be the case, then historians in future will refer to this period as "the Great Order of Ding Kang (Stability and Prosperity)", but in fact, this is a period that is neither stable nor prosperous.

Mr Deputy President, on the economic front, I think the greatest shortcoming of the policy address is that it has overlooked the importance and

continuity of the Sino-Hong Kong relationship. Even though the Governor has made an unprecedented move to present the policy address in the form of a five year plan, the substance inside is short-sighted, very often looking no further than 1997, and it seems to have been forgotten that the economic development of Hong Kong needs continuity.

The decision in the policy address of maintaining the linked exchange rate system and consolidating the financial system is praiseworthy. A stable and sound system of finance and exchange rate will not only be beneficial to the trading and financial activities of Hong Kong, it will also have a direct bearing on the prosperity and stability of the whole society.

However, I am sorry to say that in the other sections concerning the economy, and the commercial and industrial sectors in the policy address, the Governor has failed to make a long-term commitment of administration, as it takes a short-sighted approach. The financial philosophy of the policy address, in particular, has clearly revealed the short-sighted mentality.

Mr Deputy President, the Governor has said on several public occasions that the Administration has decided to increase its expenditures on social welfare, education and environmental protection, because the financial surplus for this year may be \$6 billion more than what was forecast. However, the additional surplus is a windfall. It is not a prudent measure to spend such surplus on recurrent public expenditure, because if the economy of Hong Kong should go downhill, then the Administration will have to shoulder a very heavy financial burden, and such a measure will have deviated from the underlying financial philosophy of the Budget, that is, "saving for the rainy days" by accumulating a large amount of reserves for 1997.

Mr Deputy President, I welcome the idea of setting up the Governor's Business Council. However, there are already many consultative committees or organizations which are similar in nature to the Governor's Business Council. For example, the Administration has a Central Policy Unit; the Financial Secretary has under him an Economic Advisory Committee; and there is also the Hong Kong International of the business sector. So measures should be taken to avoid any duplication of efforts. And I think the Administration needs to maintain appropriate co-ordination and communication with the existing consultative bodies if the principle of increasing efficiency and productivity put forward in the policy address is to be observed.

Mr Deputy President, although the policy address has mentioned the development of academic and technological researches, it is deplorable that there is no strategic planning regarding how to facilitate the practical linkage between academic and technological studies and the industrial development. It is indeed reactive for the Administration to do nothing but expect the private sector to take the initiative to participate in academic and technological researches. As a representative of the industrial sector, I have to tell the Administration that when the conditions of the market are attractive enough, the

entrepreneurs will naturally make such investments and bear the investment risk. Instead of assuming a passive role, it would be better for the Administration to offer some kind of tax concessions to encourage the commercial and industrial sectors to invest in technological researches, such that Hong Kong's industrial development can regain its momentum, work towards new hi-tech applications and complete its structural transformation. Would that not be more practical?

Mr Deputy President, with these remarks and subject to the reservations about the part concerning the proposed political system, I support the motion.

MR PANG CHUN-HOI (in Cantonese): Mr Deputy President, comparing with the previous ones, the current policy address has made bolder commitments on matters affecting people's livelihood, and members of the public are happy to have seen such an improvement. On the economic front, the policy address has followed the Conservative Party's policy of maintaining a conservative free economy in Hong Kong. Concerning the newly proposed Governor's Business Council whose members are going to be drawn from distinguished figures of the commercial and industrial sectors, I think small to medium-size enterprises should also be represented, in order to balance its composition and prevent a monopoly by those who are influential in the market.

On the constitutional front, I am happy to see that in the remaining five years of the British rule, the Governor will continue with the promotion of democracy. What is deplorable is that the British Government under the leadership of the Conservative Party failed to respond to the strong demand for democracy of the people of Hong Kong in the past 10-odd years. Now with 1997 drawing close, the Governor, who is also appointed by the Conservative Party, should like to lead us to break through the line of defence of China. Brave as the move may be, it is indeed not a prudent thing to do. Who would not like spring time? But a tardy spring would always bring about mixed feelings of love and hate. Anyway, what is for sure is that all the consequences of this decision will be borne by the people of Hong Kong themselves.

Regarding the content of the policy address, I have the following views:

1. *Social welfare*

The Governor has said that "Hong Kong is not a welfare state, but we are a society that cares deeply about the state of welfare". I am glad that the Governor has made such a comment. He is willing to make a commitment to the goals set by last year's White Paper on Social Welfare by providing \$2.3 billion for the additional expenditure on social welfare in the next four years. Although his decision has been welcomed by the social welfare sector, some people worry whether the Administration can afford the financing of the additional social services. In fact, if we spread the \$2.3 billion into four years, it will be less than \$600 million per annum. Since the Administration will

annually collect \$600 to \$700 million of tax just from the Mark Six Lottery, I believe that there need not be any worries about the funding. I think that these services to the public are indeed long overdue. And now we are just giving the public what they deserve.

Also, the policy address has not satisfactorily resolved the problem concerning the livelihood of elderly people. We offer public assistance and old age assistance simply because of the absence of a central provident fund or a comprehensive social security system in Hong Kong. It is a pity that there is not even a word mentioned in the policy address on such a problem of great concern to the public.

2. *Labour and human resources*

The policy address has not made any substantive promise on the upgrading of our industries nor any decision on the importation of labour. The structural transformation of our industries has a bearing on Hong Kong's long-term development. This Council has debated on the industrial policy and the motion has been supported by the majority of Members that the Administration should have a role to play in the process of upgrading our industries. However, the Governor has not made a substantive response to this matter in the policy address.

As regards the importation of labour, the Administration has insisted on continuing the implementation of the general labour importation scheme. Although the Administration has promised to provide \$300 million for the retraining of local workers, it has not taken any measures to ensure that employers will give priority in recruitment to the retrained local workers. Moreover, there is evidence showing that retrained workers may not be able to find employment, which means that the human resources of Hong Kong cannot be optimally utilized and the retraining programme just cannot attain its objective.

3. *Economic policy*

The Governor has not put forward any proposals or measures to curb inflation. He is of the view that the most useful weapon in the battle against inflation is improved efficiency. Therefore, he thinks that the Administration should vigorously practise economy, and "we must, as always, keep increases in wages and salaries in line with the higher productivity that efficiency brings". We can clearly see that the Governor still sees it fit that the salaried class should counter inflation on their own. And he is still at his wits' end when dealing with the enterprises that are influential in the market.

4. *Housing policy*

Although he speaks highly in the policy address of his predecessors' foresight where their housing policy is concerned, and makes some commitment

in relieving the shortage in housing, the Governor falls short of conducting a careful and comprehensive review on the existing housing policy, nor does he intend to reaffirm the policy of intending the public housing to play a leading role on the market. What is worrying now is exactly the shifting of the housing policy to having the private housing to be the leading factor of the market, with the result that public housing units are being treated increasingly like commodities. Besides, members of the public have responded strongly against the public housing rent policy, and they have many grievances as well. Still, the Governor fails to promise any review in his address.

The Governor has shown particular concern in the housing problem of the sandwich-class families and is prepared to provide 13 000 units for them in the next five years. But it has been estimated that there are about 45 000 families in this category which need assistance. So I find the Governor's proposal still inadequate to bring real relief to them.

I request that the Governor, besides taking care of the interest of the middle class, should also care about the needs of those living in bedspace apartments, temporary housing and squatter areas, and the singletons awaiting public housing, and make more effort in improving the qualities of public housing.

In order to further substantiate the Administration's commitment on housing, I request that the membership of the Housing Authority, instead of all being appointed by the Governor, should include representatives of the middle and lower classes and those who are elected by the public. Moreover, in expanding the terms of reference of the Commissioner for Administrative Complaints (COMAC), the Governor should include the Housing Authority in the list of statutory bodies that are subject to COMAC's jurisdiction.

5. *Constitutional package*

The Governor has made it a point to bring democracy to Hong Kong after he came into office. He himself has also set an example of "democratic style" in its different forms. But let us take stock of the political state of Hong Kong in recent months or even the situation within this Council. Our strong-minded Governor, though a champion of democracy, has, after proposing the separation of the Legislative and the Executive Councils, put forward the idea of setting up a Government-Legislative Council Committee in an attempt to use his power to divide this Council. I am deeply dissatisfied with and strongly opposed to the idea of dividing this Council. Every Member of this Council has his or her representativeness; there is no reason to further choose a number of representatives among the Members to serve on the Committee. Therefore, I hereby request the Governor to withdraw this proposal.

Mr Deputy President, I so make my submission.

MR SZETO WAH (in Cantonese): Mr Deputy President, radical changes in Eastern Europe and the total collapse of the Soviet Union unfold again before the whole humanity the truth that the tide of democracy is irresistible and those who go along with it will prosper while those who go against it perish.

Of all the opinion polls conducted on the proposed political development package in the policy address, the majority of the respondents supported it. The Hong Kong Professional Teachers' Union carried out a random survey among its members the other day. According to the findings, the ratio of support and opposition is 12:1. It is not at all surprising but indeed in line with expectations because Hong Kong is not situated in another planet in space. The global trend certainly has a bearing on Hong Kong people's mind.

It is not the saviour who puts forward the proposals. These proposals are in fact, long-held public opinion. They are made after the man in the street is sounded out. Since the 1986 Ko Shan rally, Hong Kong people have never slackened in their fight for a democratic political system through the means of signature campaigns, rallies, demonstrations, hunger strikes..... Is it possible for this year's policy address to come out with these proposals without their unwavering struggle? Without it, can these proposals win such a strong public support? To my surprise, those who chant that "there has never been a saviour" consider these proposals as a benevolent gift from the saviour. Is it not a joke?

Some ask: Since democracy was absent in Hong Kong over the past hundred odd years, why are we speeding up the pace of democracy now? And what makes us so enthusiastic about democracy? In fact, those who ask such questions know the answers themselves. We all understand that we must have a democratic political system in place after 1997 to protect our human rights, our freedom and the rule of law and to safeguard the principle of "one country, two systems and a high degree of autonomy" laid down in the Joint Declaration. We would not like to see that the following things take place in Hong Kong's legislature after 1997: a pre-selected name-list is passed by a show of hands before election of the seats corresponding to the number of names on the list.

Someone opposed to the 1988 direct elections. However, when asked by voters at the direct elections last September, she replied that she was originally in support of direct elections to be held in 1988. And it was the organization that she belonged to which was against direct elections in 1988. Such an argument was extremely clumsy to any discerning eye. Has she ever expressed her objection to her organization on its opposition against direct elections in 1988? Has she ever expressed any slightest sympathy and support for the surging mass movement for direct elections in 1988?

Now one has to stand a similar test. Every political organization and every one in politics has to reveal to the public their stance on the political development proposals put forward in the policy speech. Please do not ever play the trick again by expressing objection now but explain to the voters when the 1995 elections come that "I originally supported the proposals and it was my organization that was against them".

As for the public, please have your eyes open and see clearly the standpoints and attitude of each political organization and each political figure on the proposed democratic political system. Remember their standpoints and views. And cast your votes in the 1995 elections by reference to them.

The tide of democracy is mighty. Those who go along with it will prosper and those who go against it perish. Those people and political organizations who are against democratic political development are going to be eliminated by the tide.

The proposals in the policy address are far from perfect and, even if they are adopted, there is still a long way to go towards the ideal of democracy. Even if the proposals are implemented, it is merely a step or two forward. Democratic movement in Hong Kong must continue to develop and continue to strive forward. If the proposed reform is to be scaled down, or even shelved completely, we should not give up our fight. In that case, it would become all the more necessary for us to further develop and promote the democratic movement in Hong Kong.

Late Qing scholar WANG Guowei quoted in his Notes and Comments on *Ci* Poetry a few lines from three Song *Cis* to illustrate the three phases which one has to go through in order to achieve great wisdom or great deeds.

The first phase is derived from one of YAN Shu's *Cis*:

"Last night, the green leaves withered in the west wind.
Alone I mounted the tall building;
Looked far out to the road."

This implies that one has to stand the cold and chill and endure loneliness and solitude before one can take a long view and look at things judiciously.

The second phase is described in one of LIU Yong's *Cis*:

"My cloth belt is getting looser and looser as I become thinner and thinner,
But I do not regret becoming thin and pallid because of my love."

This means that one should brave difficulties and sufferings and move forward without turning back, until the goal is reached.

The third phase is in one of XIN Qiji's *Cis*:

"Up and down the main streets crowded with people, I must have run
A thousand times or more in quest of one,
Who, I have concluded, cannot be found;
For, everywhere, no trace of her can be seen,
When, all of a sudden, I turn around,
That is her, where lanterns are few and far between."

This implies that so long as one has the determination and will to strive for some lofty goal which may seem to be distant at the time, one will finally achieve it. It may even suddenly appear before you unexpectedly, so to speak.

Over the last few years, I have mixed feelings to witness the June 4 Incident in China, the radical changes in Eastern Europe and the total collapse of the Soviet Union. I feel that one, in the pursuit of democracy, is going to experience the three phases of achieving great wisdom and great deeds as mentioned by WANG Guowei.

"Last night, the green leaves withered in west wind.
Alone I mounted the tall building;
Looked far out to the road."

We have to stand the cold and chill and endure loneliness and solitude before we are able to take a long view and look at things judiciously.

"My cloth belt is getting looser and looser as I become thinner and thinner.
But I do not regret becoming thin and pallid because of my love."

We should brave difficulties and sufferings and move forward without turning back, until the goal is reached.

"Up and down the main streets crowded with people, I must have run
A thousand times or more in quest of one,
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That is her, where lanterns are few and far between."

We must have the determination and will to strive for some lofty goal which seems to be distant at the time. We shall finally achieve it. It may even suddenly appear before us unexpectedly, so to speak.

My friends, if you have the heart to pursue democracy, I would like to use these three phases or the three stages that we shall undergo in our striving for democracy as mutual encouragement.

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

REV FUNG CHI-WOOD (in Cantonese): Mr Deputy President, first of all, thank you for letting me speak earlier because I have to take a plane to Australia to-night to attend an international meeting.

In his policy address, the Governor said that the Government would be spending \$7.3 billion between now and 1997 to implement the first phase of the sewage strategy programme, and that no less than \$3 billion would be coming from the Capital Investment Fund. As a matter of fact, the 1990 policy address has already promised to spend \$14 billion on the programme. It was unfortunate and disappointing to learn from the 1991 policy address that the programme would not be funded from the Public Works Programme Vote because of financial difficulties. As disposal of sewage is a basic duty of the Government, it should solve the problem as soon as possible in a step-by-step and systematic manner, rather than wait till the problem is getting bigger and bigger and till so much sewage is generated that it cannot be tolerated anymore. At present, only 10% of the sewage has undergone third degree treatment, and another 40% undergone primary treatment, which means solid waste is separated from the sewage while most of the pollutants remain. That is to say this 40% of sewage is discharged into the harbour virtually untreated. The other 50% is exactly the 1.5 million cu. m of untreated sewage being drained into the harbour everyday as mentioned in the policy address. The figure would be much higher if the 40% of sewage that is not properly treated is also taken into account.

I have repeatedly made it known to the Government that I do not object to the "polluters pay" principle, but hope that the Government would shoulder part of the expenditure of the sewage strategy. It is, therefore, good news to learn from the policy address that the Government would inject at least \$3 billion into the strategy. This will not only reduce the burden of the public, but will also provide a clearer financial backing for the smooth implementation of the programme. I think sewage discharge fees should first be collected from the commercial and industrial sectors, and then from the public. Economic activities of the commercial and industrial sectors can bring in revenue, and so it is unreasonable that the Government should provide free discharge services to them which is analogous to subsidizing business activities. The business sector should, therefore, contribute towards the expenditure of sewage treatment. As

43% of all sewage is generated by the commercial and industrial sectors, they should be made responsible for similar proportion of the treatment cost.

The Government should announce as soon as possible the proposed charging scheme for public consultation. I do not understand why it should be so late in coming. Now the Government said that it would announce the proposed charging scheme by the end of this year and that the consultation period would last until early next year. I think the consultation period should be at least six months long to provide more time for the public to discuss this new and unique charging scheme, which will surely be a very controversial issue.

As the 1990 policy address said that the Government would spend \$14 billion to implement the sewage strategy, it should have commenced in that year. Unfortunately, the Government has yet to finalize a definite schedule of works. This reflects that the Government is not fully committed to tackling the urgent problem of sewage disposal. Why did the Government not finalize the funding proposal earlier? Why did the Government not inject the \$3 billion in 1990? I feel greatly disappointed over such delay. Our water pollution has become so serious that it is intolerable. Any way, I hope the Government would be sincere and determined this time and will implement the programme in 1993. There should be no more delay.

Since the entire sewage strategy programme will take 10 years to complete and it cannot be completed before 2003, the Government should start as soon as possible discussions with the Chinese Government to agree on a financial arrangement for this massive project straddling 1997. A clear reply from China on whether the project is acceptable to them is also urgently needed because part of the South China Sea belonging to China may be polluted as a result of the sewage discharge which will take place in the oceanic waters south of Hong Kong in accordance with the strategic programme.

According to the sewage strategy programme, sewage from different parts of the territory will be transferred to the Stonecutters Island for primary treatment before it is discharged into the South China Sea. Since the sewage will only receive primary treatment, the South China Sea will be heavily polluted. This is not a very satisfactory arrangement. The Government should carry out study on ways of upgrading primary treatment to secondary or tertiary treatment so as to lower the pollution level of the discharges. Apart from that, the Government should consult the public on the increased expenditure as a result of such upgrading and should also reserve some space on Stonecutters Island to facilitate the proposed arrangement.

The policy address mentioned that 73 of the 118 targets set out in the 1989 White Paper "*Pollution in Hong Kong — A time to act*" have been met. However we must note that some of the targets which are yet to be met are very important items. Take water control zones for instance. The White Paper recommended that all waters within Hong Kong territory have to be designated

as water control zones by 1991. However up to now, three areas are yet to be designated, namely Eastern Buffer, Western Buffer and Victoria Harbour. I hope these areas would be declared as water control zones within next year the latest.

The policy address also mentioned that for projects which had environmental implications or would cause serious environmental damage, an environment impact assessment (EIA) was to be included in papers submitted to the Executive Council. This is most welcome but at the same time it is also insufficient. What the policy address suggested is the submission of an EIA to the Executive Council only. Results of the EIA are not made known to the public. So there is no way for them to give their comments. I therefore recommend that the EIA be displayed in places like public libraries so that members of the public can have access to them and give their views to the Government.

The Government should also make public other information or results of investigations on environmental issues such as the Report on the Storage of Liquid Chlorine at Water Treatment Works in Hong Kong which was completed in 1989, the EIA Report on Lan Kok Tsui Power Station and the Consultancy Report on Noise Mitigation Measures for Kowloon-Canton Railway Corporation.

The Government should enact legislation on the requirement and the implementation of the EIA. Currently, an EIA would only be carried out at the request of the Town Planning Board or other government departments. It is hoped that the Government would make laws setting out appropriate procedures and guidelines so that the recommendations made by the EIA could be properly implemented.

The present arrangement for conducting an EIA is not satisfactory since the EIA is conducted by a consultancy firm commissioned by the developer. The report completed in such way can hardly be neutral because the consultancy firm was hired by the developer. The ideal arrangement is for the Government to commission these consultancy firms at the expense of private organizations. In addition to the EIA, the Government should also take the initiative to consult the public when the need arises so as to seek their views.

The Government should also consider to participate in the global environmental protection campaign such as the Earth Summit held in Brazil this year where a number of conventions have been adopted by the participating nations. These include the Conventions on Biological Diversity, Climate Changes and Tropical Rainforest. The Administration should at the same time promote vigorously education on environmental protection among members of the public as well as primary and secondary students. Furthermore, the Government should step up enforcement on environmental legislation and improve the air quality, for example, to reduce the emissions generated by

diesel-engined vehicles and to study the feasibility of introducing electric-driven vehicles.

The Government should also formulate a comprehensive energy policy and to upgrade the Energy Efficiency Advisory Committee to an Energy Committee so that the Committee, apart from dealing with energy efficiency, can advise the Government on all matters related to energy.

Lastly, in the promotion of environmental protection, apart from the formulation of a policy and the provision of various plants, lots of manpower are needed to do the work. The Government should take early action to expand the Environmental Protection Department. Other government departments should also accord higher priority to environmental protection and I hope, in particular, the Planning, Environmental and Lands Branch would in future attach greater importance to environmental issues.

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

MR ANDREW WONG (in Cantonese): Mr Deputy President, the first policy address delivered by the Governor Mr Chris PATTEN has drawn both praises and criticisms. I also have favourable and unfavourable comments on the policy address. But I think there is no need for me to speak favourably of him since I have high expectation of Mr Chris PATTEN, the last Governor, in the four years before the sovereignty of Hong Kong is reverted to China. As the saying goes, the deeper you love someone, the more you expect of him. So today I only intend to touch upon the fallacies of his policy address.

Mr Deputy President, the title of the policy address is "Our Next Five Years" and its subtitle is "The Agenda For Hong Kong". So let us see what the agenda is.

The agenda for the next five years

The policy address has outlined a lot of proposals for the next five years. But I am afraid they are not new at all. Most of them are "new wine in the old bottle". No innovative changes are found in the measures for education, rehabilitation, social welfare, patients' care, housing, environment, security and judiciary; the only new things about them are the figures. The Governor is only determined to implement old policies, without looking into the crux of the problems. Many perceptive suggestions given through the years have not been fully considered. The policies proposed by him are still within the old framework. I am therefore very much disappointed.

Proposals which can actually be described as new are those concerning constitutional reforms. Last week I talked about the electoral system, with particular reference to the functional constituency elections and the Election

Committee. Today I would like to focus on two issues, namely the Government-Legco Committee and district administration.

The Government-Legco Committee

I learned from the press last weekend that some Members had suggested that the Government-Legco Committee should be formed on the "three-two-one-four" or "four-three-two-one" model. In other words, political factions and independent Members should elect their representatives to the Committee proportional to the number of seats they have in the Legislative Council. I do not agree with such suggestion.

Having listened to the Governor's policy address, Members may have different hopes or expectations about the nature and functions of the Committee. On my part, I still believe that the Committee should mainly be responsible for discussing and co-ordinating Council business between the Government and the Legislative Council. This includes discussing or setting priorities for bills, fund allocation, drafting of bills, introduction of policies, motions and so on. It should not, and better not, discuss or decide any substantive matters. Otherwise, it may easily turn into a "Super Legislative Council" which, though small in size, will have immense powers and become a "lobbying platform" (of course, some Members may think that there is nothing wrong with lobbying). If that is the case, the existing House Committee, the ad hoc groups and the Subject Committee soon to be established will all become meaningless. It will not matter if they do not conduct any meeting.

I think the number of members in the Government-Legco Committee should be kept to a minimum so that discussions will be made easier and their work become more efficient. I would suggest that Members be organized into different Parliamentary Groups. Political factions are groups in themselves and independent Members may also form Parliamentary Groups. According to my proposed rule, each Parliamentary Group should have at least five members (this can be further discussed). Each Group, regardless of its size, can only elect one representative to the Committee. It will be obvious to see how many Members back up a certain representative and what their stance is. Responsible for handling Council business, the Committee will be a continuation and expansion of the regular meetings held between the Chief Secretary, the Senior Member, the Convenor and Deputy Convenor, or the Chairman and Deputy Chairman of the House Committee. Hence the Chairman and Deputy Chairman of the House Committee should also become members of the Committee. As for those Members who cannot or do not wish to join any Parliamentary Group, they may express their views on the Council business through the Chairman and Deputy Chairman of the House Committee.

I think the Government-Legco Committee should be a co-ordinator between the Government and the Legislative Council. It should neither function as a barometer nor a lobbying platform. When the Government or the

Legislative Council (the House Committee) needs to discuss any issues with the other party, a meeting can be convened by either party.

After such a meeting is held, the Government-Legco Committee should present a detailed report on the outcome to the House Committee of the Legislative Council. Only with such arrangement will it be possible to maintain a co-ordinating relationship among the Executive Council, the executive authority (including the Governor and all policy secretaries) and the Legislative Council.

Incidentally some people believe that under the new constitutional arrangement, the existing Executive Council, the Governor's Business Council and the Government-Legco Committee will become "three Executive Councils". If the method proposed by me is accepted and the terms of reference of the Government-Legco Committee clearly defined, the Committee will be a non-statutory co-ordinating body dealing with Council business. It will not become another Executive Council. The Governor's Business Council will be the Governor's consultant. Its co-ordination and possible discordance with the Executive Council will be a matter which has to be tackled by the Governor. From the viewpoint of the Legislative Council, all we need to do is to ensure that the executive authority including the Governor, policy secretaries, Executive Council members, the Governor's Business Council and so on, are accountable to the Legislative Council.

District Administration

On district administration, the policy speech has merely proposed to abolish appointed membership and to slightly increase fund allocation to District Boards without mentioning the scope of powers. This high-sounding yet impractical proposal is indeed a great disappointment. I still stick to my long-standing proposal (first raised in the 70's) for the introduction of a one-tier district structure comprising of 10-odd district authorities with financial autonomy and decision making powers. This proposal has already gained support from the public. Mr Chris PATTEN, however, has missed the golden opportunity to put the proposal into practice, if not lacks the courage to do so.

The future of Hong Kong

Mr Deputy President, over the past 10 years or so, the future of Hong Kong has been regarded as a sensitive and worrying issue during the run-up to the transfer of sovereignty. Hong Kong people's worries may not be greater than the number of issues for which the Chinese and the British Governments have to make arrangements. Nevertheless, the various uncertainties have driven many people or families to make all sorts of arrangements for a stable future.

Naturally, we all have different expectations about the future of Hong Kong. Some expect the economy to continue to be thriving and prosperous;

some expect greater democracy; some expect the various life styles to remain unchanged so that they may continue to work and live happily here.

I am an ordinary person, so I also have my own expectations about the future of Hong Kong. I expect that under the effective management of the Government, all policies will be pragmatically implemented in the overall interest of Hong Kong people. Such expectation may be too vague and general. To be more specific, I expect that all public officers, be they councillors or government officials, regardless of their ranks, will all be far-sighted. They will set their vision forward and be prepared to work for not only the next five years, but also years beyond. To try our best and to look ahead should become our guiding principles from now on. Hong Kong has not only the next five years; it has many more five years beyond 1997. We, therefore, must not adopt a "for the time being" attitude or just follow traditional practice in handling the affairs of Hong Kong.

Politicization of high-level public offices so as to ensure the integrity of the Civil Service

Mr Deputy President, over the past few years, there has been widespread concern that after 1997, high-level and middle-level government officials would leave the Civil Service for various reasons, including political ones. This will create a vacuum in the leading and executive levels of the Government which form the backbone of the Civil Service. Eventually, a crisis would be brought about in the administration of Hong Kong.

The above worry is not entirely unfounded, particularly in consideration of the fact that Hong Kong is increasingly politicized. At present policy secretaries are civil servants appointed on permanent basis. Since they need not shoulder any political responsibility, they do not have to step down even if a wrong decision is made. They may just be transferred to another post. However, for fear that the public and the future sovereign state still remember their faults, those officials who have been criticized would plan to leave Hong Kong and the Civil Service in 1997.

I have long been advocating that policy secretaries should be offered political appointment so that they may work for the Government in a political context. To this day, I still maintain that if we can carefully consider making relevant arrangements on the basis of political appointment, it will reduce the possibility of government officials leaving the Civil Service. In other words, high-level public offices should be politicized in order to avoid the crisis of disintegration of the Civil Service.

I think the Government should as soon as possible allow policy secretaries to opt for political appointment or permanent appointment in continuing their service. Political appointment should carry no fixed term. Whether politically appointed policy secretaries will be promoted and retained will depend on their performance. They will also be required to shoulder political responsibilities.

This means that while they can make decisions on policies within their ambit, they will have to bear the consequences of any unsuccessful policy. Politically appointed policy secretaries will have to make known to the public the scopes of the policies under their jurisdiction. Since there will be the possibility of their being ousted, they will not be able to shirk responsibility, and can no longer think that any blame will be taken by the whole Government or the Governor (the Chief Executive in future). They will have to take the blames solely, be devoted and perform their duties to the best of their ability. It will not be possible for them to be perfunctory. As Executive Councillors have no fixed term of appointment, it would obviously be ideal to start the political appointment system with them. Those on a permanent term of appointment will be permanent secretaries. They can still receive high salaries and will mainly be responsible for handling routine work. Working behind the scenes, they will receive less attention from the media, but they will not have to undertake any political responsibility. More explicitly, the permanent secretaries will be "wage earners" who will carry out their duties in accordance with the instructions of their supervisors. The political buck will not be with them. That is why they will continue to serve the Government without any worry.

In other words, the permanent secretaries will be on the permanent establishment. Their work and the change of sovereignty will be two issues which may not necessarily be inter-related.

When injecting huge sums of money to improve people's livelihood, the Governor, of course, should not forget the welfare and retirement protection of the civil servants. This will inevitably lead to resources allocation problems. But we must bear in mind that the implementation of policies needs the co-operation of the civil servants. Co-operation does not merely mean the attitude which the civil servants assume in carrying out their duties. More importantly, we (members of the public and the Government) should let the civil servants know how important they are and what disastrous consequences may be without their co-operation. We should also understand their worries. This is a key issue which should be addressed within the next five years for the years beyond them.

The Lion and the Shepherd

Mr Deputy President, I recall a story from the Aesop's Fables which says that a powerful lion had a thorn in its paw. As the lion had no fingers, it could not remove it no matter how hard it tried. It moaned bitterly. One day a shepherd came along and took the thorn away from the lion's paw, who was greatly relieved. The story indicates that someone as strong as a lion will also suffer from a thorn in his paw.

With regard to the executive-legislative relationship, the lion represents the executive authority and the Governor, while the shepherd is the Legislative Council. It is widely believed that we have a strong Government now. If the Government is the lion, then the policy address, the Governor and the

Government have all got a lot of "thorns". They need the shepherd (the Legislative Council) to remove their thorns.

With regard to the Sino-Hong Kong relationship, China is the powerful lion, and Hong Kong is the shepherd. The Chinese lion also has "thorns" all over it. It needs Hong Kong, the shepherd, to take them out.

I hope that the shepherd will not be scared by the lion, and the lion will not doubt the good intentions of the shepherd.

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

MR TAM YIU-CHUNG (in Cantonese): Mr Deputy President, every sector of the community has been talking about the first policy address of the Governor Mr Chris PATTEN since its very publication. This policy address could be the most controversial in recent years. There is no denying that certain proposals for constitutional reforms in the address have been the result of inadequate consideration and insufficient regard to public opinion. They might even adversely affect the smooth transition of Hong Kong to 1997. It is worrying that the Governor has put forth some proposals that would undermine Hong Kong's smooth transition in a little more than four years before the sovereignty over the territory is reverted to China. Besides, the address is short of an in-depth understanding and analysis of the existing livelihood problems facing the Hong Kong community. Nor has it seriously reviewed some problems connected with social policies. It emphasizes instead some relatively superficial and material improvements only. It fails to recognize fully the difficulties confronting local workers at the moment in particular and has evaded some problems that need to be resolved. All these came as a disappointment to me.

In his address, the Governor proposed that the appointed membership of all district boards be abolished in 1994. I agree very much to the idea that the appointed seats of district boards be reduced gradually until a full abolition ultimately. However, I feel that the Government should conduct a detailed review of the functions of district boards and the role they have been playing in district administration before considering how to abolish the appointed seats. I recall that this Council held a motion debate on 3 June this year over the question of whether the appointed and ex-officio membership of the district boards and the two municipal councils be abolished in the next term. A great majority of district board members had reservations about this abrupt abolition. That motion was negated by this Council ultimately. I therefore urge the Government not to rush into a decision about this matter. In addition, the proposal of forming the 1995 Election Committee with elected members of the district boards will not converge with the political system stipulated by the Basic Law. Having discussed this in detail in the debate last week, I do not intend to repeat here.

With respect to the design of the nine new functional constituencies to be increased in 1995, the Governor proposed that members be returned to the Legislative Council by one-man-one-vote election by workers in these various trades. This arrangement bears little difference from direct election categorized by the occupation of voters, which is obviously in breach of the considerations made during the drafting of the Basic Law.

As a member of the Basic Law Drafting Committee, I wish to explain here the various considerations given to the design of the future political system during the consultation and the drafting of the Basic Law. I recall that members of the Basic Law Drafting and Consultative Committees and people from various sectors of the community all agreed then that functional constituency elections should be retained and allowed a certain degree of development. By doing so, some functional groups which play an important role in the community may continue to provide their professional expertise in the assembly — something which cannot practically be replaced by direct elections abruptly. The Hong Kong Government's view on functional constituency elections was identical with this notion when it started to promote the development of representative government in the 80's. This is evident in the White Papers on political reforms published in 1984 and 1988 respectively. On the other hand, though the functional constituency elections are retained in the Basic Law, it is a transitional measure only. It is because there will be a review of the political system in 2007 when the significance and functions of functional constituency elections will be reviewed again.

I took regrets to note, however, that the proposals in the present policy address have overlooked the Basic Law's understanding of functional constituency elections and violated the principle that the political system should develop gradually and progressively. A friend from the media told me that the people of Hong Kong would not wish to see the situation develop into such that after 1997 the Standing Committee of the Chinese National People's Congress may interpret the Basic Law at will, much in the same way as the Hong Kong Governor does now, without regard to the various considerations made during the drafting of the Basic Law.

Mr Deputy President, I guess the Governor, as he claimed that he has to read the Basic Law regularly, has not spared sufficient time to analyze and think over in detail his policy for the community. He, therefore, lacks an in-depth understanding of the existing social and livelihood problems of Hong Kong. Judging from the contents of his policy address, the Governor has obviously put his emphasis on some very superficial and material improvements to a number of problems concerning the people's livelihood only. Handicapped by the absence of an in-depth analysis of the nature of these problems, the improvements are therefore limited.

The Governor mentioned, for example, we need to "honour our obligations to the deprived and the disabled". I agree very much to the Governor's proposal that more lodging places should be provided for the

disabled and the mental patients as well as more places of institutional care, sheltered workshops and activity centres for the mentally handicapped. However, these alone are not enough. I believe that assistance to these underprivileged should not be restricted to humanitarian subsistence and relief. We should put emphasis on their feeling for living and make it possible for them to enjoy due respect and understanding, as well as "full participation" and "equal opportunities" in society. Unfortunately, the policy address fails to address these needs.

Improvements to the medical services as contained in the policy address appear to be confined to some minute and superficial problems only. It fails to deliver an in-depth analysis of some of the inner and broader problems facing the medical services of Hong Kong. It therefore lacks direction and long-term planning in this respect. I believe the objective of the medical and health services should no longer be limited to "treatment", the Administration should focus on "health" instead. Apart from improving the treatment process and medical equipment and increasing the number of hospital beds, we must put emphasis on reminding the public of the need for prevention of illness and enhancing their awareness of keeping and promoting good health. The Administration should also attach importance to care and rehabilitation services, and patient's rights and obligations all through the course of treatment. I wish the Government could relinquish the attitude of working for instant success in formulating long-term social policies for Hong Kong. We need more than a sense of achievement built upon loads of glamourous figures. We hope that each and every plan can be comprehensive and aiming at the long-term.

As for the proposals in the policy address in respect of education and social welfare services, they have been made only in accordance with recommendations already put forth in government reports and White Papers. To put it simply, they are "paying for the delivery of goods". Although these proposals may bring about some improvements to the problematic education and social welfare systems, I believe in addition to resource considerations, we have to put in place some measures in the system which may ensure that our children will be given a good education and that the living of people with relatively limited means can be improved. I am disappointed that the policy address has come up with a blank page with regard to the review of these systems.

If the policy address is described as lacking vision in its policies mentioned above, I can say with certainty that its labour policy is the most conservative and the least visionary. Is it not ironical that the Government is still stressing the need to import foreign workers at a time when large numbers of local workers are facing the threat of unemployment resultant from the restructuring of the Hong Kong economy? At the end of the day, these workers would inevitably become a group of unfortunate people who need social security. Although the Government emphasizes at the same time the need to strengthen the retraining of employees, the reality is that in the absence of any guaranteed employment, the retraining scheme will only be an embellishment of the policy of importation of labour. These workers will become unemployed

whether they have undergone retraining or not. I should like to stress here that the Government must attach importance to the interest of workers and abolish the policy of importation of labour.

The Governor put forth in his policy address a proposal to set up a Governor's Business Council which will advise him on removing obstacles standing in the way of Hong Kong's business development. All the members of this Business Council, however, are helmsmen of consortia, without any professional and academics, let alone representatives of the labour sector. Should workers of Hong Kong be left out in the cold in the future economic development? In fact, the economic prosperity of Hong Kong has been created with labour and sweat by the local workforce. But now the doors are shut on their representatives, barring them from participation in formulating policies that will promote the economic prosperity of Hong Kong. Do these obstacles of business development as mentioned by the Governor include the interest of workers? Given the Governor's pledge to give the people a greater degree of participation in politics, then why are the grassroots denied the right to participate in the formulation of economic policies which are closely related to their everyday life?

Our labour policy has all along been doing some patchwork only. Our workers have been sacrificed by the economic restructuring, with a great many of them facing the prospect of a bleak senile life because of the lack of retirement protection. Furthermore, the number of industrial accidents every year is a staggering 100 000 plus. Why does the Government still refuse to address this problem seriously? There is no mention of labour policies, retirement protection scheme and questions of occupational health and safety in the whole policy address. I wish the Governor would not treat the difficulties confronting our workers as part of the "Hong Kong way of life" that he has to defend.

Finally, I should like to comment on the Civil Service. The policy address has discussed at length a series of demands to raise the quality of service provided by civil servants. In the position of the public, I agree very much of course to the notion that the Government should raise the quality of service to the public. However, how are we going to improve the quality of service to the public in substantial terms given the present limited resources of the Government and the ever rising expectations of the public? How does the Government help the Civil Service to adapt to the new environment and the new challenges? The address unfortunately made no mention of this. In addition, it has placed only emphasis on expectation on the quality of service provided by civil servants, without mentioning some existing issues of concern and worry among them, such as a pensions fund. I wish the Government could address these issues as maintaining the morale of the Civil Service is conducive to the achievement of smooth transition.

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

MR LAU WONG-FAT (in Cantonese): Mr Deputy President, the first policy address delivered by the Governor Mr Chris PATTEN after he assumed office has outlined the development plan for Hong Kong in the next five years, with bold and impressive proposals in many aspects. The next five years will be a crucial stage in the latter part of the transitional period before the sovereignty of Hong Kong returns to China. Therefore, the policy of the Hong Kong Government in this stage will be of great importance if Hong Kong is to continue its prosperity and achieve a smooth transition.

Perhaps due to the above reasons, the policy address has caused a very strong reaction. The most contentious issue is whether the proposed constitutional package put forward in the address is contrary to the Sino-British Joint Declaration and the Basic Law. In the last two weeks, many people, including officials of the Chinese and British Governments, have voiced their opinions on this issue. I also wish to take this opportunity to express my views and those of my functional constituency in this respect.

In his inauguration address, the Governor made it clear that he would try his best to clear up any misunderstanding between the United Kingdom and China and to establish mutual trust between them. He also said that sincere co-operation from both sides is indispensable in the next five years and of utmost importance to the future of Hong Kong. I believe that the people of Hong Kong will fully support these ideas and will sincerely hope for their success. At the present moment, the Governor is in Beijing to hold talks with the Chinese officials responsible for Hong Kong affairs on the issue of political reform and the financial arrangement of the new airport. These discussions are very important to China, the United Kingdom and Hong Kong. If no agreement can be reached at the end of the day, the mutual trust and co-operation, as well as the smooth transition for Hong Kong, will be seriously jeopardized. In these circumstance, I think the foremost task of the people of Hong Kong is to encourage both sides to reach an understanding and reconcile their disagreement. We should not put forward inflammatory views or take any drastic action to deepen the disagreement, because should a row between the two sides ensue, the losers will ultimately be the people of Hong Kong.

As regards political reform, the Heung Yee Kuk has always supported a gradual change. We find that the proposal in the policy address of removing all the appointed seats in the two municipal councils and the district boards in 1994 is not suitable for Hong Kong. What is of great concern to us is: Unlike the Legislative Council, the two municipal councils and the district boards do not have any seats for the functional constituencies, so an across-the-board removal of the appointed seats will make it difficult to ensure a balanced composition in these two tiers of assembly and will be detrimental to their proper functioning. I consider that a more prudent way is to phase out the appointed seats.

As regards the retention of the ex-officio seats for the Heung Yee Kuk and the rural committees in the Regional Council and the district boards in the New Territories, I notice that opinions differ between individual organizations.

I have made a detailed analysis on this matter during the motion debate on 3 June of this year. As there is nothing new in the views put forward recently on this subject, I do not intend to repeat what I have said. But I totally agree with the replies given earlier by the Governor and the Secretary for Constitutional Affairs Mr Michael SZE to the relevant queries, that is, it is utterly important to maintain the link between the district boards and the rural community. Moreover, the rural representatives are returned by legal elections, so these seats are necessary, both in terms of tradition and representativeness.

The proposals in the policy address for giving the existing functional constituencies an enlarged electorate and defining the nine functional constituencies in such a way as to include the entire working population, and the composition of the Election Committee to be set up in 1995 are all very controversial. The proposal for the functional constituencies will undoubtedly, just as the Governor said, extend the franchise of the functional constituencies to all eligible voters in our working population of 2.7 million, but this change seems to have deviated from the original purpose of introducing functional constituencies, which is to engage the representatives of the professions which have significant roles in society for making laws, and turn the elections of the functional constituencies into another form of popular election.

The proposal for the composition of the 1995 Election Committee is another issue that has aroused great controversy. It is unlikely for us to work out a proper and complete solution of the problem if no consideration is given to the original purpose and spirit contemplated during the drafting of the Basic Law, which is to preserve the system of Hong Kong for the purpose of convergence, and if arguments are solely based on there being no specific provisions for the matter in the Basic Law. Indeed, the proposals for political development set out in the Governor's policy address are quite flexible. It is hoped that the Chinese and British Governments can be practical and realistic and, with the stability and prosperity of Hong Kong and the interest of the Hong Kong people in mind, work out a settlement through consultation which is acceptable to both sides.

Mr Deputy President, the policy address has touched on many aspects. Due to the time limit, I will only concentrate on the problems of environmental protection and transport.

In his policy address, the Governor attached great importance to the environmental issue. He proposed to spend some \$17.8 billion over the next 10 years to implement the sewage strategy programme and to include an environmental impact assessment in papers submitted to the Executive Council. While welcoming such proposals, I think the authorities should also have a certain degree of flexibility in attaching such importance to environment.

In the rural development of the New Territories, for example, the provision of facilities in the rural areas lags far behind that in the urban areas

due to a long neglect on the part of the Government. The authorities have, during the recent years, consented to implement the Rural Planning and Improvement Strategy, but the progress is rather slow. The local residents have also taken initiatives to improve their living environment, including plans to construct village houses and road access, but their applications are often delayed or rejected due to stringent rules and regulations, especially those restrictions imposed on environmental grounds. In order to narrow the gap between towns and villages so that the rural residents are also able to share the fruits of prosperity, I hope the Government would be able to identify a reasonable solution which takes account of environmental considerations without causing hindrance to rural development through consultation and discussion with the relevant bodies.

The Government intends to make use of land in the New Territories to handle refuse and waste, and to set up landfills and a chemical waste treatment facility. I think the Government must work out some strict rules for the administration and monitoring of the programme, including a proper way of refuse transportation and a high-standard anti-pollution code of practice for the landfills and the chemical waste treatment facility, or otherwise, it would adversely affect the New Territories residents' living environment and pose a health hazard to them.

I would like to raise another issue which concerns both environmental protection and residents' health, and hope the authorities would pay attention to it. The China Light and Power Company is now erecting a massive power network in the New Territories, with electric cables of hundreds of thousands of volts overhanging above many village houses. The residents who have constantly been exposed to such electromagnetic fields are subjected to a mental burden in worrying about the adverse effect on their health. I think this issue needs to be addressed urgently because it is unreasonable to expose their health to such a risk merely for the sake of the commercial interest of a big company. They should have the right to know about the effect on their health as caused by those overhanging electric cables. In this connection, the Government has the responsibility to urge the party concerned to conduct a comprehensive and scientific investigation and research into this matter. Should it be concluded that the high-voltage cables do cause an adverse effect on the health of residents or pose a risk to their safety, then the authorities should have to carry out some effective measures to remedy the situation.

Finally, I would like to point out that the policy address overlooked the problem concerning Hong Kong's internal transport. Particularly, there is not even a word mentioned on any measures to improve the deteriorating traffic congestion in the northwestern part of the New Territories. As a matter of fact, the rapid development of the Yuen Long and Tuen Mun, coupled with the drastic increase in cargo traffic to the container terminal in Kwai Chung, the transport network of the northwestern part of the New Territories can no longer cope with the current traffic capacity. Furthermore, the Administration's plan to reclaim 55 hectares of land in Tuen Mun for special

industrial purposes and construct a cargo terminal and a cargo handling area in Tuen Mun Nullah will only aggravate the transport pressure on that district.

Although the Tuen Mun and Yuen Long district boards and myself have repeatedly urged the Administration to implement as soon as possible the construction of Route 3 (country park section) and the railway connecting Tuen Mun and Tsuen Wan, in order to relieve the pressure on the Tuen Mun Road which has reached saturation point, but so far our request has been handled in a leisurely manner, and improvement on the traffic congestion is still not in sight. I am certain that unless the Administration shows real concern and commences the relevant construction as soon as possible, the problem of the out-going traffic from the northwestern part of the New Territories will further deteriorate rapidly and cause enormous economic losses.

Mr Deputy President, the Governor has said that at the end of his office he may return to the United Kingdom by flying out of Kai Tak or Chek Lap Kok, or taking *The Lady Maurine* or even a through train. It seems that he will have quite a number of choices in this respect. I hope that after a few years' time the residents in the northwestern part of the New Territories will likewise have more choices in terms of mode of transport when travelling to and from the urban areas, without being trapped in a traffic jam.

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

MR EDWARD HO: Mr Deputy President, in many ways the Governor's policy address is very important for Hong Kong. We are told that this is the plan of Mr Chris PATTEN, possibly the last Governor under British administration, for Hong Kong in its final period of transition. Its implications go far beyond these five crucial years and will determine not only whether Hong Kong will continue to enjoy its prosperity and stability during the transition period; it will influence the success or otherwise of the smooth continuity of the systems and lifestyle that Hong Kong people have accustomed to enjoy, and which have been promised in the Joint Declaration and the Basic Law under the grand concept of "One Country Two Systems".

The policy address has, on the whole, been positively received by many people, chiefly because of the many commitments the Governor is willing to make in enhancing education, health and welfare services. Some of these commitments, to address long-felt deficiencies in our social services, have been urged by myself, Members of this Council and our community for a long time; and have, until a few months ago, met with strong resistance from the Administration on the grounds of resource limitations and prudent financial management.

I particularly welcome the commitment to provide enough residential places for the mentally handicapped, the physically disabled and the mentally ill by 1997. I have always maintained that our priorities should start with helping

those who are in real need: the physically and mentally disabled, the elderly, the homeless and the misfortunate.

We should also welcome the Governor's commitment to improve the quality of education. It is a fact that though more of our young are now able to receive education, the quality of education in Hong Kong has declined since the introduction of the nine-year compulsory education. Each year there is an exodus of our young to study abroad, numbering approximately 20 000. This is symptomatic of the deficiencies of our education system. Parents are anxious to learn from the Administration what its initiatives are in ensuring that our education system will result in our young having sound minds in healthy bodies.

Since Hong Kong is totally lacking in natural resources, the two most vital ingredients for its success have been, and will continue to be, manpower and infrastructure.

Manpower

The importation of manpower will continue to be debated in our community. Any importation should be strictly limited to particular sectors of our economy where vacancies cannot be filled by locals. Education, training and retraining are of vital importance to solve the manpower problem. Equally important is the creation of suitable working conditions and environment to attract and to retain those joining the workforce.

If we are determined to increase our financial commitments on social welfare, education and health services, we should have an overall strategy to develop manpower resources so that there are sufficient social workers, teachers, nurses and medical and other supporting staff to provide those services.

Another area of my concern is the slow pace of localization of our Civil Service. Although the Basic Law only requires some of the chief officers to be locals, and although I have a lot of respect for many of the expatriate administrative and professional staff in the Civil Service, clearly the Government of Hong Kong Special Administrative Region should be founded upon an efficient and stable civil service which is made up of largely local people.

Infrastructure

The other vital ingredient for Hong Kong's continued success is its infrastructure. That Hong Kong needs a new airport is accepted by most people, on both sides of the border. I am frankly surprised that the Governor thought it necessary to rehearse the arguments in his address. The bone of contention for the Chinese is whether the new airport and the airport railway will be built in a cost-effective manner. An atmosphere of distrust between the

Chinese and Hong Kong Governments is not conducive to breaking the deadlock.

If an agreement on the way forward cannot be reached in the short term, I cannot see how the Hong Kong Government can undertake the project on its own without international financing. On the other hand if we are certain that a new airport is to be built, I recommend that we should award the Airport Platform Contract and the Central Reclamation Contract in order not to unnecessarily delay the project, and to take advantage of the current competitive prices.

Whilst the programme for building the airport is slipping, I should mention that there is an ominous silence over the development of the port, which is part of the Port and Airport Development Strategy (PADS). By present projections, the first berth of Container Terminal No. 10 should be required by 1997 on Lantau Island.

We must continue to build up our physical infrastructure to satisfy the needs of our community to be housed, to develop our industries and to ensure that people and goods can be moved about efficiently.

From my constituency's point of view, the most disappointing aspect of the policy address is the scant attention the Governor paid to the building of our physical infrastructure. It is mentioned only in passing, in one out of 153 paragraphs, and is not being considered as one of the key principles of the policies of the Government. In the one paragraph (paragraph 32) that I referred to, the projects listed do not represent new initiatives as they have been in the programme all along.

Another aspect is that so far plans and projects apparently lacked overall co-ordination. Just some of the examples are:

- the Metroplan has been prepared with little regard to how it will relate to the area outside of it, nor how it can be implemented;
- new towns have been conceived as self-contained communities without considering the relationship they have with each other, or with the urban area;
- as contained communities, new towns have often been planned with residential area and industrial area in proximity to each other, without appreciating the environmental problem;
- and another example: the Housing Authority has been charged to implement the Long Term Housing Strategy without any control or influence on the production of serviced land in a timely manner.

Comprehensive strategic plan

What we need is a comprehensive, strategic plan for the whole of the territory (including the undeveloped Lantau) which incorporates PADS, the Metroplan, rail and other transport studies, industrial development strategy, urban renewal and the long-term housing strategy.

A vital element of this comprehensive strategic plan would be its physical and functional relationship with Southern China so as to co-ordinate and exploit to the fullest the complementarity of the regions on both sides of the border. An exercise of this kind would obviously require the fullest co-operation between the authorities on the two sides.

To me, this is the only logical way how our Government should plan our future infrastructure. I am not suggesting though that the building of an infrastructure should wait until a comprehensive, strategic plan is developed. With the intention of the Government focussed upon the airport core projects since 1989, and its increasing attention on expending social services (laudable in itself), we are seeing a noticeable decline in government commitment to build for the future: something that all of us should be worried about.

We can see that nothing is being done to the much needed transport link between serving the New Territories Northeast (Yuen Long/Tuen Mun) and the urban area, whilst Tolo Highway serving New Territories Northeast is said to be reaching capacity. These problems are greatly impeding movement of people and goods, placing costs on the community. More seriously, they have placed tremendous constraints on realizing the full development potentials on most of the available land in the territory.

The Governor spoke of the partnership between the Government and the business community to provide and develop Hong Kong's infrastructure. We should certainly encourage more of this type of partnership.

There has been less of this type of partnership in building developments requiring infrastructural development. The Discovery Bay Development was one of the unique exceptions. As redevelopment in the urban area has mostly been realized, development of raw land is increasingly the only available option; and more initiatives should be given to the private sector to provide the necessary infrastructure.

Planning applications for the private sector to develop raw land are often turned down due to lack of adequate infrastructure, even if the land premium that can be realized by the Government would be more than adequate to fund the building of the required infrastructure. Because of the Government's rigid attitude in not allowing part of land premium to be hypothecated for infrastructure, opportunities are lost for revenues to the Government, as well as building developments that can contribute to the housing needs of the community. These lost opportunities constitute the fundamental cause of our

housing problem and have resulted in failure to achieve the equilibrium of supply and demand which is essential for price adjustment in a free market economy such as ours. Thus, to tackle the sandwich class housing, as for housing for other sectors, the supply of serviced land and infrastructure is an essential factor.

Constitutional development

I shall deal only very briefly with the proposed constitutional package of the Governor, as he is at this very moment in Beijing discussing his proposals for the 1995 elections with the Chinese authorities. I hope that whatever the outcome, it would be a package that would provide a firm and sustainable foundation leading to full democracy for Hong Kong in the years to come.

I convened a discussion forum for members of my constituency to review the policy address. On the matter of the nine new functional constituencies, there was a consensus that, as proposed, they were a total departure from what were defined in the White Paper of November 1984 on the Further Development of Representative Government in Hong Kong, as well as in the White Paper of February 1988 on the same subject. All present agreed that it was a form of direct election in another guise. All agreed also that the proposed composition of the Election Committee was a departure from the Election Committee for 1999 as laid down in the Basic Law where 200 of the 800 members should be from the professions. There was, however, a clear division of opinion on whether the departures should be supported for the sake of a faster pace of democracy.

Finally, we are all impressed by the energy and drive of the Governor in his desire to reach out to the public. It should serve not only as a role model for government officials but for politicians of all ranks. Mr Chris PATTEN has left us in no doubt how astute a politician he is. Since he has taken on the role of a politician, in addition to being an administrator and a diplomat, he would be judged not only by what he said and how he said it; but would also be judged, as all of us politicians would be, by what he would finally achieve by his deed.

In the short time that Mr PATTEN has been here, he has managed to win a high level of popularity. May his popularity never wane during his governorship, for that would mean Hong Kong would have continued to enjoy prosperity and stability, and for the people, an ever improving quality of life.

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

MR RONALD ARCULLI: Mr Deputy President, in his address, the Governor boldly set out what the Government under his leadership seeks to achieve over the next five years. He has broadly set the objectives in four categories:

1. The Agenda for Hong Kong;
2. The Economy;
3. Emphasis on certain areas of public expenditure; and
4. The Constitutional Package.

Mr Deputy President, I do not propose to discuss the details of the constitutional package for two reasons: First, by the end of this debate, much would have been said on the subject. Second, my constituents will expect me to consult them on this matter when the package has, more or less, been finalized which is not today. Indeed, the only comment I can make at this stage is that the package as proposed has not received universal acceptance.

Mr Deputy President, I think that few will find fault with the high ideals set out by the Governor in his Agenda for Hong Kong. There has been some comment that these ideals may imply that we are the masters of our own destiny. Or even if we are not, we should have a jolly good try at being so. Perhaps it is time for us to forget or cast aside the inevitable events of history that will result in the reversion of Hong Kong to China. I am sure what I am about to say is within the breasts of many, many men and women and children in Hong Kong: If only it was that simple!

I now turn to the economy and its relationship with our political fortunes. I particularly welcome the Governor's reaffirmation of the well-established policy held and applied by this Government. The Governor said that the success of our economy is central to all our hopes and we must do nothing to jeopardize it. I could not agree with him more! In one paragraph containing some seven lines, the Governor has encapsulated what I trust will continue to be held sacred: businessmen make the best commercial decisions, low and predictable taxes, government spending not to outpace economic growth. Is it really as simple as that? Of course not, because our community works very hard to achieve economic success and this success is due in no small way to our economic relationship with China. Given our present situation, can our economic success stand separate and apart from our political fortunes? I venture to suggest that anyone who believes that is either a fool or a cockeyed optimist. Look at the annual battle we have with the renewal of China's MFN status! Look at how trade relations between China and America affect us! Look at the interest and concern we have in the political and economic arena in the United Kingdom! Look at the reservation made by the Governor when he cautioned that our ambitions are subject to unexpected reversals in our economic and political fortunes! It is, of course, possible for our political fortunes to be going well and yet our economy may not be. But is it possible for our economy to be equally successful if our political fortunes are not going well? Particularly if that is due to a direct disruption of our political relationship with China! Any sustained political uncertainty in Hong Kong can have a severe impact on confidence generally and in business particularly. So where does that leave us?

I believe it leaves us with the difficult and delicate task of finding the right balance if there is one. I hope the Governor finds that balance in Beijing.

Mr Deputy President, I would not want to leave the comments on the economy section of the Governor's policy address without some reference to competition, consumer protection, unfair and discriminatory business practices. It is public knowledge that the Consumer Council and the Real Estate Developers Association (REDA) have long had constant dialogue over the sale of flats. Where REDA saw the strength and fairness of points put forward by the Consumer Council it willingly accepted them and these were generally followed by members of REDA. The question is: where does a free market end and over regulation begin? If the development of a comprehensive competition policy means governmental or legislative intervention in the free market, then I would sound a strong note of caution today. Such intervention is not the answer as commercial matters should be best left to market forces and businessmen, not to government officials nor politicians.

Before I turn to areas of expenditure I welcome the Governor's personal interest in wanting to hit out at those who try to profit from illegal immigrants and at those who employ them. The Governor is absolutely right that many good contractors want to stop this as well. To this end the Hong Kong Construction Association are in constant dialogue with the Security Branch and other officials and from time to time put forward proposals. However, the law as it stands makes it an offence for a contractor if an illegal immigrant is found on his site even though he is not the employer. Many contractors have taken lots of measures to try to prevent this without guaranteed success. The authorities, including the Immigration Department, must help these perfectly co-operative and responsible contractors. Prosecuting such contractors is neither fair nor a long-term solution nor does it get to the root of the problem. I hope that with the Governor's endorsement the authorities will re-examine their role and seek out and prosecute the actual employers.

Mr Deputy President, I now turn to some aspects of areas of expenditure and our finances. Firstly, we at the Co-operative Resources Centre are naturally pleased that most of the points put forward by the CRC in this regard have been accepted by the Governor. We are also happy that the Governor has decided to loosen the purse strings, particularly in areas like retraining, education for the disabled and the handicapped and the elderly, patient and health care, housing, the environment and law and order. This somewhat unexpected expenditure, however long overdue, does raise some questions. For instance, could the Financial Secretary inform us how much will be spent each year as a result of the Governor's proposal and whether such expenditure has been budgeted for and, if not, the amount so budgeted? We are told that we can afford this expenditure. Can the Financial Secretary tell us how this windfall has been ascertained and the degree of accuracy? Will the windfall surplus be much more when we have the final out-turn for the year 1992-93? Can we therefore even spend more than is proposed, within the same guidelines? May I remind the Financial Secretary that we protested at the rather pathetic increases

in the level of personal tax allowances earlier this year as well as at the increase of corporate tax by 1%. It seems that our criticisms were entirely right. Could the Financial Secretary reconcile the impact of the Governor's proposal with a statement made by him earlier this year which was and I quote:

"However, the Medium Range Forecast made it clear that our revenues in future years would not be sufficient to meet expenditure. Even after the revenue measures I will be proposing shortly, cash deficits will emerge after 1992-1993."

Against this background, may I also ask the Financial Secretary what proposals he is considering regarding personal tax allowances? Can the funding of the Governor's proposals be achieved without any new revenue measures? I hope the Financial Secretary can and will give us candid answers to these questions and not gloss over them for it would be unfair to our community and this Council not to have this information. Surely, we are not expected to believe that the Governor's proposals were made without any knowledge of the expenditure involved or indeed what the likely final out-turn for 1992-93 will be!

Mr Deputy President, in conclusion, I would like to recount a conversation when I was asked why the Governor only used five pages to cover his Agenda for Hong Kong and the economy, and yet he used 12 pages on the Constitutional Package. I was also asked whether this demonstrated the importance the Governor gave to political development rather than the economy. In response I repeated the Governor's words and I quote: "The success of the economy is central to all our hopes. We must do nothing to jeopardize it." My friend went away shaking and scratching his head, obviously unconvinced.

Mr Deputy President, I support the motion.

DEPUTY PRESIDENT: Mr Andrew WONG.

MR ANDREW WONG: Mr Deputy President, may I seek your kind permission under Standing Order 28(2) to speak again to rectify an error I made in my speech?

DEPUTY PRESIDENT: Yes, I believe it is a very short point.

MR ANDREW WONG: Mr Deputy President, it is a very short point. In my speech I got my "lion and shepherd" analogy right but the "bottle and wine" analogy wrong. I said old bottle and new wine where I should have said old wine in new bottle.

DEPUTY PRESIDENT: Thank you, Mr WONG.

MRS MIRIAM LAU (in Cantonese): Mr Deputy President, Hong Kong is to be returned to China in less than only five years. During this highly sensitive latter half of the transitional period, it is vitally important to maintain Hong Kong people's confidence in their future. Hong Kong's future is not confined to the remaining several years in the run-up to 1997 under the British rule. It goes beyond 1997. Therefore, whether we can have a smooth transition to 1997 is of crucial importance to maintaining Hong Kong people's confidence in their future. Mr John MAJOR said in his visit to Hong Kong last September that the United Kingdom's job was to make the road leading up to 1997 and beyond a smooth and stable one. This shows that the British Prime Minister also well realized the importance of a smooth transition to Hong Kong. The Government's commitment to increase substantially the spending on public services as stated in the Governor's policy address has indeed won the hearts of the people. These radical proposals for constitutional reform have also gained the support of the vast majority of the citizens hankering for democracy. This is the most successful point in the policy address. However, the policy address is of the least success in its failure to spell out how the proposed constitutional package and the Basic Law can be converged to ensure Hong Kong a smooth transition to 1997. In order to maintain Hong Kong people's true confidence in their future, we need a constitution model which can both promote democracy and bring about a convergence with the political system after 1997. I hope the Governor is able to secure such an arrangement for our people during his visit to Beijing. Even if he is not successful this time, I hope he will not slacken in his efforts to fight for Hong Kong.

In general, our citizens have spoken highly of the policy address but what I feel sorry is that the Governor has left out several important issues in his address:

1. *Sino-Hong Kong relations*

In his inauguration, the Governor pointed out that his most important duty was to remove any misunderstanding among China, the United Kingdom and Hong Kong. However, although more than three months into his office, it seems that the Governor has so far done nothing in this respect. In his policy address, he only briefly touched on the importance of Sino-Hong Kong co-operation in the law and order section. As we all know, the smooth transition of Hong Kong and the full implementation of the Sino-British Joint Declaration hinge on the whole-hearted co-operation among China, the United Kingdom and Hong Kong. In fact, co-operation is built on the foundation of a good relation, which is so much required not only in the law and order aspect, but also in the economic and political aspects. However, the release of the policy address seems to have led to greater misunderstanding between China and Hong Kong. And the development is really worrying. I hope the Governor's excellent political wisdom and talent would be brought into play to remove China's

misunderstanding and re-establish a good working relation between China and Hong Kong. I believe this is what our citizens hope the Governor can achieve.

2. *Law and order*

Law and order is an area of great concern to Hong Kong people. The Governor has promised in the policy address that more police officers will be put on to the streets next year. Actually for the past few years this Council has kept on pointing out the necessity to have a stronger police presence on the streets so as to deal with the deteriorating law and order situation. I am very happy that the Government can give us such a positive response. The reinforcement of the Police Force necessitates the recruitment of more police officers. But it is also very important to match the efforts with the lowering of the wastage rate. The problem in the past was that we were losing more police officers from the force than we were able to recruit. Although we have better recruitment results now, I think appropriate measures must be taken to boost our police officers' sense of belonging to the force. Such measures include, among others, improving their promotion prospects, offering them better remuneration and boosting their morale. I believe these measures will be conducive to stemming the force's wastage rate. Furthermore, effective deployment of the force will put police manpower to better use. I hope the Government can complete the review of our Police Force management as soon as possible and speed up the implementation of the related reform proposals so that our Police Force can be more effective in maintaining our law and order.

Crimes are certainly to be combatted by law enforcement officers. Yet, the Government should also identify the causes leading to the declining social order so as to take appropriate remedial actions. In recent years juvenile delinquency has become more and more serious. According to the Police Force's information, the number of young offenders arrested in 1991 increased by 32% over the number 10 years ago and the young people-related crime rate has also been rising as well. What is worse, there has been recently a drastic increase in the number of juvenile offenders committing serious and violent crimes. In view of such a situation, I am at a loss why there is no mention of the juvenile delinquency problem in the policy address. And in response to my question in this regard, the Governor just touched on this problem briefly by saying that the proposed improvements that the Government has made on education will help to deal with some of the problems. Better education may admittedly help the youth to a certain extent but it is not sufficient to solve the juvenile delinquency problem. I think juvenile delinquency should be treated as a separate issue. When a growing number of youngsters are going astray now, the Government should study whether it is something to do with our society, family or school. It is necessary for us to get at the root of the problem before we are able to formulate effective and corresponding policies to solve it. When we get one promising youngster more in our society, we get one criminal less. I hope the Government will face the problem of juvenile delinquency squarely and tackle it expeditiously.

3. *The youth*

Not only the juvenile delinquency problem but also the youth are not mentioned in the policy address (except the lowering of the voting age to 18). I hope this is only the Governor's unintentional omission instead of an indication of the low priority accorded to the problem in his agenda. In fact, apart from juvenile delinquency, our society is plagued with other youth problems such as those concerning suicidal tendency, value judgement, social conscience, insufficient commitment to society and lack of confidence in the future. I think it is the obligation of any responsible government to give our younger generation proper education. Family and society of course also have their respective roles. But only when the Government takes the initiative and then works with various parties concerned can we have a satisfactory result. The final version of the Charter for Youth, which is drafted by the Commission on Youth after a number of amendments, will be submitted to the Governor for his consideration very soon. I hope the Government can take some concrete actions to lend its full support for this Charter for Youth which is specifically designed to meet the need of youth development. The Government must not let our youth down again by putting it on ice like the Central Youth Policy which was formulated some years ago.

4. *Education*

I warmly welcome the Government's proposals for improving the quality of education such as reducing the size of each class at an earlier time and speeding up the implementation of the whole-day school scheme. To our disappointment, however, pre-school education is only given scant attention. According to the policy address, the Government will take steps to increase the proportion of qualified teachers in kindergartens by improving the fee remission scheme but there is no mention of any specific plan and schedule. The Government has long neglected our pre-school education, so now it is high time the training for kindergarten teachers should be strengthened and their pay be improved as soon as possible. The review of the fee remission scheme for kindergartens to make it cope with the actual needs should also be stepped up so that all children of school age can receive high quality kindergarten education. In this respect, the Government must make greater commitment as soon as possible.

5. *Transport*

I am deeply disappointed to find that there is no single word spared for our transport problem in the policy address which runs to as long as 153 paragraphs. In recent years there has been increasing land freight transport between China and Hong Kong, thus leading to a corresponding rise in the demand for transport facilities. Furthermore, with the development in new towns, there is an urgent need to improve the transport services in many New Territories districts. The Government's development programmes for transport infrastructure improvements laid down in the 1990 White Paper on Transport

Policy in Hong Kong includes the provision of efficient transport links to support the growth in goods vehicle traffic between Hong Kong and China and the construction of high capacity expressways to connect the new towns and the urban areas. At present Tuen Mun Highway serves as the major transport link connecting Tuen Mun and Yuen Long to the outside. With the increase in the population of these two districts and the growth in the volume of traffic passing through the districts, traffic congestion has become an extremely serious headache. It is expected that the situation will be aggravated when the housing estates in Tin Shui Wai are fully occupied. Although the Government has kept on improving the district's other internal and external road links, it can only bring about slight relief. Actually all of us well understand that the traffic congestion along Tuen Mun Highway can be settled only by expediting the construction of Route 3 (country park section). It is stated in the White Paper that the Government has planned to complete this section by the mid-1990s. However, as this plan has been delayed again and again, it still cannot be certain whether this section can be completed by late-1990s. And, it is very natural for the residents in the Northwest New Territories to express their resentment. It is also mentioned in the White Paper that a Mass Transit Railway Extension from Kwun Tong to Tseung Kwan O is to be constructed to tie in with the development of Tseung Kwan O new town. But now the Government has turned its attention to the airport railway project, so the plan for the Mass Transit Railway Extension to Tseung Kwan O has obviously been shelved for the time being. The construction of the airport and the related road network is certainly of crucial importance but other road and transport facilities connecting the new towns must not be delayed any more. Hong Kong needs a closely co-ordinated, effective, transport system which can meet the actual needs. I hope the Government can promptly implement the proposals for transport infrastructure improvements as stated in the White Paper on Transport Policy. Only by doing so can we cope with the overall long-term development of Hong Kong.

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

5.28 pm

DEPUTY PRESIDENT: We shall take a short break.

6.19 pm

DEPUTY PRESIDENT: Council will resume.

MR LAU WAH-SUM (in Cantonese): Mr Deputy President, the proposed constitutional package in the Governor's policy address has a great impact on the political development of Hong Kong. Our citizens will certainly endorse the idea of a faster pace of democratization. Yet, more important to the future of

those people who are prepared to stay in Hong Kong after 1997 are the necessary convergence of our political system with the Basic Law, the maintenance of stability and prosperity and a smooth transition. I am sure they will regard these things as more important than the quickening of the pace of democratization. Therefore, I hope the Governor can reach a consensus with China on the various specific arrangements for the constitutional package.

On serving the public, the civil servants are urged in the policy address to regard the public as clients instead of supplicants. Besides this innovative culture of service, I welcome the performance pledges to be adopted by government departments, the formulation of the basic elements of the new client-based culture, the establishment of the "Users' Committees" and so forth, which will certainly enhance the quality and efficiency of our public service. However, as regards the point on the simplification of Government forms and documents as mentioned in Paragraph 93, I think there is also the need to simplify the procedures of processing documents and streamline the government structure. For instance, we should minimize the number of ranks who are responsible for examining and approving documents and simplify the complicated processing procedures so that the documents will not have to be passed around endlessly and thus the public will be better served. Yet, as we ask our civil servants to make more efforts to improve their services, we should also eliminate their misgivings about their future and accommodate their reasonable demands. The few points below pertain to our civil service which I hope the Government would pay attention to and duly deal with accordingly:

(i) *Pension*

Although the civil servants' pensions are guaranteed by law and the arrangements have the Chinese Government's consent, the majority of the civil servants are still worried about whether they can get their pensions after 1997. In the past few years, many civil servants chose to retire before the age of 60 or even before 55, showing clearly that they were really very worried about their pensions. Some civil servants who have not reached their retirement age are also worried about whether they can get their pensions in future and such worries have affected their zeal for work and efficiency. I therefore think that we should discuss with the Chinese side and reach a consensus with them on the establishment of a civil servants' pension fund to pay all or part of the civil servants' pensions. By doing so, we will be able to remove the civil servants' worries and boost their morale. Recently, the Executive Council has endorsed the implementation of the compulsory retirement protection scheme in the private sector. Although members of the public are yet to be consulted about the details of the scheme, its main target is to urge private establishments to establish a pension fund independent of their books. Since the the private sector has to make such arrangements for its staff, what reason is there for the Government not to do likewise?

(ii) *Job security*

The civil servants are also worried about whether they will be discriminated by the Government of the Hong Kong Special Administrative Region after 1997 because of their nationality or what they have done or said before 1997. I therefore hope that the Government can come to an agreement with China and make a statement specifying that apart from the senior posts which shall be filled by Chinese citizens as stipulated in the Basic Law, civil servants holding other posts can unconditionally ride on the "through train" to 1997 without being dismissed or discriminated because of the passports they hold or right of abode they have or what they have done or said before 1997. This will enable them to have the confidence that they can continue to serve Hong Kong on terms no less favourable than the present ones.

(iii) *Localization of the civil service*

The localization policy has been in place for more than 10 years but up to now there are still some departments, such as the Legal Department, the Legal Aid Department and the Judiciary, which only observe this policy half-heartedly, especially when it comes to the filling of senior posts. I would like to urge the Government to keep a closer look on these departments so that they will take concrete actions to positively implement the policy of localization, if local civil servants are to be given fair promotion chances. Should there be no local officers within the Government suitable for any particular senior posts, local people in the private sector should then be recruited to fill these posts. As for department heads, although the Acting Secretary for the Civil Service said last Wednesday he was confident that heads of all major departments could comply with the stipulation concerning nationality in the Basic Law by 1997, I think the Government should still draw up a proper succession programme to arrange for those eligible people who have the intention to stay in Hong Kong to succeed as the heads and deputy heads. This point is of paramount importance.

(iv) *The Co-operative Housing Scheme for the local civil servants*

According to this scheme, the Government assisted the civil servants in building their own houses by offering 20-year repayment loans and granting land at low premium. The scheme is no longer in operation and among the more than 230 Co-operative Building Societies, an overwhelming majority of them have repaid all their loans. According to the Government's requirement, however, if any member of these societies intends to assign his premises, he has to pay the Government 2/3 of the premium at current market price. And the amount is so great that most civil servants are unable to afford. Yet, for the Home Ownership Scheme, if any resident intends to assign his premises after living there for 10 years or more, he only has to pay the Government part of the difference between the buying price and the current market price. Thus we can see a great disparity between the treatment of these two groups of people. What reason is there for the Government to be so generous to the HOS residents but so harsh to the civil servants? This is really beyond my understanding. I

hope the Government can examine this problem seriously and do justice to this group of civil servants who have contributed so much to our Government and society.

The Hong Kong civil servants are quite globally renowned for their quality and efficiency. Their service, confidence and morale are essential to the maintenance of our society's stability and prosperity and our smooth transition. As there are only four-odd years before 1997, the Government should look at their problems squarely and find out the appropriate solutions so as to boost their morale.

As regards social security, although the Public Assistance and Old Age Allowance earmarked for the elderly will be increased by 15%, we are still unable to solve the elderly singletons' housing problems, such as those pertaining to the caged men which I think it is high time the Government found some specific solutions. In my opinion, the best solution is to abolish entirely the restrictions on the period of absence from Hong Kong for Old Age Allowance recipients. In Paragraph 49 it is stated that the number of days they can be absent from Hong Kong will be extended to 180 per year but I think it is still not the right remedy. The Government should relax the restrictions to the extent that the Old Age Allowance recipients are only required to return to Hong Kong once or twice a year to report to the officers concerned. By doing so, there are two advantages. On the one hand, the elderly can be reassured to live in their home villages for long periods under the care of their relatives and friends. And the allowances they receive can ensure them a comfortable life in China. On the other hand, the pressure on the Government from the elderly's demand for various social services can be reduced and as there is no need to check the number of days the recipients stay in Hong Kong, the Government can save some unnecessary administrative costs by employing fewer social workers. Given that such arrangement has these two-fold advantages, I hope the Government can consider it seriously.

As for the increase in other social security allocations, the amount has to be large enough to offset the inflation rate and the increase in real terms must be made within the Government's means. Since these are recurrent expenditures, they may become a serious and unbearable burden on us, in the event that Hong Kong is adversely affected by the global economy and goes into recession. Hong Kong is not a welfare state, so we cannot be excessive in welfare funding. Our policy should be one that encourages people to be industrious and guarantees more pay for more work. Mrs Peggy LAM who is unable to attend today's sitting also agrees to my aforesaid opinion concerning social security.

On the increase in real terms in the allocations to medical services, social welfare and education, it should be kept strictly within our economic ability so as to avoid causing inflation, which is still the number one enemy of our economy. Furthermore, at present Hong Kong on the one hand has to spend huge sums of money on infrastructure and it also lacks natural resources, such

as land and manpower. And on the other hand to maintain the linked exchange rate system, we cannot make use of the interest rates mechanism to contain inflation. For this reason, any worsening of inflation may outweigh the real growth in our social services. I am very disappointed that in the Governor's policy address there is no mention of any specific solution to this very important social problem.

Finally, I would like to voice the opinions of those people who intend to stay in Hong Kong permanently. Democratization of the political system is in line with the principle of high degree of autonomy in the future Hong Kong Special Administrative Region. But the pace must be acceptable to our society and converge with the Basic Law. To the people who are going to stay in Hong Kong, stability and prosperity, political convergence and smooth transition are more important than the quickening of the pace of democratization. Now some people, who have foreign passports, assets in overseas and no intention to stay in Hong Kong after 1997, clamour for democracy and do not care about whether there can be any smooth transition. I think they are indeed very irresponsible. Once they notice that things have turned sour, they can leave Hong Kong even earlier than the Governor, leaving those Hong Kong people who are prepared to stay in Hong Kong permanently to clear up the mess they have left behind. Now it is only four-odd years before 1997. I hope Hong Kong people can be perceptive enough to see the true motive behind their high-sounding words. We should not be taken in by their beautiful lies. If we believe their lies, the ones who suffer will be our five million-odd Hong Kong people who stay behind in the territory.

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

DR LEONG CHE-HUNG (in Cantonese): Mr Deputy President, the Governor's policy address makes it clear from the outset that it is "the agenda for Hong Kong for our next five years". In the policy address, the Governor Mr Chris PATTEN repeatedly indicates that when he leaves Hong Kong five years later, he will, if things go well, take a plane at Chek Lap Kok or, if things do not go well, return to the United Kingdom on *The Lady Maurine*. When the Governor's five year term of office expires, the United Kingdom's administration of Hong Kong also ends. Rightly or wrongly therefore, this policy address of the Governor is for the immediate future, and at best up to five years.

Members of Meeting Point, like other Hong Kong people, will stay in Hong Kong in 1997. It will relieve our mind if we have a feeling that 1997 is an ordinary calendar year but not a time limit for Hong Kong's fate. To us, the confidence lies in the search of a direction into the next five years and beyond.

Meeting Point welcome the Governor's constitutional reform package as it is conducive to Hong Kong having a more open government. Meeting Point held a number of forums which indicated that the public supported

democratization of the political system. Therefore, the Administration should comply with the requests and wishes of the public by implementing democratic reforms.

Meeting Point also welcome the Governor's fulfilment of various commitments on people's livelihood made by the former Administration. However, Meeting Point regret that the Governor does not take the same stand as the majority of those who will stay in Hong Kong and that he fails to look beyond 1997. Mr Deputy President, Meeting Point members in this legislature will state the inadequacy of the policy address which does not transcend 1997 in respect of various policy areas and make suggestions for improvement. Mr Fred LI will focus on issues of the economic policy, the Office of the Commissioner for Administrative Complaints and housing for the sandwich class; Mr TIK Chi-yuen will talk about education, medical and health services and new town development; Mr WONG Wai-yin will refer to transport, law and order, legal aid and elderly services; I will remark on constitutional reforms, Sino-Hong Kong relations and reforms relating to the policy address put forward by the Medical Functional Constituency I represent.

Mr Deputy President, while we welcome the Governor taking the first step in the implementation of constitutional reforms, we have the following two reservations:

- (1) Meeting Point think the Governor's proposals on the democratization of our political system are not adequate. In the final analysis, directly-elected seats of the Legislative Council should be increased;
- (2) Meeting Point oppose the retention of rural ex-officio seats in the District Boards in the New Territories and in the Regional Council as that is against the principle of democracy.

Meeting Point welcome the separation of the roles of the Executive and Legislative Councils. But we strongly object to the Governor closing the door of the Executive Council to elected members.

The new Executive Council can only provide advice on a professional and technical nature without the input of our fellow citizens. If policies are formulated without the mandate of the people, how can we ensure that the Administration will take decisions in a more democratic and open way? How can we train talents to be future administrators of Hong Kong if we keep the door of the Executive Council closed to elected members of the Legislative Council and refuse to let them join the highest decision-making body of the Administration? We are worried that without the mandate of the public, it is difficult for the new Executive Council to keep a check on the Governor and an executive-led government may eventually become a chief executive-led government.

Therefore, it is imperative to make a consequential adjustment to the operation mechanism of the Legislative Council. The Administration should provide support for the Legislative Council in terms of money and other resources for the establishment of a sound committee system. Through the committees, the formulation and implementation of policies will be effectively monitored. Here, I wish to stress that the Administration and the Legislative Council should formally communicate with each other through the relevant Legislative Council committee but not a "Government-Legislative Council Committee" which may have supremacy over the Legislative Council.

The Governor's policy address intentionally sidesteps the issue of Sino-Hong Kong relations. On behalf of the Hong Kong people, we appeal to the Chinese and British Governments to put an end to "the war of words" and promote confidence in the future infrastructural development of Hong Kong.

Meeting Point agree that Hong Kong should have a new airport and should put our resources into infrastructure development. This is necessary for the laying of a solid foundation for our future and the next generation for further development. Without the full co-operation of the Chinese and British Governments, it is difficult for Hong Kong to bear alone the huge costs of infrastructure investments.

Meeting Point reiterate that infrastructural projects should be long-term development plans. We cannot just set a time limit and then pay no attention to them. Therefore, we strongly object to Hong Kong insisting on completing the airport before 1997 without regard to the circumstances or starting several core projects and then shifting responsibility for things it cannot take up to the future government.

Meeting Point do not agree to China adopting a "cold-shouldered" attitude towards Hong Kong's future infrastructural development. If even the Chinese side has reservation about investments in development plans after 1997, it is unlikely that other investors will run the risk in making substantial investments in Hong Kong from now on.

Mr Deputy President, regarding the development of medical services, the long and short of it is that "we see only trees and no forest".

In 1974, a White Paper on Medical Development was published by the Administration. In it two principles were put forward: giving health protection to all citizens and providing medical and health services for the public, especially the large number of people who rely on public assistance." However, regrettably, 18 years have elapsed and our Administration still adheres to these two principles; it fails to give regard to Hong Kong's political, economic and social changes and set new guiding principles for medical policy which suits the needs of the time.

Over the past 10-plus years, Hong Kong's population has grown rapidly, people's life expectancy has prolonged and expectations have risen. With constant breakthroughs in technology in the medical field, medical costs have risen sharply. However, the Administration has not formulated policies to cope with all these changes. On the one hand it continues to make people believe that it still takes the responsibility of providing medical services; on the other, it has neither provided additional financial sources for the increased medical expenses nor devised a strategy on medical funds.

Our Administration lacks a strong "political will" or, to be more exact, "a political mandate". While the other three small dragons in Asia plan a new overall strategy on medical funds, Hong Kong chooses to carry out management reforms in its review of medical development. The Administration has set up the Hospital Authority and a working party responsible for reviewing the primary health care services. These organizational reforms are very important. If they are successfully implemented, I am sure Hong Kong's medical services will be improved. Nevertheless, a series of management reforms cannot be a substitute for political decisions.

At present, it is imperative that the Administration formulate specifically a new medical policy for the next ten years and years after the turn of the century. It is also necessary for the Administration to redefine the role it plays in the provision of future medical services. The Administration should take courage and inform the public clearly that it can no longer rely solely on taxpayers' money to bear the increasing medical expenses. It should redefine who should receive subsidies for medical services and when he should be granted them. As for things which the Administration cannot subsidize, it should be stated how the Administration will increase income and reduce expenditure.

Similarly, the Administration should define clearly the role and functions of the Hospital Authority, which should not be made to be "a fig leaf" or "a scapegoat" to relieve the pressure of public opinion.

Mr Deputy President, the Hospital Authority has been established for two years and it is time to consider seriously whether its structure and operation are sound and to make the necessary changes. In spite of the much criticism levelled at the Hospital Authority, I am still convinced that the principles behind the Hospital Authority are workable. Provided that the Hospital Authority is given due support, impetus and proper guidance, I believe it will be able to fulfil the task of reforming hospital services.

Perhaps I need to declare my interests here. I am a member of the Hospital Authority. Mr Deputy President, I would like to see the following reforms implemented in the Hospital Authority:

- (1) Recruiting a Chief Executive Officer as soon as possible. This is a promise made by the Administration to the Executive and Legislative Councils. In addition, the heavy workload of the Hospital Authority has become an important reason for having to recruit urgently a Chief Executive Officer (CEO). The recruitment aims to ensure that there will be clear orders to be enforced by the CEO. The CEO is accountable to the Hospital Authority Board and the public and will co-ordinate the work of the three branches of the Authority. At present, the three heads of the branches take responsibility for the work of their own branch.
- (2) Consolidating as soon as possible the Memorandum of Administrative Agreement.
- (3) Increasing the transparency of the Authority so that the public can monitor more effectively the work, expenditure and cost effectiveness of the Authority. We should not forget that the Authority incurs public expenditure of up to \$11 billion a year!
- (4) Speeding up the formation of the regional advisory bodies. The formation of such bodies is promised in the Report of the Provisional Hospital Authority. However, it is two years since the establishment of the Hospital Authority and the promise has not been carried out.

Mr Deputy President, at a time when the Hong Kong Government is becoming more open and there is a motto of "Hospital without walls" for the Hospital Authority, I urge the Hospital Authority to listen and accept with an open mind the views and criticisms of people within and outside the Authority. Very often, no matter whether the criticisms are right or wrong, they truly indicate the discontent of the "silent majority" with the Authority. Those who bother to criticize only intend that the Authority will correct what is wrong and keep improving itself.

I hope that besides studying the issue of the Hospital Authority, the authorities will seriously consider the following four points and implement the necessary proposals:

- (1) Reviewing the health target;
- (2) The Administration should make a definite "political decision" on the extent to which it will bear medical expenses in future and who should be subsidized;
- (3) Setting Hong Kong's medical standard. We should take international standard into consideration when deciding on the standard Hong Kong should reach; and

- (4) Properly reviewing the policy on dental services. At present, public dental clinics only provide emergency services. If people are to have healthy teeth, it is necessary for the Administration to make more commitments and provide long-term prevention and treatment services.

Mr Deputy President, the above proposals must be implemented so as to provide a vision and a direction for the Administration, the medical profession and the public. With mutual understanding, we can devise a system under which the Administration, the medical professionals and the public will co-operate and, wherever possible, best services will be provided for patients.

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

MR JIMMY McGREGOR: Mr Deputy President, I wish to congratulate the Governor, Mr Chris PATTEN, on the high quality and excellent content of his address to us two weeks ago. The screams of rage which greeted it from within and outside Hong Kong and the scorn poured upon its principal proposals suggest that, in his own words, he got it about right. He is a brave man to say so, however.

In my response, I want to remark on some of the points he raised. I am indebted to the Hong Kong Democratic Foundation for giving me its collective views which I have tried to take into account. I am also happy that many of my chamber constituents appear to have supported the Government.

No one in Hong Kong can disagree with the four principles outlined in paragraph three of his address; all of these relate to fundamental freedoms within our economy and society and three of them have been part and parcel of our life for a great many years. These are freedom to do business, freedom to run our own lives whilst expecting help for those who fall by the wayside and that human rights and freedoms are guaranteed by the rule of law. The fourth, the extension of democratic freedom through the political process is relatively new to Hong Kong and this is the principle which will cause the greatest difficulty as the Hong Kong Government seeks to apply it.

This is the element in the Governor's speech that has already raised a storm whose strength and direction is as yet uncertain although we know the location of its epicentre. This is also a storm of uncertain duration although we all hope it will soon dissipate and allow us to enjoy blue skies and calm weather so that our sturdy ship of destiny can sail on safely and confidently.

I want to devote as much as possible of this speech to the political element of the Governor's address; so I will only comment briefly on the other elements, important though these are.

I support the creation of a Business Council. Its membership includes the Who's Who of business and it will no doubt do a good job. But the Governor should not forget that small and medium sized businesses also contribute greatly to our economic success. Most of our very large businesses began as small ones. There is a danger that the Governor's Business Council will provide him with the voice of big business only. It is also a danger that advice from big business will sometimes take a political form. That would be unfortunate in that it would cut across the political function of this Council and that of the Executive Council. It should not be forgotten, also, that we have many advisory boards and councils dealing directly with trade and industry. What is their function if the Business Council is to advise the Governor? We probably have too many trade and industry advisory boards already whose functions overlap. I suggest that the Governor should look closely at the whole advisory and institutional system already in place to see how best his Business Council can function effectively and in concert with the others. I would also advise him to appoint at least two additional members to represent small and medium businesses of which there are tens of thousands in Hong Kong. In passing, I also note the irony that the council which will advise the Governor on competition policy in future has some members whose companies have monopolies and franchise arrangements with the Government. I hope that the council will be able to rise above these conflicting considerations.

I note with interest the proposal to set up the Hong Kong Monetary Authority. This proposal has obviously been endorsed by monetary and banking experts and will no doubt function effectively within the limitations which will apply to it as a result of the linked exchange rate in our free trade dominated economy.

I am glad to endorse the Governor's statement that the war on inflation will continue and that inflation will not be allowed to erode the often inadequate allowances and services given to our elderly, infirm, handicapped and the very poor. We are a wealthy community but the distribution of wealth is most uneven, some would say unfair, and we must do everything possible for those among us who need help and who cannot help themselves. In this respect, the additional funds for the physically and mentally handicapped will be widely welcomed. It is believed that the identification of handicapped people is inadequate at present and that we have many more than we realize. We must examine and improve the system of identification of the disabled so that all can share in the additional support now to be made available.

On this subject of social security and welfare service, I am sorry that the Governor did not mention the question of an old age pension to replace the present Old Age Allowance. I have asked the Government for many years to put the issue of an old age pension on the social security agenda but so far without success. Every society must look to protect its aged people with an honourable system of recompense for their lifetime of work and contribution to their society. In Hong Kong we are rather mean and half hearted about this. We do not seem to consider this issue with genuine resolve. I am not talking

about charity, but about the right of the elderly to enjoy their remaining years in dignity and without fear of abject poverty.

I also want to ask the Government to permit people receiving old age allowances to live permanently in China and to continue to receive the allowance. It is not difficult to set up the system to check on the continued need to pay such allowances. The saving to the Hong Kong economy could be very substantial and the allowances would go very much further in China than here in Hong Kong. The old people would probably be happier there. It also seems likely that special homes could be built commercially in Shenzhen, and other nearby areas for the aged and infirm to house Hong Kong pensioners. I have now seen the negative government response to similar proposals in a question to be answered today and I do not agree with the Government on these points.

I applaud and support the many points and proposals made by the Governor regarding social security, medical and health services, housing and particularly those on environmental protection and the promotion of a clean and healthy environment. In this latter area we are the victims of persistent government timidity in the face of shrill and powerful cries that essential environmental protection would seriously reduce our competitive position on world markets. Most such claims were, of course, arrant nonsense but for many years the Government swallowed them and little was done to protect us against the situation described by the Governor in his address. I am pleased to note his intention to give the environment a high priority. The proposed sewerage tax, presumably on rates, is a sound step in the right direction.

As I mentioned at the beginning of this response, most of the non political proposals by the Governor will be supported generally and some will be strongly supported. That may not be the case with his proposals for further political reform. This is the area which presents the most difficult situation, the most difficult problems and the greatest challenge to find acceptable and satisfactory solutions. China has a very different view to Britain when considering democracy. Hong Kong is somewhere in between and most Hong Kong people, whilst in support of democratic reform, are also mindful of the need to ensure that China will not tear down the whole political structure after 1997 and replace it with one of their own. For China to do such a thing could threaten our economic viability and the international perception of us as an SAR whose people have a high degree of autonomy and can run Hong Kong as a capitalist system within a socialist state. That will not be easy even if we do not have a serious constitutional problem between China and Britain over the degree of democracy allowed to Hong Kong.

We have long recognized that the only viable formula must include acceptable balance and pace. China wants effective Chinese control of the executive functions of government and a legislature which will not constantly be at odds with the executive. China has therefore discouraged even a moderate pace of democratic reform in the legislature, apparently believing that the people of Hong Kong, if given the vote in the normal way will exercise their

voting rights to install a legislature hostile or at least not friendly towards China. Britain, after thinking things over for a century and a half, decided in the early 1980s that Hong Kong people could be trusted to take a sensible view towards the process of government through representation. No wonder the PRC Government has been suspicious of the British motives in now seeking a moderate rate of democratic reform. It is up to all of us, once decisions have been made on the system to be applied in 1995, to do our best to convince China there is nothing sinister nor dangerous in establishing a reasonable pace of democratic reform here.

The political reforms proposed by the Governor will go a long way to providing a balance between those who will resist any change and those who want the British to install full democracy before they go. I have the following observations on the main proposals.

The separation of the Executive Council from the Legislative Council is not a proposal but a fact so I will not comment on it. Let us see how it works. China should be happy with it. The measure will also allow the Legislative Council to reorganize to become a more effective voice for Hong Kong people.

My first reaction was to agree with the proposal for a Government Legislative Council Committee. I thought it could have an important function of liaison. I have, however, become more and more uneasy about the role of this committee. I have listened with increasing concern to the lobbying that is going on about membership. I am beginning to agree with the Honourable TAM Yiu-chung that the committee should not be set up, at least with a restricted membership. Such a restriction could well leave many Members out in the cold and their views unrepresented. This proposal should be looked at very carefully indeed. It may in fact be sufficient for the whole Council to provide the liaison the Governor seeks.

I strongly support the lowering of the voting age and the introduction of single-vote single-seat constituencies. This system was given a vote of approval by the Legislative Council at the end of the last Session. Such a system will be much easier to understand and to operate. It will also be more democratic.

As to the functional constituencies, I support the concept behind the Governor's proposal to democratize the nine new functional constituencies. The registration of voters, however, may pose considerable difficulties and I think we must look at detailed proposals very carefully.

I also support the proposal to widen the electorate of the 21 existing functional constituencies but here again I must sound a note of caution, and not simply because I belong to one of them. The system we have is not the most democratic nor is it without loopholes. It is, however, the product of eight years of study, argument and revision. The Government must be careful not to create larger problems than the ones it solves. For example, to give all company directors a vote in the commercial and industrial constituency sounds

fine but large companies have more directors than small ones normally, so big business would have a proportionately larger vote possibly than small business. Also, directors can be added to companies fairly easily so there will have to be some form of qualification to prevent malpractice.

However, I repeat, the principle is a good one.

I have spoken at length in this Council on the Governor's proposals for the composition of the Election Committee. The Council has heavily endorsed these particular proposals and I very much hope that they will be adopted.

We all agree that a Boundary and Election Commission should be set up. It will have much to do and its work will be important to the success of the 1995 elections.

It will be obvious from my remarks that I strongly support the initiative of Governor Chris PATTEN to shape the 1995 election system to provide a greater measure of democracy than might otherwise be possible. It is clear that China will oppose some, if not all, of these proposals and that we are in for a further period of bickering and quarrelling. However, I hope that China will finally accept that nothing in these proposals can pose any serious problem for the Chinese Government post-1997. If the PRC accepts them, Hong Kong will be happy. If the PRC does not accept all of them, let us see what can be negotiated, but there is a time constraint and in the final analysis the Governor will have to decide on the package of proposals that he will put to this Council for legislative ratification.

I am sure he will have the courage of his convictions. Incidentally, I would remind Members that at a time when our relations with China were at an all time low in 1967 our economy really did rather well; so the political and economic situations do not always work in unison. At that time also, many of us were receiving death threats and some people died tragically. Those with foreign passports did not run away. They stayed. We were steadfast in our stance and in our beliefs. Hong Kong's courage prevailed and our way of life was saved. The present situation is nothing like the one we faced then. So be of good heart, dear Councillors, face the future with courage. Mr Deputy President, I support the motion.

MR PETER WONG: Mr Deputy President, the Governor's policy address portrays a vigorous executive-led government leading Hong Kong through the transitional period. Going through his performance I was struck by the style of a maestro at work — but the numbers played by the orchestra were all too familiar: economic prosperity, social responsibility and democratic reforms. The form had changed but the substance was not new. We were dished out a little bit more, here and there.

The Governor's attempt to revitalize the Civil Service, to become open, responsive and accountable to the public, is both timely and necessary. It is not only important for the Administration to give clear explanations of policies and variances based on their actual consequences; it is also necessary for it to take corrective action. It is not enough for civil servants to justify their actions; they must also account for their lack of action. Very often, "official policy" has been cited as convenient excuses for bureaucratic inertia — a case in point is the rejection of my repeated calls to fund the civil service pensions so the Government can practise what it preaches to the private sector. The civil servants must properly exercise their discretion entrusted to them in their effort to remain accountable to the public.

While welcoming the much needed increases for social services for the really needy, our many and varied social problems cannot simply be resolved by monetary measures. Much has been said about the proposed housing scheme for the sandwich class but we still need a long-term land use policy in order to adequately address Hong Kong's long-term housing problems. Similarly, the increase in the number of clinics and hospital beds can in no way substitute for a long-term overall health policy that is long overdue. Indeed, the social policies outlined in the Governor's speech still represent the Government's traditional piecemeal approach of throwing more resources at a problem that fall short of a well thought out social programme by an accountable government.

The proposed mechanism of accountability featuring the performance pledges can invigorate and motivate our Civil Service. But it needs a real educational exercise to significantly alter the mentality and conduct of our civil servants, some of whom have been providing the bare minimum. For those hidebound civil servants who are used to fending off public complaints and pushing government policies from the top down, a lot of persuasion and thought retraining is needed to effect an attitude change before a new, customer-orientated civil service culture can be built up. In addition to an Efficiency Unit to help maximize limited resources, the Government should consider changing its cash accounting system to the more perceptive accrual accounting system which reflects cost effectiveness of service departments and helps them to economize. A balance sheet should also help the Government to demonstrate that public assets and liabilities are being kept under control. It also forces us to take into account the necessity to pay at a later date for services rendered now. The true cost of government would then be accounted for. And our civil servants have to rally to the task or else those reforms are unlikely to be effective.

The success of an open accountable government also depends on its relationship with the public. To ensure the proper use of the proposed channels for the public to monitor the Civil Service, lodge complaints and claim their just entitlement, more public information and opportunities for public participation are needed, so that members of the public fully understand their roles and use their powers in a responsible manner.

Responsible public spending is one form of accountability of our Government. The menu of social services enhancements costing more than \$8 billion a year extra over the next five years must add to inflationary pressures, as money is injected into the local economy.

Although our public sector is relatively small in size and reduced public expenditure offers little relief, we must ensure that government actions help rather than exacerbate our temporary restrained but high inflation. Hong Kong's level of public spending is similar to developed countries when adjusted for defence, debt interest servicing and welfare state handouts. In my view, the funding proposals have not given sufficient consideration to the feasibility and affordability of the projects in terms of long-term economic resources and whether 5% is a realistic long-term trend growth rate in view of our already advanced economy.

Here, I wish to refer to a remark made by the Financial Secretary during the March Budget debate this year when he refuted this Council's call for reducing the proposed half per cent rate increase, saying "Negotiations after the Budget would be a recipe for uncertainty and instability which could seriously undermine confidence in Hong Kong and its Government. We have to ensure adequate cushion to meet future fluctuation in our economic fortunes." Since recurrent expenditure may not be sustainable in times of economic recession, relying on the windfall of surplus and taking the "go-for-it" attitude could be an expensive mistake. I would therefore sound a warning note and urge the Government to be prudent and to ensure that public spending does not outpace economic growth. Moreover, our government spending should remain small when measured against the entire economy.

Mr Deputy President, the Governor's proposals to set up a Business Council and Monetary Authority no doubt demonstrate his genuine belief in maintaining a competitive policy for Hong Kong as the best defence against inflation. Although the Government persistently cited various constraints for Hong Kong to combat inflation, such as the need to ensure exchange rate stability, acute shortage of resources, limited opportunities for privatization and the Government's non intervention policy, it tends to be reactive in tackling Hong Kong's number one enemy. Inflation not only gnaws at Hong Kong's competitive market, it hits hardest at the lower income groups and something must be done urgently about it. While other developing countries such as Germany are containing inflation to a low 5%, and countries like Singapore are adopting government managed currency measures, we need to seek a Hong Kong solution to our inflation problem.

One immediate step to take is to review the methodology of public sector pay review and the leap-frog effect that it has on the economy. With the private sector demanding wage increases based on the rate of increase enjoyed by their civil service counterparts, and the latter bargaining for pay rise according to the private sector salary figures the year before, there is no end to a wage spiral that can only aggravate and overheat an economy. Hong Kong should take a

clear lead based on Japan's example of collective wage negotiations. The Government can also do more to encourage wage constraint in both the public and private sectors, which is one sure way to ensure employment, boost economic growth, and contain future inflation. Wage increases must be tied to productivity increase, or we will price ourselves out of world markets. The result will be disastrous to both capital and labour.

In this connection, I would also like to remind the Administration of a promise made by the Financial Secretary in April this year that he will substantially increase the salaries tax allowances in the coming year and carry out the review of the tax bands. Such taxation measures should be directed towards helping the lower income groups, especially the sandwich class, to overcome the ravages of inflation.

The Governor's concern over the vandalism of our environment is deeply felt by many of us here. While his decision to put the sewage strategy programme back on track by spending \$7.3 billion before 1997 and to put into practice the "polluters pay" concept are heartily welcomed, I must say he has not gone far enough in tackling Hong Kong's pollution problems. Leaving the second phase of the sewage scheme to the SAR Government is another evidence of the Government's myopia and lack of long-term planning. Now that the Governor is in Beijing, he should put high on the agenda the agreement in principle by China to complete the entire scheme, including the outfall into the South China Sea.

Besides solid waste, there are various other environmental protection projects that call for immediate action — waste recycling, air pollution, and conservation, to mention but a few. On waste recycling, without adequate local recycling plant facilities, Hong Kong has to rely on imported recycled products, which include some 260 000 tons of recycled paper annually from the United States and Europe. The Government should help to develop a recycling network and explore markets for recycled products which will in turn stimulate the growth of the recycling industry. As things now stand, waste recycling inadvertently comes under the vicious cycle of inaction, leaving the Government to throw money aimlessly at the growing waste problem.

The crux of the matter lies in the inadequate leadership from above. The Governor's proposal to conduct environmental impact assessments on all major products is highly commendable, but will the proposal be shelved due to the shortage of funds in future? Will the sewage charging scheme be suspended if there is not enough manpower resources to monitor the scheme? Indeed, a symphony orchestra without the vision and thrust of its conductor cannot be expected to put up a quality performance, especially if we cannot be absolutely certain that the conductor has to answer a call for his virtuosity elsewhere.

Leadership is particularly wanting in public education on the environment. The public needs clear information on complex environmental issues. It is improved understanding that will effect changes in personal

behaviour and public awakening which enables a conservationist society to develop. Yet in the field of environmental education, the Government has been singularly lacking in imagination to educate, persuade and create favourable public opinion essential to environmental protection. For one thing, many people in Hong Kong are not aware that government departments have, for some time, been using recycled paper envelopes but there is no intention yet to extend this practice to official documents. It is ironic that we spend billions to bury our rubbish, yet we are too mean to spend even a few million on persuading people not to produce that rubbish.

Mr Deputy President, the Governor's proposal on the constitutional development, hailed by many as a quixotic masterpiece of a veteran politician, is received cautiously by the accountancy functional constituency. Accountants whom I contacted expressed concern that the proposed changes could be too drastic and as such too risky for Hong Kong. We feel that the proposals, while generally fulfilling the objective of progressive democratization, have struck a flat note in three areas: first, they have neglected the importance of convergence with the spirit, if not the letter, of the Basic Law; second, they have ignored the tradition and make-up of local district board elections; and third, they have by-passed the Chinese authorities on a significant issue that straddles 1997. The Hong Kong Society of Accountants reiterates the importance of convergence and hopes that China and Britain will achieve agreement on the constitutional changes as soon as possible.

I endorse the constitutional reforms proposed by the Governor in spirit, but disapprove of the uncompromising and western way in which they are pursued. I would, however, accept these proposals to be the probing opening bid of an extensive public consultation exercise before the drawing up of a political development blueprint. Further, should Beijing refuse to accept these proposals, I fully support the call to put this fundamental question to the people of Hong Kong via referendum. I believe that only Hong Kong people themselves will decide the way we should carry on our relationship with China. No politician can pretend to carry that mandate.

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

MR ALBERT CHAN (in Cantonese): Mr Deputy President, concerning the policy address delivered by the Governor on 7 October, I would like to present my views on the following areas:

(1) *Airport Core Programme*

In October 1989, the former Governor, Sir David WILSON, announced the Port and Airport Development Strategy. It was decided that a new airport would be built in Chek Lap Kok. In September 1991, the British and Chinese Governments signed the Memorandum of Understanding on the new airport, confirming that there would be 10 separate projects under the Airport Core

Programme (ACP). In the last policy address, the Administration also announced ambitiously that the ACP projects would be started one after another. But is the Airport Core Programme still moving ahead smoothly? It is still unknown. All we can see is still the beautiful picture of the new airport painted by the artist. However, the Governor Mr Chris PATTEN has added in the policy address of this year gloomy colours to the picture of the new airport. He is not even sure whether he can fly out from Chek Lap Kok when he leaves Hong Kong. Perhaps he may have to leave via the Kai Tak Airport or on *The Lady Maurine*.

Mr Deputy President, when the Memorandum of Understanding was signed, many people of Hong Kong were already very discontented because of the lack of their participation in the whole course of events. Many people thought that with the signing of the Memorandum, the ACP projects should be able to start without any more difficulties. However, a year has elapsed, during which the cost of the projects has surged from the original \$98.6 billion to \$112.2 billion, the British and Chinese Governments are still arguing heatedly about the financial arrangement of the new airport and the airport railway. But there was no mention of such disputes in the policy address, nor was there a guiding direction given in relation to the building of the new airport. I am very disappointed at such a "lukewarm" attitude.

The building of the new airport is a matter of Hong Kong. Thus it should be handled by the people of Hong Kong themselves from the outset. This would be in accordance with the principles of "one country, two systems" and "Hong Kong people ruling Hong Kong with a high degree of autonomy." As the Memorandum has been signed by both governments, so long as the terms of the Memorandum are adhered to, the ACP projects should be left to the decision of the people of Hong Kong. Should the Chinese Government interfere arbitrarily again with the infrastructural projects of Hong Kong, it would be disregarding the fundamental spirit of the Sino-British Joint Declaration. Now, many of the discussions and the decision making process of the new airport have been excessively politicized. Take the financing of the airport for instance, we know that it is a common practice in many countries, including China, to finance large-scale projects by borrowing. This method can, on the one hand, let the people of different generations share the burden of construction cost and on the other hand reduce the Administration's short term financial commitment. It is not the wish of the people of Hong Kong to see the airport issue intermingle with the constitutional proposals. Although the administration of Hong Kong will be handed over to China in 1997, the great majority of the people will continue to live here. The Chinese and British Governments just cannot arbitrarily draw a line at 1997 so as to separate the time before 1997 distinctly from that after.

Insofar as the financing of the ACP projects is concerned, the Chinese and British Governments have held many meetings in the past six months without being able to reach an agreement. We hope an agreement can be reached as soon as possible. Indeed, the ACP projects cannot be further delayed. The

tender for the \$9 billion Airport Platform Contract will expire at the end of next month. If no agreement can be reached in the near future, Hong Kong should start the various ACP projects by relying on its own economic and social capabilities, but it should not take 1997 as the time limit for the completion of the new airport project.

The economic capability of Hong Kong is now much stronger than that in 1989 when Sir David WILSON announced the new airport project. Mr Chris PATTEN, therefore, should take the initiative and be enterprising in pushing forward the ACP projects and thereby erase the gloominess surrounding this issue. The people of Hong Kong would not like to see Mr PATTEN leave Hong Kong on *The Lady Maurine*, because it would be drifted to the Chinese waters easily.

I will now turn to the co-ordination of the ACP projects.

The Administration has all along emphasized that the Chek Lap Kok airport project is the result of many years of study. But there are many signs indicating that some projects have been undertaken in a hurry without thorough consideration. For example, the reclamation project of the Central District is due for inviting tenders, but the environmental impact assessment has not been completed yet. Also, the Administration intends to build in future an interchange station for the airport railway at the Lai King Estate, but so far there has not been a complete set of plans to protect the residents in the Lai King area from being affected by environmental damage. The Administration should pay attention to the influences on the residents and the respective districts while these projects are underway and take remedial measures.

The 10 ACP projects are interrelated and many of them are quite complex, a co-ordination between the projects is therefore very important. Although the Administration has set up a co-ordinating office and employed a consultant to undertake the co-ordination work, it seems that the result is not significant. Recently, the lack of co-ordination between the West Kowloon reclamation work and the Container Terminal No. 8 Project has caused a rapid deterioration in the quality of sea water in the area north of the Stonecutters Island off Mei Foo Sun Chuen, resulting in tens of thousands of dead fishes floating in that area. It is therefore imperative for the Administration to strengthen the co-ordination between the various projects in order to protect the lives of the residents and their environment from serious nuisance and damage. The Administration should also strengthen the functions of the New Airport Projects Co-ordination Office, so that co-ordination will not be just a game of words.

Mr Deputy President, now I would like to turn to:

(2) *Land development*

On top of the ACP projects, Hong Kong also has a long-term overall plan for urban development — the Metroplan. For reasons unknown, the Governor has not mentioned a word on the Metroplan in his policy address. Does it imply that the Metroplan will not be given any importance in the next five years? Although the Executive Council has approved the selected strategies of the Metroplan in 1990, their implementation will be a long and complex process. The Administration owes the public an explanation because the Metroplan has far reaching implications for the majority of residents in urban areas. Redevelopment will be carried out in many old public housing estates, areas of private housing and congested industrial areas within the urban area of Hong Kong, and the total area involved will be as much as 7 254 hectares.

Although the Metroplan helps to improve the living environment of the old districts, many problems concerning resettlement and compensation have arisen in the course of the redevelopment. Currently, a lot of disputes concerning the taking over of ownership of the properties and resettlement have arisen in the various redevelopment projects, whether it is a project involving the Land Development Corporation, the Housing Authority, or private developers. The Administration therefore, has to formulate proper plans and policies on removal and resettlement, so as to ensure that the interest of the people living in old areas will not be seriously affected during the course of redevelopment.

The implementation of the Metroplan should have regard to the detailed development plans of the affected districts. At present, the departments concerned are undertaking work in this regard. Unfortunately, they are working behind closed doors and there is no way for the public to participate. In formulating the development plans, the Administration should listen more to public opinion. This will be helpful to the development to be undertaken in the future. In view of the greater responsibility to be shouldered by the district boards on district affairs, the Administration should, in liaison with all the district boards, set up an ad hoc group to hammer out the development plans of all the districts.

In July 1991, the Administration published a consultative document on the Town Planning Ordinance and the consultation period ended in January this year. The Ordinance has significant implications for the future development of Hong Kong. The Administration should expeditiously submit the newly drafted Ordinance to this Council in order that the legislative process can be completed as soon as possible. This will be of great help to the future planning work.

Mr Deputy President, I will now dwell on the direct elections of the district boards and the two municipal councils.

Besides the infrastructural projects, the Governor has also put forward fundamental proposals on the political system in the next five years. I will only

concentrate on the abolition of the appointed seats in district boards and the two municipal councils.

Being a District Board member for three consecutive terms and an elected member of the Regional Council, I have been participating with vigour in district administration matters. During this period, the Administration has appointed many people to the district boards and the Regional Council, and their contributions to the district administration are obvious. However, due to the democratization of the political system, the elevated levels of education and political awareness of the public, it is generally expected that the political system should be more open, and the current situation obviously cannot meet the expectations of the public.

In the past, many people have expressed strong dissatisfaction with the expenditure and quality of service of the two municipal councils. The subject of complaint include: inviting overseas troupes to perform in Hong Kong at great expenses, illegal hawking and occupation of public areas by unlicensed food establishments and so on.

Since only 1/3 of the members of the Regional Council are directly elected, public opinion may not always be reflected in the Council's policies. Take as an example the problem of unlicensed hawkers in the New Territories. It is estimated that there are now 1 700 unlicensed hawkers in the New Territories but there are 1 000 officers in the General Duties Team, and the annual expenditure on dealing with the problem of unlicensed hawkers is more than \$200 million. Not only is there any significant improvement, the problem is getting worse. Although other elected members of the Council and I have repeatedly put forward at the Council's meetings proposals for ridding the problem, and have constantly queried the Regional Services Department, it is still getting us nowhere. I think that such a situation is due partly to the lack of initiatives on the part of the Regional Services Department and partly to the insufficient understanding of most of the appointed members on local problems and their failure to understand the needs of the residents. Indeed, that the policies of the Regional Council can remain unchanged for so many years is largely attributable to the loyal support of the appointed members.

In order to enhance the recognizability and the representativeness of the district boards and the two municipal councils, and to improve the services and efficiency of the government departments responsible for local affairs, a fully elected membership is, I believe, the only way to go, because it will enable the opinions of the public to be fully reflected. The executive departments will then improve their ways of handling matters in order to cope with the demands of the public.

Mr Deputy President, the last topic that I would like to speak on is the problem of squatter huts in the territory.

Infrastructural constructions have to start from the basic level. The Governor's plan for the next five years is indeed a beautiful picture, but he has completely overlooked the needs of those living in squatter huts. No wonder in one of the forums on the policy address, the Governor was asked to pay a visit to the temporary housing areas. In fact, he should also visit the squatter areas with a view to deepen his understanding on the various classes of people in Hong Kong.

The Governor has said in the policy address that all urban squatters on government land would be rehoused by March 1996. In comparison with the original schedule announced previously by the Administration, this schedule means a further delay in rehousing the squatters and it creates doubts as to the Administration's sincerity in this regard. The former Governor, Sir David WILSON, promised in the policy address in 1990 that all such squatter huts would be cleared by 1995.

There are now 280 000 people living in squatter areas and 3/4 of them live in the New Territories. So even though the Administration can clear all the urban squatter huts by March 1996, there is still a long way from solving the problem of squatters on a territory-wide basis. I hope that the Administration can announce the relevant schedule as soon as possible.

Whenever there is a rainstorm or a typhoon, those who live in residential buildings can enjoy an extra day off by playing mahjong with friends or singing with a karaoke equipment. But as for those living in squatter huts on dangerous slopes, it means living in constant fear of being buried alive in a landslide. In February this year, a boulder tumbled down the hill and destroyed a hut at Pak Tin Par Village in Tsuen Wan. What is worse is that the place of incident is not within the Administration's list of dangerous slopes. The problem is very serious indeed.

Being the ex-chairman of the Conservative Party, Mr PATTEN should know very well that British politics place great emphasis on humanitarianism. Now, the lives of some squatters in Hong Kong are very similar to that of the poor people in England described by Charles DICKENS in the 19th century. The Governor should review the current policy on the improvement for and clearance of the squatter areas, and improve the living standard of the grassroots as soon as possible.

Mr Deputy President, there is a saying that "while the rich dine and wine, the poor die of cold by the roadside"; we would not like to see that outside the rose garden of \$17 billion and the beautiful depiction of the policy address, there are still some people in Hong Kong leading a poor and inhumane life.

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

MR CHIM PUI-CHUNG (in Cantonese): Mr Deputy President, at his inauguration on 9 July at the City Hall upon his arrival, the Governor said that he had roughly five objectives for the next five year. In his policy address on 7 October, one objective, that is, about Sino-British and Sino-Hong Kong relations, was left out. Therefore, I am going to express my view on the other four objectives as covered in his policy preview.

First, on the issue of the new airport. The Governor once made the remark that his very able assistants could sort all things out in a morning and even had the time for a cup of coffee. It is a bit misleading to the public. We should realize that a negotiation is a two-way process. And unilateral moves cannot take negotiation forward. It is meaningless to say that you yourself are an able person. Take doing business as an example, a transaction can be completed only if there is a seller and a buyer. It is totally irresponsible to claim yourself to be able and shift the responsibility to the other party. Our wise Governor, as the Governor, do you think that such an act would warrant public approval?

The Governor has mentioned in one occasion that the new airport would be the largest dowry after Cleopatra. Hong Kong people have not yet received this dowry. In case we receive it one day, we should understand that this gift does not come from Buckingham Palace nor from No 10 Downing Street. The fact is that it is indeed our own hard-earned money.

The Governor further misled the public in another point. He said that if the Chinese side did not give its blessing to the construction of the airport, we should go ahead with the project on our own. This is again too arbitrary a statement. Why? The reason is that it is clearly written in the new airport Memorandum of Understanding (MOU) by China and the United Kingdom that the MOU is binding on both parties. The Governor had better say, "Let us revoke the MOU and then Hong Kong will go ahead with it on its own." Otherwise, it is unwise and irresponsible to make such a remark. I would like to take this opportunity to say something on behalf of the Hong Kong people, "It is of course good to have the new airport. But if not, it would not mean that we are going to miss out on a golden opportunity".

Second, on the issue of Hong Kong people's livelihood. Judging from the figures quoted by the Governor in his policy address, many people think that he is going to spend a lot of money and wonder whether he tries to use up our reserves. Actually, these are nothing more than figures! Please keep a cool head and make a careful analysis. The Governor said that the total amount spent on social welfare in the next five years would be only \$8 billion. Of the \$8 billion, education expenses take up \$3 billion. In other words, it accounts for only 37.5% of the total expenditure, that is, 37.5% of the \$8 billion to be spent in the future. That is to say, education allocation in the next five years will increase merely by 15.3% in real terms or an annual increase of 3.16%. The Governor mentioned that by 1997, the average size of school classes will be reduced to 35 pupils each. However, is it reasonable if we compare it to the

existing size of no more than 20 pupils a class in the English-speaking schools? I think that the figures quoted by the Governor to support his social welfare package are just a play with figures to make us feel that there is a substantial increase.

Regarding people's rights and well-being, I venture to make a bold request on behalf of some people, that is, the right of abode for the Hong Kong people. If the Governor has a *bona fide* concern for us, the Hong Kong people, he should have realized that it is our rights to ask the British Government to take us to the United Kingdom when it withdraws from Hong Kong in 1997. The number of people involved are about 3.5 million. They were born in Hong Kong and have already been naturalized as British subjects. They are eligible and entitled to make such a request. Being the former chairman of the Conservative Party who claims himself to be brought up under the democratic political system, the Governor is obliged to and should have the courage to make the request. Whether it would succeed or not is another matter. If he does not even put forward the request but says that he is striving for the interests of Hong Kong people, it is merely a political game.

Third, I would like to turn to the economic problem faced by our community as a whole. Inflation is the most important economic issue of our community as a whole. The Governor, however, fails to come up with a comprehensive plan to combat inflation. It is fortunate that the inflation rate dropped to as low as 8%, a one digit inflation rate, in the past one to two months. However, it is still our real concern. And he does not have a comprehensive policy to deal with it. Furthermore, he has not shown the industrialists and traders the ways to move ahead and how to overcome difficulties when local manufacturing and commercial industries are undergoing transformations. I truly believe that after 1997, given our unique position and favourable conditions, together with our joint efforts, Hong Kong will attain even greater achievements. I am even convinced that Hong Kong will become China's Switzerland or even Asia's Switzerland after 1997. International economic trend indicates that the global economic centre is basically shifting eastwards. This being the case, there are more development opportunities in the Asia Pacific Region. We should seize these opportunities. And this is especially necessary for the Government to act now by drawing up some guidelines on our future plans so that we can create a better tomorrow under the driving force of the industrial and commercial community together with the support of our labour and other sectors.

Fourth, the constitutional package. What has the Governor's constitutional package achieved by now? We all know that thus far, it has only effected the separation of the Executive Council and the Legislative Council. Although Members of the Executive Council were formerly appointed by the Governor, we should not forget that, before the new line-up was unveiled, there were one directly-elected Member from geographical constituencies and two elected Members from functional constituencies on the Executive Council. However, even such a trace of representation has now gone. He has only done

these things. On the other hand, with regard to the election of the nine seats to be returned by functional constituencies in the future, we all realize that it is explicitly stated in the Basic Law that of the 90 seats on the last Legislative Council in 1995 and on the first legislature in 1997, 30 seats are definitely to be returned by functional constituencies. We all understand that the arrangement of 21 of the seats have been finalized whereas the remaining nine seats have not yet been defined. It is no doubt that the Basic Law is silent on how these nine seats are to be returned. But as far as his proposal on the so-called "members of the functional constituencies" (with the addition of the word "members") is concerned, I am not opposed to the Governor for advancing such an idea. And he is welcome to point out any mistakes I may make on the issue I am going to put forward. I only wish to make one thing loud and clear: as the head of Government and an executive body with all the power to make law and amend law in his hands, he should be courageous enough to identify and rectify anything amiss or any loopholes. But he has to do it in compliance with the spirit that the Government should not abuse the grey areas as mentioned by some Members, or the "residual rights", (in law, indeed there are residual rights) as I see it. Such residual rights belong to the people and the Government should not abuse them in such a way. If it is necessary to do so, amend the law or change it in an open manner. This is what I would call a persuasive approach.

Ten seats will be returned by the electoral colleges in the last Legislative Council elections in 1995. We all know the meaning of electoral colleges. It is indisputable that the arrangements for the elections of the second legislature in 1999 are clearly set out in the Basic Law. But it is rather obscure about the election of the first legislature. The Governor's wish is that: "I am going to decide on whatever not clearly spelt out in the Basic Law." This should not be the case. We should bring it up for discussion because it is yet to be decided to which sectors these seats will be allocated. I think, however, that it would not be without problems to accept the proposal to elect the 10 Legislative Council Members by the district board Members. The situation can be likened to "choosing the grandfather by the grandchildren". I do not have the slightest intention to offend the district board members by under-rating their roles. But if one takes a second look, one will see that Article 97 in the Basic Law has already specified the power and functions of the future district boards. Although their power and functions can be amended in future, we should treat the roles of the district boards as they are defined before any amendment is made.

Furthermore, the Governor directs that a Government-Legislative Council Committee is to be established. Although some Members support it, I find it an outrageous proposal. As legislators, we would have our power removed or curtailed, if the Governor can adjure us to set up this or that committee. Should this be the case, I feel that I would let my electors down. Though I have looked up many law books, there is not even one single article which can offer me any protection. I would like to seek some advice from you, Mr Deputy President, if opportunity comes my way.

The British Conservative Party is in control of the House of Lords and the House of Commons at the moment. With such a powerful influence, it could have set up one special committee or two to get rid of all other political parties or their representatives in the Parliament, could it not? However, the Conservative party does not do so. Therefore, it gives me much confidence. I also hope that the Government will take the initiative to withdraw the proposal when it is formally put on the agenda at the In-House Meeting on Friday so as to avoid any possible conflicts in future.

The Governor's power is too great, if his recent performance is anything to go by. This indeed worries us because he claims himself to be the last Governor in Hong Kong. Bear in mind that we are going to have our SAR Chief Executive in 1997. If the SAR Chief Executive takes after the Governor and wields as much power, how are you, the "democratic fighters", going to do? Against this backdrop, we should look at this situation sensibly and strike a right balance.

Among all the issues mentioned just now, the most important one is whether the last Legislative Council in 1995 should converge with the first legislature in 1997. The other thing is, whether we need to ride on a "through train". Third, whether we need a smooth transition. If the answers to these three questions are positive, then we have to go back to the Basic Law and the Sino-British Joint Declaration in which it is clearly stated that China and the United Kingdom should engage in dialogue to facilitate the three objectives. Naturally, we, the Hong Kong people, can express our opinion and fight for our goal as far as possible though we are not sure what would be the outcome of the dialogue. However, the way the Governor starts on a dialogue this time is to make public his position before having a discussion. This seems to me to have amounted to war words. It may be just another tactic to a wise, well-learned and articulate politician. (The world is ever-advancing and new tactics come out everyday. Perhaps we will have the chance to employ such a tactic.) Nevertheless, I think, as a matter of moral principles, he should discuss the proposals with the other side before making them public. The Government should try its best to avoid causing the public to form misconception or be misguided by some irrational policies.

Mr Deputy President, I am from the Financial Services constituency. Although my international "supporters" do not have the voting right, their investment in Hong Kong can be regarded as their direct or indirect support to me. They are, of course, in favour of democracy. And I personally do appreciate the efforts of the liberal fighters. They have after all wholly devoted to their cause, no matter whether they will succeed. Here I can only stress one point: the so-called democratic political system does not mean everything for Hong Kong under the present circumstances. It is merely one of the four important elements. The other three elements are:

First, to maintain stability in order to seek a smooth transition;

Second, to exert joint efforts and reduce social conflicts so as to achieve prosperity; and

Third, we hope to preserve all kinds of freedom.

A democratic political system, in combination with the above-mentioned elements, will indeed have greater success. If we are only concerned about the development of a democratic political system, investors' confidence will be shaken. Fortunately, the stock market has risen by more than 600 points since the Governor delivered his policy address. It proves that he has won the support and that we are more confident than before. And the wishes of the public have been clearly identified. The present situation is different from that of 10 years ago when Lady THATCHER stumbled and fell in Beijing in 1982.

Mr Deputy President, I would like to take the opportunity to express my regards to all the Hong Kong people. I have reservations about certain parts of the Governor's address. But I give it my moral support. Thank you.

MR FREDERICK FUNG (in Cantonese): Mr Deputy President, we should hold no fears or worries as the Hang Seng Index has risen by more than 600 points.

Insofar as political development and improvement to people's livelihood are concerned, I found that the opinions of grassroots organizations have been adopted to a relatively greater degree in the Governor Mr Chris PATTEN's policy address. The views and policy put forth by the Governor in his address have responded to and answered public opinions.

With regard to the question and answer approach christened by the Governor in promoting his policy address, I think there is still one deficiency. It would have been better had it been turned into a consultative meeting for canvassing public opinion. However, in so much as a manifestation of his gallantry in facing the public, this question and answer approach adopted by him also demonstrated his ingenuity and confidence. It is worthy of our praise that the latest policy address is more visionary than the previous ones in terms of approach and content.

Nevertheless, we feel that there is still room for improvement in the address proposals in respect of the constitutional system, people's livelihood and the local economy.

Firstly, in respect of the proposals for constitutional reforms, the Hong Kong Association for Democracy and People's Livelihood (ADPL) and I have all along been in support of the separation of the Executive and Legislative Councils as suggested by the Governor. It is because such an arrangement can eliminate the confusion over the Legislative Council's role of monitoring the Executive Council and it is helpful to the separation of powers and to the maintenance of check and balance.

However, the separation should be founded on the notion that powers of the executive and legislature must be originated from the people — the most important key to a democratic government. Therefore, the ADPL and I have been proposing that the future Basic Law should be reviewed so as to revise the method of electing the Special Administrative Region's chief executive to one which is by one-man-one-vote direct election.

Subsequent to the separation of the Executive and Legislative Councils, it is possible that the Governor or the executive would abuse powers or even resort to dictatorship during the transitional period. The executive (including government departments, Executive Council and various advisory bodies) should therefore increase its transparency, open up its divulgence of information and subject itself to monitoring by the public.

The ADPL and I have also proposed that the powers of the Executive Council be reduced, so that it may gradually assume an advisory role for the Governor instead of wielding specific powers. It is because in the definition of the executive, the Executive Council is not an executive arm of the Government. Nor should it be part of the executive. This latest re-appointment of members to the Executive Council is still concentrated on the middle/upper strata and professionals. The ADPL and I feel that emphasis should be put on appointing people with grassroots background to the Executive Council as advisers to the Governor who could then be exposed to opinions from all sectors.

At the same time, the Legislative Council's power of monitoring the executive should be strengthened, such as by enhancing its power of summoning public officers for queries on policies, and providing it with more resources like an independent secretariat so that the Legislative Council may independently operate and conduct studies on social policies.

As for the proposed Government-Legco Committee, though it does not have any specific power nominally, the influence of certain Members on politics and policies will undoubtedly be boosted as Members sitting on this Committee will usually have access to first-hand information of the Government and act as probes of the acceptability of government policies to the Council. On the face of it, the number of Legislative Council Members on the Committee is limited to 10 for better efficiency, but obviously these Members will certainly have better access to information and better chances of being consulted when compared with the other Members of the Council. And this particular group of Members will gradually become principal targets of government and public lobbying. I am worried that two grades of Members will gradually emerge within the Council. This situation is both unhealthy and unfair to the voters.

The ADPL and I suggest that a standing meeting of the Council similar to the Wednesday sittings be set up to discuss territory-wide issues or matters related to the operation of the whole Council. Besides, we also suggest that a number of standing committees on policies be set up to discuss various policies concerning the people's livelihood. Membership of the standing meeting should

comprise the whole Council whereas Members can elect to join the standing committees on the basis of their expertise. The purpose is to reflect to the executive territory-wide issues or improvements needed for policies affecting the people's livelihood. Moreover, such an arrangement may enhance the communication between the executive and the legislature. Since Members will be scattered among the various committees and enjoy equal right of participation, there will be no question of the Government-Legco Committee separating Members into two grades as mentioned above.

There are still pitfalls in the improvement to the functional constituency elections.

Firstly, the right of people to vote in the new functional constituencies is defined by whether they are currently employed. This approach of defining the voter's rights on basis of their economic interest and productivity on the market is open to question. It defies housewives, pensioners, eligible students and people under temporary unemployment. They are denied the right to vote irrespective of their contribution to the community in the past, present or future.

Secondly, the number of voters represented by each of the nine newly added functional constituencies is 100 times more than that of each of the existing 21 functional constituencies. Is it not all the more unfair?

The ADPL and I suggest that the 30 functional constituencies be restructured, so that workers and non-working members of all trades be categorized into similar constituencies on the basis of the nature of their employment and salaries. Functional election is of course an unfair system, which in the long-term, should be replaced by direct election according to geographical constituencies ultimately.

As to the people's livelihood, the Governor mentioned a number of policies in this respect. But I would focus on two of them only. The various proposals put forth by the Governor tend to be small spendings only, without pinpointing the appropriateness of the existing policies by means of thorough studies.

Let us take the problem of housing as an example. The policy address stressed the seriousness of the housing problem of the sandwich class. However the crises we perceived include the inhuman living of bedspace apartment lodgers, exorbitantly high rents of private residential units, endless waiting for allocation of public housing units for singletons, increasingly higher rents that public housing tenants have to bear, the yearning of residents of temporary housing areas and squatter areas for allocation of flats, the turning of residential units into commodities in the hands of developers and speculators, the sandwich class becoming shell-less snails, and so on.

However, in the process of development, the Government is gradually becoming an onlooker in the overall problem of housing. It disbanded the Housing Branch and left in its wake a housing policy led by private residential units. Public housing units are becoming increasingly a commodity. And the financial arrangement between the Government and the Housing Authority tends to be "profit-oriented".

On the economic side, the ADPL and I are grateful to note the Government's admission that the linked exchange rate system is one of the means of fighting inflation. However, we are also disappointed with the Government's insistence on the linked rate mechanism. This is consummate evidence of the Government's inappropriate attitude of "doing it in full knowledge of the immorality to it". We believe the linked rate has put Hong Kong's interest rate policy at the mercy of its United States equivalent and deprived it of any initiative. It is also one of the major reasons for heated speculative activities.

The amalgamation of the Office of the Exchange Fund and the Office of the Commissioner of Banking to form a Monetary Authority will undoubtedly bring about improvements to the existing confused monetary system. But I think the Government should take a step further by establishing an institution similar to a central bank with responsibilities covering the formulation of interest policy, issuance of banknotes and control over the circulation of currency. This is more necessary and appropriate.

Finally, I think that it is still far from being sufficient if the Government relies on the Consumer Council and members at various Councils and district boards to join force to restrict suppliers' manipulation of the market, or by use of a Consumers' Charter or charters of various policies to safeguard public interest. The ADPL and I have come to the view that legislation such as laws on consumer's rights, fair transactions and anti-monopolization must be introduced, before business activities can be guaranteed to be conducted in an open and fair environment, thus protecting the interest of consumers.

To conclude, the latest address by the Governor is somewhat retrogressive when compared with those of the past two years as far as its policy on the people's livelihood is concerned. In 1990, the then Governor, Sir David WILSON, put forth that the social policy is to bring into action one's potentials. But last year's address went back to the notion of protecting the underprivileged and the poverty stricken group stressed during the 1960's. And this year's address is punctuated with figures to explain how the Government is to spend the money, without getting to the roots of the problems. Nor is there any direction to the way forward.

Should the Government respond by making some "repairs" type improvements only, without conducting a thorough review of the direction for its social and economic policies and of its role in these problems, we could draw comfort from some temporary relief only. These problems have yet to be

weeded at their roots. In the end, social problems will keep cropping up for the Government to solve.

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

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

Suspended accordingly at six minutes to Eight o'clock.

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

WRITTEN ANSWER**Annex I****Follow-up answer by the Secretary for Security to Question 20 asked by Dr Conrad LAM**

The information requested in respect of 1990, 1991 and 1992 is as follows:

Breakdowns of refused permission to enter cases for 1990/1991/1992

	<i>1990</i>	<i>1991</i>	<i>1992</i>
1. Insufficient means	933	832	662
2. For/suspected unapproved employment	11 133*	7 860*	4 772*
3. For/suspected unapproved residence	402	581	462
4. For/suspected unapproved studies	12	25	18
5. Stowaway	37	39	43
6. Security objection	70	3	2
7. Involved/suspected to involve in illegal narcotics	0	0	8
8. Involved/suspected to involve in prostitution	360	470	730
9. Involved/suspected to involve in other criminal activity	860	1 014	1 201
10. Forged or altered travel document	936	1 296	1 104
11. No travel document	1 353	1 195	1 710
12. Invalid/unacceptable travel document	6 552	3 464	4 293

WRITTEN ANSWER — *Continued*

	1990	1991	1992
13. No returnability/onward entry facility	427	482	375
14. No visa for visit or transit	3 218	3 330	2 498
15. Seaman refused permission to land - unacceptable documents	0	0	7
16. Seaman refused permission to land - unacceptable arrangements for repatriation/joining ships	2	4	4
17. Seaman refused permission to land - having evaded immigration clearance	2 325	1 997	1 313
18. Seaman refused permission to land - intended more than general maritime activities	5 118	2 973	1 439
19. Allowed to continue in transit	91	11	2
20. Watchlist targets	298	276	408
21. Other reasons (for example, adverse records (overseas/in Hong Kong), deportees from other countries, seeking illegal entry into other country en route Hong Kong, abuse of transit visa, and so on)	364	506	660
Total	34 491	26 358	21 662

Remarks: *Figures include PRC fishermen seeking unapproved employment on dual-registered junks (9 617 in 1990, 5 663 in 1991 and 1 702 in 1992.)