

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 9 June 1994

The Council met at half-past Two o'clock

PRESENT

THE PRESIDENT

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

THE CHIEF SECRETARY

THE HONOURABLE MRS ANSON CHAN, C.B.E., J.P.

THE FINANCIAL SECRETARY

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

THE ATTORNEY GENERAL

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

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

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

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

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

THE HONOURABLE SZETO WAH

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

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

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

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

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., J.P.

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

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN, O.B.E., J.P.

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE FREDERICK FUNG KIN-KEE

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

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE SIMON IP SIK-ON, O.B.E., J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING, J.P.

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE STEVEN POON KWOK-LIM

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

THE HONOURABLE TIK CHI-YUEN

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

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

THE HONOURABLE ANNA WU HUNG-YUK

THE HONOURABLE ALFRED TSO SHIU-WAI

ABSENT

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

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

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

THE HONOURABLE TAM YIU-CHUNG

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

THE HONOURABLE RONALD JOSEPH ARCULLI, O.B.E., J.P.

THE HONOURABLE PETER WONG HONG-YUEN, O.B.E., J.P.

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, O.B.E., J.P.

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE MICHAEL HO MUN-KA

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE JAMES TIEN PEI-CHUN, O.B.E., J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR RICKY FUNG CHOI-CHEUNG

PURSUANT TO STANDING ORDER 4AA, HIS EXCELLENCY THE GOVERNOR,
THE RIGHT HONOURABLE CHRISTOPHER FRANCIS PATTEN, ATTENDED TO
ADDRESS THE COUNCIL AND TO RECEIVE QUESTIONS.

PRESIDENT: Would Members please remain standing for the Governor?

CLERK: His Excellency the Governor.

PRESIDENT: The Governor will address the Council on his recent visit to London and on land supply and property prices.

GOVERNOR: Mr President, I am glad to have this opportunity to brief the Council this afternoon on my recent visit to the United Kingdom and on the question of land supply and property prices.

I was in the United Kingdom from 21 to 29 May. This was one of my regular visits to Britain. Like my predecessors, I have been travelling there about four or five times a year and I intend to continue to visit with this degree of regularity. Given the number of complex issues to handle as the transition approaches, it is important to discuss these matters face to face with ministers and with other interested parties, rather than to rely solely on telegrams and correspondence.

I had some very useful meetings with British ministers. I spent two hours with the Prime Minister at which we discussed Hong Kong matters in some detail. I had a breakfast meeting with the Foreign Secretary on his return from Russia. I met other Cabinet ministers and had several meetings with Mr GOODLAD and with Foreign Office officials. I also met business leaders and members of both Houses of Parliament as well as having detailed sessions with the Back Bench Foreign Affairs Committee of the Conservative Party and then with the British-Hong Kong parliamentary group, where we had one of the largest meetings which I can recall.

I also visited Manchester where there is the biggest Hong Kong Chinese community outside London. I was able to visit a home for the elderly and a cultural centre, and to see the Chinese section of the city library service. While I was in Manchester, I gave the annual Manchester Lecture in which I set out the reasons for Hong Kong's extraordinary economic success and explained the challenges and prospects which face the territory as it approaches 1997.

While I was in the United Kingdom, there was a good deal of interest in the recent Foreign Affairs Committee (FAC) Report and in the British Government's forthcoming response to it. Particular interest was expressed in those parts of the report which focused on the need for effective human rights safeguards in Hong Kong. As I have previously told this Council, the British Government is closely consulting the Hong Kong Government over the response to the report. The full details of this will be published at the end of June.

It is no secret, however, that both Governments share the objective of the Foreign Affairs Committee — and indeed of Members of this Council — in wishing to see proper, effective and durable human rights safeguards in place in Hong Kong both before and after 1997. It is with this in mind that the Administration has been developing its own policy proposals on human rights matters over recent months. The debate is about means not ends, about how best to secure the safeguards that we would all like to see. Some have argued that a Human Rights Commission has to be the centrepiece of any effective human rights strategy for Hong Kong. Others contend that a non-institutional path is more likely to bring real and sustainable benefits over the longer term. There are merits in both arguments; and they will be considered carefully both by the British Government in formulating its response to the FAC report, and by our Administration in the continuing development of its proposals on human rights matters. The important thing is that the issues should indeed be considered, by all concerned, on their merits. In particular, we should avoid getting drawn into an argument about symbols. The community as a whole is not particularly interested to know that a Human Rights Commission is self-evidently good or self-evidently bad. What it wants, understandably, is the reassurance that any genuine concerns it has about human rights will be addressed in an effective and practical way, both now and after 1997.

Perhaps I could move on to my second topic, land supply and property prices.

Yesterday, the Secretary for Planning, Environment and Lands announced a package of measures to meet housing demand and safeguard the interests of home buyers. It is a comprehensive, balanced, positive and deliberately prudent package, dealing with both the short and long terms.

In the short term, the objective is to dampen speculation, and strengthen consumer protection and information. As a first step, we shall tackle the problem of the pre-sale of flats through modifications to the Consent Scheme. Reduction of the quota for private sales could release about an additional 10 000 flats a year for direct purchase by home buyers. This is a significant number and should have an impact on the market. Developers have indicated their intention to co-operate with the Government in its efforts to moderate property prices and dampen speculation. They can do this by introducing the new arrangements for the pre-sale of uncompleted flats to developments which are not currently covered by the Consent Scheme, or where consent has been given but the flats have not yet been offered for sale.

In terms of consumer protection, we shall aim to provide home buyers with more accurate and comprehensive information, not only on flats which are offered for sale, but also on future supply and location. This will help them to plan and to decide when and what to buy. Better information for potential home buyers will remove some of the speculators' advantage, and help counter misrepresentation or unscrupulous practices in the market.

In the medium and long terms, we shall increase housing supply. The target of between 45 000 and 60 000 more flats by 2001 over and above the current production of 74 000 flats a year is significant, and it will make an impact on prices. This amounts to an average of 7 500 to 10 000 more flats each year. The output is roughly equivalent to the entire Heng Fa Chuen development. These figures do not include the Housing Authority's efforts to provide up to a further 13 000 flats on infill sites. The production target not only caters for the need to provide shelter for a larger population. It also takes on board the aspirations of a more affluent community for home ownership and better housing standards. We have allowed a 50% margin over and above the projected increases in new households.

However, it takes time to build new flats. In the meantime, potential home buyers who cannot afford to buy now must decide for themselves whether they should wait for additional supply to come on stream, while their income increases, or to plunge into the market now and pay the price for it. It is also a fact of life that land in the older urban areas is limited. Increasingly, home buyers should look to the new towns which offer a more spacious living environment and balanced development. While traffic may be a problem in some areas now, indeed it is a problem in some areas now, the situation will improve with the construction of trunk roads and extension of the railway systems.

The initial measures which we have introduced are modest. Deliberately so. We took into account a 10% to 15% drop in property prices since March; rising interest rates which have a dampening effect on the market; and public concern that we should be prudent, to guard against a market crash. The package of measures which has been announced demonstrates our resolve. We hope it will give a clear signal to speculators to stay away. However, if excessive speculation continues, we will have to take further action, and this may well involve legislation and punitive measures.

I am acutely conscious of the importance of housing to people's livelihood and social stability. To ensure that housing gets the priority and attention it deserves, we propose to appoint a new Secretary for Housing who will be responsible for both public and private housing policies and programmes in Hong Kong. This appointment will not affect the autonomy of the Housing Authority or the responsibilities of its chairman in any way. Honourable Members will be asked to approve the creation of the post and a new housing branch in autumn. I hope that Members will give this move their unqualified support.

Finally, I wish to comment on the land auction on 26 May. There are different views as to what the proceedings on that occasion represented. It is unfortunate, however, that the perception in the community is that a system which has worked well for many years may have been subject to some form of abuse. The Administration will be reviewing the arrangements to ensure that true and fair competition is maintained. Three respected and independent

members of the community will be involved in the review. I have asked to see the findings of the review before the next auction in July.

PRESIDENT: Members may now put questions to the Governor. A Member who has asked question may for the purpose of elucidation only ask a short follow-up question. Mr Frederick FUNG.

MR FREDERICK FUNG (in Cantonese): *Mr President, before I put my question to the Governor on property prices, I would like to quote the remarks made by the Administration on three different occasions. It is because I wish to remind the Governor that the Administration did make such remarks. Firstly, in his Budget Speech on 30 March, the Financial Secretary said, "Our objective is to work out a set of feasible measures which will not only increase land supply but can also lower property prices, and I reiterate our objective is to bring about a downward trend in property prices." May I draw the Governor's attention to the remarks "lowering property prices" and "to bring about a downward trend". Secondly, after the release of the Budget, Mr Canice MAK, the Deputy Secretary for Planning, Environment and Lands, openly advised the public not to buy property for the time being. Thirdly, Mr EASON, the Secretary for Planning, Environment and Lands, pointed out yesterday that the seven measures currently introduced by the Administration were moderate. Further measures would only be taken if these measures were ineffective. My question is: Will the Administration use yesterday's property prices as the benchmark for assessing the effectiveness of these measures in cooling down the property market and in bringing about a downward trend in property prices? If so, is there a baseline for such a "downward trend"? If not, what are the intended results of Mr EASON's proposals? Can the Governor describe the objective (of such measures)?*

GOVERNOR: Yes, I can certainly describe the objective. The objective, as the Financial Secretary said in his wise remarks in his Budget statement, was to correct the widely perceived overheating in the property market and to do it by accomplishing two things. First of all, to deal with speculation in the short term, and secondly to deal with the problem of land supply in the medium and longer terms, which itself will have some impact on property prices even before that supply of extra housing comes on stream. I think that it is interesting that while property prices went up by between, I suppose, 20% and 30% in the first quarter of the year, since then they have come off by about 10% to 15%. I hope that both the announcement of our intention to deal with the problem and what we have done will abate property price increases. But we would be a spectacularly foolish government if we thought that we could set property prices rather than the market with a balance between supply and demand ultimately determining property prices.

What one can see in this community is that while property prices have gone up over the years, the proportion of people who have been able to purchase their own accommodation has also gone up. It is now almost 50% and I hope that we will reach our target of 60% by 1997. Of course we have to go on making sure that those who do not wish to become home owners or cannot afford to become home owners still are able to have access to good quality publicly rented accommodation, and that, I hope, was underlined in our statement yesterday. But I certainly do not think that this Administration or any sensible administration should seek to so intervene in the property market as to make people think that it can fine-tune prices. I do not think any government can do that, not even governments in totalitarian systems have been very effective in doing that when they have tried.

Can I just add one other thing. I have experienced, as a politician, both property prices slumping dramatically and property prices increasing. I am sure this Council will understand it when I say that there is a lot more public anxiety when you have a slump in property prices however difficult the problems of property price increases are. If Honourable Members doubt that they should consider the problem when you are explaining to home owners why it is that the value of their home, the value of their asset, has suddenly become worth less than the cost of the mortgage they have taken out on it. I think that that is a problem which we should seek at all costs to avoid here in Hong Kong. So while we want to moderate the increase in property prices, while I am pleased that we have seen 10% to 15% come off property prices in the last couple of months, I do not think that we should want to do anything which might risk knocking the pins from under the property market.

MR FREDERICK FUNG (in Cantonese): *Mr President, I have a short follow-up question. I think the Governor has not answered my question on the intended results. Maybe I put it in another way: Are we going to take yesterday's property prices as the norm? If the property prices do not drop gradually or moderately in the coming few months, will the Administration consider resorting to other measures?*

GOVERNOR: What you can say, as the Secretary for Planning, Environment and Lands said so wisely yesterday, is that in deciding whether or not we need to take further action, and we are looking at other options, as the honourable gentleman knows, including punitive fiscal measures, we would have to take into account a number of factors, as we did last March. You are looking at, on the one hand, the level of perceived speculation and the amount of vacancies in the housing market, the number of properties that have been owned but have been left vacant. You are also looking right across the board at what is happening to the increase in prices. You are also looking at something which is perhaps rather more imponderable which is market sentiment. But it would be less than sensible for the Government, for any government, to claim that there is some sort of mechanistic formula which can determine whether or not prices are at

the right level and I think we would be very foolish to do that. And I am sure the Honourable Member, who knows a very great deal about housing, would probably in due course criticize us if we did try to do that.

PRESIDENT: Mr Steven POON.

MR STEVEN POON: *Mr Governor, I noted the Executive Council made seven decisions yesterday — or Tuesday — relating to land supply and property prices. And the second one referred to the suggestion of selling roughly 220 flats or 250 flats of the Land Development Corporation's (LDC) property stock, so to speak, to the market. As you know, Mr Governor, it is extremely important that the corporation is able to rehouse all the affected residents and many of them, I should say most of them, are of low income who cannot afford private property because costs and rents are so high. Mr Governor, can you assure us, this Council, that the LDC will not make it more difficult, as a result of this policy, for the affected owners and residents to apply for rehousing units as a result of these policies? And indeed, if there is further need for rehousing units to be built by the LDC, will the Government be sympathetic in granting land to the LDC for that purpose?*

GOVERNOR: The Honourable Member, of course, knows a good deal about this subject. It would not surprise him to know that his successor who is also well-informed about the subject, ensured that the Executive Council took explicit account of the considerations which the Honourable Member has put forward. And I think without breaching confidentiality, it is reasonable to say that the Executive Council's decision reflected the vigorous contribution made by the Honourable Member's successor, so I can give the Honourable Member the assurance that we have considered the points that he made in framing these proposals.

I would just like to underline the importance of the LDC in the community and the importance of redevelopment in achieving the objectives that we want — not just objectives for residential property but objectives in the commercial sector as well. And I would just like to add that having looked at prices in the residential sector, the task force is now not only considering follow-up and implementation, but is also considering the whole question of the commercial sector as well.

PRESIDENT: Mr Albert CHAN.

MR ALBERT CHAN (in Cantonese): *Mr Governor, you have been in Hong Kong for almost two years. Newly upon your arrival, your working style was described by some as "a bull in a china shop". As a matter of fact, people*

have been impressed by your fearlessness to face up to problems and make proposals. However, the so-called property prices curbing measures announced yesterday make people feel that you are just like a faint-hearted. Why would people have such strikingly different feelings in one or two years' time? The property prices curbing measures announced yesterday seem only to target at a handful of speculators while the leading property developers, one might say, are left alone. They are precisely intended for "swatting a harmless fly instead of getting rid of a man-eating tiger", as it were. The whole report puts forward no objectives whatsoever. I want to know why you would accept a report which is completely devoid of any objectives and directions in solving the high property price problem. At present, a family with a \$40,000 monthly income still cannot afford a residential flat of 500 square feet. Can the Governor accept such a phenomenon?

GOVERNOR: I do not know whether I am a bull or not, but I certainly do not think that in dealing with property prices that is the most sensible or effective animal to let loose in a china shop. I think one has to behave a little more adroitly and sensitively than that; indeed, a good deal more adroitly and sensitively than that.

I want to emphasize at the outset of my response what I said earlier, that I do think we need to take account, in framing our proposals, of some of the general factors which the Secretary for Planning, Environment and Lands mentioned yesterday, including the impact on our market and the impact on our property market of possible developments in the regional economy. Nobody is going to thank the Government of Hong Kong if we appeared to be taking measures which, in combination with other things happening beyond our control, produce a real and substantial slide in property prices. All those who are buying their property, including many of the Honourable Member's constituents, would not thank him or us for that. So we have to behave, in my view, extremely sensitively while doing things that are effective. And if the proposals that we have put forward are not effective, then we will have to do more, and more include looking at options like punitive rating of vacant property and other tight tax measures as well, including the use of stamp duty. We have to be prepared to do those things if this set of proposals does not work.

At the outset, people said that we should address two issues. They said we should address the question of speculation — and I think we have done that in a reasonably sensible way in this set of proposals with what we have suggested on the Consent Scheme. And I hope, as I said earlier, that property developers will take our advice and follow what we have suggested where the Consent Scheme is not involved.

Secondly, by bringing on stream more land supply, and of course we will be talking to the Land Commission about that, I hope that we will be able to proceed with the same degree of co-operation which we have managed in the Land Commission in past years. We have also got to take account of the

additional favourable impact on the housing scene if we can go much faster in redevelopment and more sensibly in redevelopment. So there is a great deal which will make an impact on the problem, but at the end of the day, I think we would be unwise to set ourselves precise targets in terms of prices. That is not feeble, I think that is sensible. We want to ensure that we can make housing or home ownership available to as many as possible in Hong Kong, while also giving our excellent Housing Authority the resources to do its important job, too.

MR ALBERT CHAN (in Cantonese): *Mr Governor, being the paramount leader in the executive of Hong Kong, when you see 10% to 20% of the top-income category families in Hong Kong cannot afford to buy a flat, do you not consider that a shame? How can you ensure that the 10% to 20% of such families in our community are able to own a 500 square-foot flat?*

GOVERNOR: Well, what I observe — and it has little to do with my efforts over the last couple of years — is that over the years, Hong Kong has seen a substantial and sustained increase in home ownership which I believe will continue through this decade. The figures are spectacular when you look at them decade on decade, and that will continue, and it will continue for the top 10% in terms of income and for, I hope, others who are less well paid or have had smaller amounts of capital. But we also have to make sure, as we have done, that those further down the scale are helped, which is why I think we have been right in effect to double the provision through the sandwiched class housing scheme; and we have got to make sure that the Housing Authority can assist as well, both through the Home Ownership Scheme and through PSPS; and, as well, through the provision of rental accommodation for those who, alas, cannot afford to purchase their own home or do not wish to purchase their own home. There will always, in this society, however successful our economy, be people in that category.

PRESIDENT: Mr Edward HO.

MR EDWARD HO: *I think this time I agree with your overall approach because I do support the principle of free market and if there is a problem in supply we should address that and that is something we have been fighting for. So on the question of supply I would like to ask a question on redevelopment, especially on redevelopment of urban sites which I think has received very little coverage in the report. The question I would like to ask is: How does the Government propose to facilitate redevelopment of urban sites, which is actually a subject which has been raised before by the Government?*

GOVERNOR: First of all, I am grateful for the Honourable Member's support on this occasion and I will have to see what we can do to increase the striking rate in terms of support, particularly at the end of the month.

Secondly, the Honourable Member is of course entirely right to say that the redevelopment of urban sites is one of the most important contributors to supply of land, supply of housing. It is a very substantial contributor and unless we were trying to address that in the Government, we would not be addressing the problem comprehensively. I think it is our view that quite apart from trying where we can to expedite existing procedures, whether in planning, in providing necessary infrastructure, or just in coming to decisions, I think it is our judgment that we are going to have to take a rather more pro-active role in redevelopment in trying to support those redevelopments which are going to have a substantial impact on housing supply and that, I guess, will be a priority for the new Secretary for Housing, if this Council agrees to the post, whoever she or he may be.

PRESIDENT: Mr LEE Wing-tat.

MR LEE WING-TAT (in Cantonese): *Mr Governor, this is the first time the Hong Kong Government tackles the problem of property prices in such a high profile fashion. Mr Governor, the Chief Secretary and the Financial Secretary have already put their own reputation on the line. In other words, should the following same question be raised again three or four months later in another question session, I trust that you will feel very embarrassed while we, on our part, shall be very disappointed. I hope that this is the last time the question of affordability in respect of property prices be asked. Mr Governor, I have been serving as a member of the Housing Authority for two years and I have not put forward any questions regarding the Housing Department in this Council since then. As a member of the Housing Authority, I have been party to the formulation of the Housing Authority's policy. It is neither justifiable nor fair for me to pose pertinent questions to Mr EASON. However, I am quite baffled by the appointment of a Secretary for Housing by the Governor. The Secretary for Housing himself is not a branch secretary but, hierarchically speaking, the post is placed at a level higher than that of the Housing Authority, the Housing Society and the Land Development Corporation. This kind of constitutional structure is indeed beyond me. This is a weird and ridiculous framework. Mr EASON or whoever to be appointed the future Secretary for Housing is not in a position to take part in the policy-making process of the Housing Authority, the Housing Society and the Land Development Corporation. However, he has to come to this Council to answer our questions on their behalf and be accountable to us. I wonder why you, Mr Governor, would support the creation of a post with powers and responsibilities which are not matching. Are you trying, on the basis of constitutional experience you acquired when you were active in British politics, to teach us how to establish a post which has no clearly-defined functions and matching powers and responsibilities?*

GOVERNOR: Let me say a word about what I learnt from the British political scene on this matter. But first of all, I should say that while I was involved in the British political scene, I think I am right in saying that in the early 1980s here in Hong Kong we had a task force on property prices and that did a great deal of work on land supply. I think I have got the timing right, maybe I am out. Early 1970s sorry — I was still involved in British politics and not very long after the task force had done its work and done it extremely well, the market adjusted property prices rather sharply. So I think that one has to bear that in mind, bear past experience in mind, in taking these sort of decisions.

Now for my experience. I used to have a rather similar job to Mr EASON's and I think it is extremely difficult to deal with a portfolio as wide as that, though I think the present secretary has managed the task heroically. But it does cover, particularly now that the environment and land use planning are such priority areas for everyone, a huge area. If you add to it the fact that every indicator of public opinion suggests that housing is the number one issue for most people in Hong Kong, then I think it is a bit odd that the Government does not adjust to that in its own institutional arrangements and I think therefore we are right and sensible to make this proposal. As I said, it is not our intention that the Secretary for Housing should in any way take away from the responsibilities or role of the Housing Authority and its chairman. But the Secretary for Housing should provide a focus in the Government for concern about private and public housing. I think that the Secretary for Housing will very often be a demander and will very often find himself arguing the corner for housing with other government departments. But that is not curious or new, for any secretary will find himself having to co-ordinate with his colleagues where there are overlapping responsibilities and common frontiers.

So I think the new arrangement would work, but obviously the Honourable Member with his experience will have a good deal of detailed questioning when we come to the Finance Committee with our proposals on the new branch and the new secretariat, and I hope we will be able to answer them to his satisfaction.

I repeat, I think it is important that we should have in the Government a focus for the community's concern about housing and I am sure a Secretary for Housing will perhaps find himself or herself taking greater account of the private sector contribution than has been the case in the past.

MR LEE WING-TAT (in Cantonese): *Mr President, a very simple follow-up question. The Governor did not give me a straightforward answer. The new Secretary for Housing initiated by the Governor cannot make decisions on behalf of the Housing Authority as the latter is still responsible for making the relevant policies. Yet it is the Secretary for Housing who has to attend Legislative Council meetings to answer our questions. I do not understand why the secretary who is not party to the decision-making process has to be*

accountable to us and the public on that front. Mr Governor, it is a weird arrangement, is it not? What measures will you take to ensure that our views may bear on the public body's decisions via the Secretary for Housing?

GOVERNOR: But I think, with respect to the Honourable Member, that we could both of us, given a short time in the pavilion, think of other examples of secretaries answering questions in this Legislative Council on behalf of bodies outside the Government for which they have overall responsibility but on whose governing council they do not serve. For example, I think you will have noted that our Secretary for Health and Welfare very often finds herself answering questions about the work and responsibilities of the Hospital Authority and doing it very well. But there are, I think, similar institutional relationships elsewhere. So I do not think it will be a unique problem. But I repeat that obviously when we come to explain our proposals to the Finance Committee in due course, we will have to have convincing answers for the Honourable Member.

PRESIDENT: Dr Conrad LAM.

DR CONRAD LAM (in Cantonese): *Mr Governor, I give my unreserved support for the creation of a post of Secretary for Housing. It is my view that there are now some problems with the Housing Department and a Secretary for Housing is needed to facilitate co-ordination and improvement. I would like to give three examples to illustrate my point. Firstly, the Director of Housing has never attended any meetings of the Legislative Council's Panel on Housing. This shows that he pays no regard to the housing problems that the Legislative Councillors are concerned with. Secondly, there are 3 million people residing in housing estates within the jurisdiction of the Housing Department. Under the instructions issued by the director, press freedom is curtailed in such public housing estates. For instance, various ways and means have been employed to stop the MAO film from being screened in the public housing estate areas. Thirdly, the Housing Department, to save a few hundred thousand dollars, rejected a proposal to construct a pedestrian bridge specifically for the handicapped at Choi Wan Estate, resulting in frequent injuries and deaths from traffic accidents involving people crossing the Clear Water Bay Road. In this connection, there is a need to create a post of Secretary for Housing. At present, even Members serving on the Housing Panel sometimes are kept in the dark as to what the Housing Department is doing. To put it another way, the Housing Department is indeed leading the Housing Panel by the nose. That is why I strongly advocate and support an early creation of a post of Secretary for Housing. May I ask the Governor to direct the Secretary for Housing to attend the scheduled meetings of this Council's Panel on Housing as far as possible, so that he or she can have a real understanding of the housing problems that the Legislative Councillors are concerned with instead of acting only on second-hand information?*

GOVERNOR: I am grateful for the Honourable Member's support and I hope we will have his vote if this matter comes to a vote later in the year. I take it that it would not be a sufficient, though maybe a necessary condition, for the new secretary's appointment that he should have seen the MAO film. An awful lot of people in Hong Kong seem to have seen it now in one venue or another. I am afraid I cannot help on the flyover and I am sure the Director of Housing is concerned about views of the Legislative Council, but clearly a Secretary for Housing would want to keep closely in touch with Members of this Council.

I imagine it is the case that for most Members housing is probably the principal item in their correspondence from constituents, at least those Members representing directly constituencies, and therefore, as the Honourable Member says, Members have a great deal of knowledge about the subject, have extensive views about the subject and will want to share those views with a Secretary for Housing and his colleagues.

PRESIDENT: Mr Eric LI.

MR ERIC LI (in Cantonese): *Mr Governor, I would like to ask about the supply of land for private developments. I have learned from some members of the real estate sector that they think that there should not be problems with land supply in the short term. But as for the medium to long-term supply of land for private developments, the situation is not so clear because the information released by the Administration is not definite and they are therefore not so sure in this regard. You have said just now that more information in this regard would be released, like the locations of the land to be supplied in the next three years and the exact time when these sites would be made available for auction. With such concrete information, they will be more confident about the land supply and more expeditious in formulating development plans to the effect that housing on such sites can be completed earlier. Will you inform this Council when such information can be released? Members of the trade have in fact a number of queries concerning the planning and the processing of applications. Currently, the great majority of the new sites are in new town areas where the land is still not fully utilized and developed according to plan. As it has been pointed out in Paragraph 5.5 of the Report of the Task Force on Land Supply and Property Prices, there are many constraints like transport, infrastructural capacity, environment and competing land uses which have rendered the processing of applications for land very difficult and slow in progress. I have asked the Administration in this Council whether it can set a statutory time limit or provide some undertakings to the applicants concerned as a kind of performance pledges, stipulating the requirements of time limit which both sides have to abide by. Is it fair if the Administration is requiring the developers to abide by a certain time limit while it is only willing to give some vague promises? If eventually no building is erected on these sites, will a situation arise where the Administration and the developers lay the blame on each other?*

GOVERNOR: Two brief responses. First of all, the Honourable Member is wholly correct in emphasizing the importance of greater publicity and greater information not only for developers but, I think extremely important, for potential purchasers as well, and that is something that we have emphasized in our proposals. We are, as the Honourable Member will know, suggesting that we need an additional 70 hectares in order to meet the new housing targets that we have set.

But I think that a proposal for the longer term is just as important, and I think one thing which is going to be particularly important for the Government of the Special Administrative Region is the suggestion that we should establish a land bank of about 50 hectares with prepared land available in case of need beyond 1997. I think that is an important contribution and shows, I think, the extent to which we are aware of the long-term nature of the problem. After all, some of the problems we have now are because of the impact on investment in housing in 1989 and 1990, with the more recent impact on supply.

On the questions of statutory time limits on planning and processing of applications, I have sometimes considered those in the past, both in this environment and in another environment. I have always thought that one of the problems with statutory time limits is that where the Government thinks it cannot meet a statutory time limit, I think it is sometimes tempted simply to turn down the application rather than to risk over-running the time limit. So I think we are better served by looking at how we can develop performance pledges in order to expedite procedures and this is the sort of subject where the customer advisory groups that we have been establishing can make a contribution, so that the Government learns from the consumer in improving its own service. But it is very important in this particular area — and I know that the Lands Department and our planners are aware of it, are aware of public concerns and are trying to respond to them.

MR ERIC LI (in Cantonese): *Mr Governor, in relation to land supply, I totally agree with you that the consent of China is important. What I would like to follow up is: Will the matter of land reserve be put to the Sino-British Land Commission for discussion in the immediate future, and do you think that results can be achieved shortly?*

GOVERNOR: Well, I think we want to discuss this and other matters in the Land Commission. I think it is fair to say that whatever the problems we have sometimes encountered elsewhere, the work in the Land Commission has invariably been constructive and co-operative and I hope that will happen in relation to the proposals that we have put forward. This is a problem, shared as it were by the past and the future and the present, and those who have responsibilities in those temporal frames have to work together in order to deal with the problem.

PRESIDENT: Mr WONG Wai-yin.

MR WONG WAI-YIN (in Cantonese): *Mr Governor, when talking about property prices, Members of this Council and the public have only focussed their attention on private properties. But in fact, the prices of the Home Ownership Scheme (HOS) flats offered by the Housing Authority are pegged to the prices of private property, although the former is adjusted downward by way of a discount rate. So if the prices of private property keep on spiralling, the prices of HOS flats will also rise rapidly. It is quite common for a HOS flat to cost more than \$1 million nowadays. Being the head of the Administration, will you discuss with the Housing Authority and suggest to it to freeze the prices of HOS flats at this year's level and adjust them in the future only in accordance with the inflation rate, so that the public's burden of repaying home mortgage instalments can be alleviated? Besides, the quality of HOS flats has long been subject to much criticism, especially the flats built under the Private Sector Participation Scheme. Years ago, the Affluence Garden has experienced the troubles of bursting of sewers and back flow of sewage, and recently, leaks have been found on the walls of the Yuet Wu Villa. All these problems are the results of insufficient monitoring. Do you think that flats of such poor quality should really be worth over \$1 million?*

GOVERNOR: On the first question, I do not think the Housing Authority would welcome my intervention in their decision making in the way that the Honourable Member suggested, and I am not sure that the consequences of what the Honourable Member suggested would always be that desirable. After all, since property prices have fallen by 10% or 15% in the last couple of months, one could, on the basis of the Honourable Member's formula, have the slightly perverse situation in which at the same time as property prices outside the Home Ownership Scheme had been falling, property prices inside the Home Ownership Scheme would have been going up by the rate of inflation in the economy as a whole, and I do not think that would have been very welcome. I accept that of course that has not been the situation invariably over the last few years but nevertheless it shows, I think, the dangers of as rigid a formula as the Honourable Member suggests. I think that the prices charged by the Housing Authority have to bear some relationship to what is happening in the market as a whole, though of course what we are attempting to do is to ensure through the scheme that people of more modest means can afford to climb the ladder to home ownership.

Secondly, the Honourable Member is wholly correct — and I know from the example he has given and I know how much attention he has given to the matter — to talk about the importance of good infrastructure development to the provision of housing at a reasonable speed and if there is shoddy workmanship then that is going to set back the provision of our housing goals, so I hope we can both put infrastructure in place in time and avoid the sort of problems the Honourable Member referred to.

PRESIDENT: Mr Martin LEE.

MR MARTIN LEE: *Now that the Governor of Hong Kong has been censured by this Council, will the Governor inform this Council whether he is now prepared to pay more respect to this Council by allowing Private Members' Bills to be presented in relation to Human Rights Commission and freedom of information, so as to avoid further censure motions, this time even from his own appointed Members?*

GOVERNOR: I think the honourable gentleman has packed a lot into that question and perhaps he will let me unpack the suitcase in my own speed over the next few moments.

First of all, I noted the debate that took place in the Council yesterday. I have to say to the Honourable Member that much though I always admire his speeches, yesterday I slightly preferred the speech made by the Financial Secretary. That is the case from time to time but I mean no criticism of the Honourable Member whose courage and eloquence I, like the rest of the community, recognize.

What I will always do, and I can assure the honourable gentleman of this, is to defend the right of this Council to be critical of the Government or critical of the Governor. I very much hope that that right is one which we can take for granted, not just before but after 1997 and I very much hope that while that right is not exercised too frequently, the Governor and the Government will be able to take their chastisement in a reasonable spirit when it is exercised.

I think that it is important to consider what our argument and our position in the Administration is. Our bottom line is to do whatever is in the interests of Hong Kong in the long term. I hope that we can usually do that with the understanding and co-operation of the future sovereign power and with the understanding and co-operation of this Legislative Council. But if, from time to time, we fail to be able to secure either of those objectives, we still believe that it is in the long-term interests of Hong Kong to take a particular view; then we are right to do so and we would be wrong to retreat, to resile from that position.

I will go on defending the rights of this Council and I believe passionately strongly that those rights are best secured if this Council is seen to be credibly and fairly and openly elected, which is why the Administration will be arguing with all the force it can command at the end of this month to secure the legislation which we have put before the Council. And I just say in parenthesis (I just say in parenthesis) that I think those who believe that if that legislation was substantially watered down then somehow the argument would go away, are kidding themselves. The argument would continue in greater force right the way down to 1997 and arguably beyond. But conceivably I digress.

I will go on defending the rights of this Council to vet public expenditure, to decide whether or not the Government should vote money to meet the objectives it sets for itself.

I will also go on defending the right of this Council to vet and monitor legislation. And I note, just in passing, that last year this Council proposed three times, three times as many amendments to bills and secured them, as happened a decade ago.

But I do not believe that it would be in the interests, either in the long term or today, of Hong Kong, for me to abandon the right of the executive to secure its own revenue and its own resources and that is not a very curious position for the Chief Executive of a government to take up. It would be taken up if I was the President of the United States, which I am self-evidently not, or if I was in charge of any other administration. It would be bad for our economic management. It would lead to imprudent public financing and it would be bad for Hong Kong today and for the future.

So there is no disjuncture between arguing on the one hand, very strongly, for the rights of this Council as they are set out in our existing constitution and as they will be set out in the constitution in the future, for arguing for those rights and for arguing that this Council should be properly elected, while on the other hand arguing that the rights of the executive have to be noted as well. But I hope that in the medium and the long terms, though I guess things may change the closer we get to the elections, we will have little need for the Council to show freedom of speech and censure the Governor or any of his colleagues in the Administration.

The Honourable Member then asks me about proposals which have been canvassed on human rights, on a statutory right of information and on other matters.

I think the Council knows that we have been discussing those issues with a number of Honourable Members and we will be explaining to this Council in due course how we believe the Administration should respond. The Council itself will have, if there is legislation subsequently, to decide how far it wishes to go. Let me take the question of equal opportunities legislation for example. The Government intends, this is our clear objective, to legislate on equal opportunities this year. If the Council does not think we are going far enough then presumably the Council will amend that legislation and take it further. That is the Council's right constitutionally, but I hope that we will be able to persuade the Council and the community that the balance we have struck is the right one and that is what we will be, in due course, seeking to do.

So I repeat for the Honourable Member, whose question was important and it is why I answer it at some length, that we recognize the role of this Council, the rights and powers of this Council, including the right to criticize the Governor when this Council wishes though I happen not to agree with the

issue which caused this debate. But we are not, and I think it would be wrong to do so, going to resile from positions which, we think, are in the long-term interests of Hong Kong just to avoid a censure in this Council or, if I may say so, just to avoid the occasional mild argument with the future sovereign.

MR MARTIN LEE: *A very straightforward follow-up. Will the Government vigorously defend this Council if the other bill were to be passed on 29 June, by assenting to it?*

GOVERNOR: I assume by “the other bill”, and I think I should use caps in referring to that, it refers to the bill proposed by the Honourable Member who sits in front of me and looks rather balefully at me as I try to, beautifully but balefully, as I try to answer the question.

I have noted what has been said about support for the Honourable Member’s bill and I have noted that there is one party which is debating conceivably even as we have this exchange today, whether or not it should join others in supporting the Honourable Member’s bill. It would be a great triumph for the eloquence of the Honourable Member if she secured that paw-line conversion. I think that if the Honourable Member does secure that conversion and gets a majority for her bill, I will reply to the Honourable Member’s question. But as he knows, I have an active distaste for answering hypothetical questions, finding the ones that are not hypothetical much too difficult anyway.

PRESIDENT: Mr SZETO Wah.

MR SZETO WAH (in Cantonese): *Mr Governor, I just want to raise a simple but specific question. I have recently received complaints from the residents of Ping Shek Estate which is almost 30-year old. They complained that the replacement works of lifts in the estate have not been completed even after a lapse of months and have caused them a lot of inconvenience. I called up a Senior Manager of the Housing Department this morning and inquired why the replacement works have to take such a long time. He replied that it took a total of nine months to replace one lift and since there were two lifts in each building, a total of 18 months were hence needed to replace the two lifts. In the meantime, one lift would remain operational while the other one was being replaced. Mr Governor, do you think this level of efficiency is acceptable; now I have put this to you, could you do something to improve the situation?*

GOVERNOR: I must just say to begin with that if I would have to predict the question which the Honourable Member was going to ask, that would not necessarily have been it. But I recognize that the most important politics is local politics and the most important issues are the ones that, or usually the most

important issues, are the ones that affect people's livelihood which affect whether they have to clamber up several flights of stairs, with children, with the shopping, every day, or whether they can manage the passage in a lift.

I will certainly look at the question which the Honourable Member raises. Given how quickly, with half a chance, we build a tunnel or an airport, it should not take us all that long to put in a lift.

Adjournment and Next Sitting

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 15 June 1994.

Adjourned accordingly at twenty-seven minutes to Four o'clock.