

THE LEGISLATIVE COUNCIL DEBATES
OFFICIAL REPORT
THE SESSION OF THE LEGISLATIVE COUNCIL OF
HONG KONG
WHICH OPENED 6TH OCTOBER 1976
IN THE
TWENTY-FIFTH YEAR OF THE REIGN OF HER MAJESTY
QUEEN ELIZABETH II
LEGISLATIVE COUNCIL CHAMBER
Wednesday, 6th October 1976
The Council met at 12.00 noon
PRESENT

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)
SIR CRAWFORD MURRAY MACLEHOSE, GBE, KCMG, KCVO
THE HONOURABLE THE CHIEF SECRETARY
SIR DENYS TUDOR EMIL ROBERTS, KBE, QC, JP
THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)
MR DAVID GREGORY JEAFFRESON, JP
THE HONOURABLE THE ATTORNEY GENERAL
MR JOHN WILLIAM DIXON HOBLEY, CMG, QC, JP
THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR DENIS CAMPBELL BRAY, CVO, JP
DR THE HONOURABLE GERALD HUGH CHOA, CBE, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES
THE HONOURABLE IAN MACDONALD LIGHTBODY, CMB, JP
SECRETARY FOR HOUSING
THE HONOURABLE DAVID HAROLD JORDAN, CMG, MBE, JP
DIRECTOR OF COMMERCE AND INDUSTRY
THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, CMG, JP
DIRECTOR OF EDUCATION
THE HONOURABLE IAN ROBERT PRICE, CBE, TD, JP
COMMISSIONER FOR LABOUR
THE HONOURABLE ALAN JAMES SCOTT, JP
SECRETARY FOR THE CIVIL SERVICE
THE HONOURABLE GARTH CECIL THORNTON, QC
SOLICITOR GENERAL
THE HONOURABLE THOMAS LEE CHUN-YON, JP
DIRECTOR OF SOCIAL WELFARE
THE HONOURABLE ALAN THOMAS ARMSTRONG-WRIGHT, JP
SECRETARY FOR THE ENVIRONMENT (*Acting*)
THE HONOURABLE JOHN WALTER CHAMBERS, JP
SECRETARY FOR THE NEW TERRITORIES (*Acting*)

THE HONOURABLE MORRIS CYRIL MORGAN, JP
SECRETARY FOR SOCIAL SERVICES (*Acting*)
DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP
THE HONOURABLE LEE QUO-WEI, OBE, JP
THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, JP
THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP
THE HONOURABLE PETER GORDON WILLIAMS, OBE, JP
THE HONOURABLE JAMES WU MAN-HON, OBE, JP
THE HONOURABLE HILTON CHEONG-LEEN, OBE, JP
THE HONOURABLE JOHN HENRY BREMRIDGE, OBE, JP
DR THE HONOURABLE HARRY FANG SIN-YANG, OBE, JP
THE HONOURABLE MRS KWAN KO SIU-WAH, OBE, JP
THE HONOURABLE LO TAK-SHING, OBE, JP
THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP
THE REV THE HONOURABLE JOYCE MARY BENNETT, JP
THE HONOURABLE CHEN SHOU-LUM, JP
THE HONOURABLE MISS LYDIA DUNN, JP
DR THE HONOURABLE HENRY HU HUNG-LICK, OBE, JP
THE HONOURABLE LEUNG TAT-SHING, JP
THE REV THE HONOURABLE PATRICK TERENCE MCGOVERN, SJ, JP
THE HONOURABLE PETER C. WONG, JP
THE HONOURABLE WONG LAM, JP

ABSENT

THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE, JP
SECRETARY FOR SECURITY
THE HONOURABLE DAVID WYLIE MCDONALD, JP
DIRECTOR OF PUBLIC WORKS
THE HONOURABLE EDWARD HEWITT NICHOLS, OBE, JP
DIRECTOR OF AGRICULTURE AND FISHERIES
THE HONOURABLE LI FOOK-WO, OBE, JP
THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS LOLLY TSE CHIU YUEN-CHU

HIS EXCELLENCY THE PRESIDENT:—Honourable Members we have many oaths to take, I think in contrary to normal custom we will take them seated.

Affirmations and Oaths

Mr CHEN, Dr HU, Mr LEUNG, Mr Peter C. WONG and Mr WONG Lam made the Affirmations of Allegiance and assumed their seats as Members of the Council.

Rev MCGOVERN, Mr SCOTT, Mr LEE, Rev Joyce BENNETT and Miss DUNN took the Oaths of Allegiance and assumed their seats as Members of the Council.

Welcoming of New Members and Valedictory

HIS EXCELLENCY THE PRESIDENT:—I will have more to say this afternoon about the enlargement of this Council. For the meantime, I would simply like to extend a very warm welcome to all new Members of this Council. At the same time, I would like to pay tribute to the retiring Member Mrs Joyce SYMONS. She retired after serving this Council for four years. She has a very long record of distinguished public service including the Urban Council, the School Medical Service Board, membership of other bodies including the Board of Education, the Action Committee Against Narcotics, English Schools Foundation, Court of the University of Hong Kong, and the ICAC Target Committee. She will be particularly remembered in this Council for the contribution she made over education.

I am very glad to say that Mrs SYMONS is not retiring from public life but I will continue to have the benefit of her advice in the Executive Council.

DR CHUNG:—Your Excellency, on behalf of the Unofficial Members may I also extend a warm welcome to the new Members of this Council, both Official and Unofficial.

My Unofficial colleagues and I also wish to associate ourselves with the tribute you, Sir, paid to Mrs Joyce SYMONS, who has not only been a very perceptive and distinguished Legislative Councillor over the past four years but also an energetic and clear-thinking colleague on UMELCO matters. We are happy that, as a Member of the Executive Council, she will continue to contribute to the important tasks which are borne by UMELCO in this community and we wish her every success in her new role. Thank you, Sir.

Suspension of Sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Order 8(6), I now suspend the Council until 2.30 p.m. this afternoon.

Suspended accordingly at seven minutes past twelve o'clock.

2.30 p.m.

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

Address by HE the Governor

HIS EXCELLENCY THE GOVERNOR:—

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INTRODUCTION

New Membership of Legislative Council

First of all I should like to welcome again to this Council the 8 new Unofficials and 5 Officials who took their oaths of office this morning. I hope this enlargement would ease the burden on members in discharging their steadily increasing responsibilities, and I also hope that having an expense allowance available and the services of an expanded UMELCO Secretariat will also assist you in your duties. The opportunity enlargement offered has been taken to achieve a membership reflecting a wider direct association with all sections of our society—as the Senior Member suggested two years ago.

[HE THE GOVERNOR]

It is the tradition in this Council that each Member speaks for no particular group or section but in the interest of all Hong Kong as it appears in his or her judgment. This is a good tradition, but only if it is balanced, as is now more the case, by membership drawn from a wide range of professional expertise, public service, and personal background. For my part, I think it is important that significant differences between Members or between them and the Government on matters of policy should be brought out in public at this Council, so I continue to hope for lively debate.

The role of UMELCO

In being appointed to this Council Unofficials also become part of the body of Unofficial Members of Executive and Legislative Council. In this unelected government the functions of UMELCO outside the formal work of the two Councils are vital. It is your Government's aim to make the departments of official government as accessible and responsive to the public as possible. But this process can be greatly assisted by Unofficials. Much good work in this respect is done by the Ward Offices of the Urban Councillors, and by individual members of the public. But the importance of UMELCO in its function of redressor of grievances and stimulant and check on the administration cannot be overstated. No one is more conscious than myself of the immense amount of time involved for members, or the importance of the work they do.

General aims

As honourable Members know, in 1972 and '73 your Government undertook a wide ranging review of what would be necessary in order to eliminate the principal defects in our society within a time-scale of about ten years, and planned accordingly. To tackle and master all the many different problems we realized required more revenue, the overhaul of the administration, bold planning, and a radical new degree of contact and partnership between Government and governed. With the support of honourable Members and of the public your Government has persisted with these objectives inspite of the traumatic and wholly unexpected experience of the recession. From this experience Hong Kong has now emerged and, as it were, changed gear. I therefore propose to review what our economic possibilities are in the period of renewed growth into which we have moved, and how this can best be used to strengthen our economy, improve living standards and attain our social targets.

Relations with China

I do so against the background of reassuring relations with China. Anglo-Chinese relations have continued to be excellent during this past year, and within this framework practical contacts over Hong Kong have likewise been friendly and helpful. Recent sad events in China have no bearing on this satisfactory situation which I am confident will continue.

ECONOMY

When I spoke to you last year there were clear signs that the economy was past its worst, that we were beginning to recover from the recession and that in 1975 as a whole we would probably do slightly better than in 1974. As it turned out the recovery of demand in our major overseas markets generated an unusually rapid increase in our exports. So we did better in 1975 than expected, with the gross domestic product, in real terms, increasing by some 3.2%.

The recovery in North America and Western Europe strengthened during the first half of this year and this brought about a further acceleration in the growth of our exports. In the first half of 1976 the volume was 36% higher than in the corresponding period of last year and had fully recovered the ground lost during the recession. With manufacturing employment in June this year at a record breaking seven hundred and fifty thousand and real wages rates in manufacturing in the first half of this year increasing at an annual rate of over 12%, I can now say with confidence that in terms of industrial activity, employment and level of real incomes our economy is back on the course from which it was knocked by the recession.

Of course, we cannot expect our economy to go on expanding at the pace of the last twelve months as this reflected recovery from deep recession. Even if the demand were there we would soon begin to face capacity limitations of one sort or another. Furthermore the recovery of demand in our major markets has been influenced by replenishment of stocks run down during the recession. This, too, cannot be expected to continue at the same pace and, even though there is room in our overseas markets for further recovery in consumer demand and capital investment, the rate of expansion will probably slow down a little from now on.

Even so, there is no doubt that 1976 will be a very good year for Hong Kong and we are now expecting to see an increase of 25% in the quantity of our exports and of some 16% or more in the gross domestic product in real terms.

[HE THE GOVERNOR]

Looking ahead to 1977 and beyond I must stress the point that in the longer term our economic performance must depend very largely on our own efforts. Better use of the labour force through more training, more skills and the provision of more productive machinery and equipment is very much in our own hands. So is the adaptability of our economy to changes in demand in overseas markets. But Hong Kong is good at doing these things and I am sure we can keep pace with our competitors, but we must continue to search out, seize and exploit new opportunities.

Our performance will also continue to be dependent on developments in our major markets and sources for raw materials. There are signs that the economic policies of most major countries in the world will continue to be strongly influenced by fear of inflation, if so the growth in international trade may be slower if surer. Nevertheless, so long as it does continue to grow, as we confidently expect it will, Hong Kong's industry is sufficiently flexible to win a share that will keep our capacity fully occupied. So I believe we may count on our economy continuing to expand for the rest of this decade at an average rate of at least 6% per annum in real terms.

INDUSTRY AND FINANCE

Land

But we must do everything within our power to maximize and maintain this expected prosperity. I am convinced that, for our industry to expand to diversify and achieve higher levels of technology the principal stimulant the Government can inject is land.

In the first place, the layouts of the new towns are being reviewed so as to provide for wider development of industry.

Secondly, the Government will continue its policy of granting land on special terms for industries introducing new technology of value to the economy. The progress of this policy is already apparent, for instance, on Tsing I Island.

Thirdly, I believe a major contribution can be made through the concept of industrial estates. A Provisional Industrial Estates Authority has already been established, and subject to the advice of Executive Council legislation to convert the Authority into an independent corporation will be introduced this session. Work on the first industrial estate at Tai Po of about 185 acres is proceeding

fast, and work should start on another of about the same size near Yuen Long next year. Two or three other large estates are being planned.

Communications

In these major developments of new towns and new areas for industry the provision of adequate communications will be crucial. To the West, in addition to sea communications, which are capable of considerable expansion, there is the Tuen Mun Highway, and I hope that a proposal will be made shortly for commencing the second and final phase. To the East and North, the doubling of the Lion Rock Tunnel and of the road and rail links to Sha Tin will be great improvements. We are now considering the continuation of these links by means of a coast road to Tai Po and a thorough-going expansion of the railway. The Comprehensive Transport Study, just completed, throws valuable new light on these problems, but it will be essential not to allow ourselves to be lost in contemplation of all its complexities, but to press on with the main items I have mentioned. Clearly without them there is a real danger that much of the advantages of the new towns and new centres for industry will be lost.

Within the urban area itself the Mass Transit Railway is making good progress. I also hope that the tunnel to Aberdeen and its connection with the cross harbour tunnel will ease congestion on existing roads and pave the way for further development in Aberdeen and Pok Fu Lam.

Financial Legislation

A further major field in which the Government has a part to play is in our financial system. We must not ever on any account discourage enterprise and the willingness to take risks for the sake of profits. But the growth of Hong Kong as a major financial centre has required the Government to ensure that the system is conducted with a degree of responsibility which matches our international importance and protects our public. We have therefore progressively enacted ordinances to regulate banking, securities, deposit taking companies and commodity trading. Much has also been done to strengthen our companies legislation particularly that dealing with prospectuses and company accounts.

During the coming session further bills are expected to be introduced to give effect to more recommendations of the Companies

[HE THE GOVERNOR]

Law Revision Committee. A bill involving a major revision and consolidation of our insurance law should be presented before long. Consideration is also being given to the difficult problem of curbing insider trading on which both the Government and honourable Members now, I think, realize action is overdue.

Protection of Trade

The Government has also the very important duty of protecting industry's access to overseas markets. This the Commerce and Industry Department will continue to do to the best of its very considerable ability. I should also like to record this Government's thanks for the unfailing support of the British Government and its missions in helping to protect our trading rights.

Promotion of Investment

Finally, in concert with the Trade Development Council and the General Chamber of Commerce, the Department of Commerce and Industry will continue to promote both exports and overseas investment to expand and diversify our industry.

Summary of economic situation

In concluding this section on our prospects and policies in the economic and financial field, I can say with confidence that unpredictable external economic convulsions apart, our prospects are once more good, and that we may face the social problems of Hong Kong without fear that our reasonable plans to solve them will suffer from financial restraint. Other restraints there are bound to be. For instance there are practical and administrative limitations to the degree of expansion of the public sector that is possible in a given period of time. Similarly there is a limit to the size that the public sector can achieve.

Our long term objective is to develop our programmes in line with what we expect the long term development of the economy will be able to support. But we plan in such a way that we can adjust them quickly, if necessary, to meet the unforeseen whether bad or good. Now the time is good and there is every prospect of it so continuing, therefore it behoves us, in this new and more fortunate situation, to consider whether our plans are commensurate with our possibilities.

HOUSING

First of all Housing. Our target is self-contained housing in a decent environment for all and within the means of all, by the early '80s.

Housing "for all" is a question of quantity. Only when we are able to provide new homes for about 200,000 people a year in the public sector will we be making the kind of impact we set out to do. In this and the next financial year we will still be under the influence of restraints imposed during the recession, and taking all Government-financed housing together, including that of the Housing Authority and the Housing Society, completions in these two years will house about 97,000 and 109,000 persons respectively. But in 1978-79 the figures will rise dramatically to 170,000 and 24,000 in '79-80. Thereafter figures well over the 200,000 mark will be maintained. The land is earmarked, the Housing Department will have the design and construction capacity, we have the finance, many of the relevant contracts are already let. The back of the problem should be broken by '84, provided all concerned maintain the pressure necessary to keep on our targets.

None of us like the present housing situation in Hong Kong, the length of the waiting list, the numbers in oldest type estates, in resite areas or squatter settlements or bed-spaces. Our only defence can be that we are making the maximum effort to end it that is physically and administratively possible. With the recession behind us, this I believe at last to be the case.

Housing "within the means of all" is a question of standards, costs and rents on the one hand and incomes on the other. The rents charged in the newest estates are not more than half of private sector rents and usually less, and I should add that to ensure this housing fulfils its social purpose this degree of subsidization will be maintained. These rents are within the means of most of those eligible, but they are beyond the means of a minority. This is not the case in the old estates whose rents are very much lower—as also are standards. I am sure we should not drop standards in the new estates and in fact should rather seek to raise them without of course reducing the numbers to be rehoused. I am equally convinced that housing must continue to be available within the means of all, or a significant element in the social cohesion of Hong Kong will be lost. The course being followed by the Authority is to facilitate the movement from old to new estates of those able to pay the higher rents and thus make room for those who are not. The slow raising of the exceptionally low rents in the old estates which

[HE THE GOVERNOR]

were static for so long, and still are only between a quarter and a seventh of comparable private rents is in line with the general aim of providing housing within the means of all. I say this because I believe the justice of slowly raising them is generally accepted, though it is certainly our intention that they should remain very low in comparison with private rents. As for new estates which will be occupied in the next few years, we hope that more stable contract prices will allow their initial rents to be stabilized at the present levels. Given that the Housing Authority caters for families with a wide range of incomes it seems sensible to fix rents for new estates at a level which avoids excessive subsidy for the majority of eligible families, since they can afford these levels. But this means that special arrangements must be made for the minority who cannot afford them but whose housing problem must be solved. The Authority's policy is framed to meet this problem, and the Authority will keep a close watch on it and do everything possible to house everybody within their means. The Government stands ready to play its part if necessary.

Home Ownership

Honourable Members may recall that in this year's budget speech the Financial Secretary announced the Government's intention of boosting production by building an additional 30,000 flats for sale at an average rate of 5,000 flats a year to provide additional accommodation for some 180,000 people. The additional sites have been found and the first instalment of 5,000 flats will be ready for sale in '79-80 and further instalments will then follow each year. These flats are included in the figures I have already given.

The original intention was to sell them only to persons already in housing estates so as to make room in rented accommodation for others in more need. However, after careful thought I reached the conclusion that promotion of home ownership is such a desirable social objective in its own right that the scheme needed broadening, and also that the financial issues involved were so complex that considerable drive would be needed if they were to be solved sufficiently fast.

Accordingly, after some preliminary work had been done, at the end of July I set up a working party on home ownership under the chairmanship of the Financial Secretary with the task:

firstly of working out a practicable scheme for persons within and also immediately above the income limits of eligibility for public housing; and

secondly to recommend how and by whom the scheme should be managed.

the production to be undertaken by the Housing Department.

It will not be easy to devise mortgage facilities tailored to the circumstances of people of the income ranges we have in mind, but I am confident it will be possible. I hope that the arrangement which the Financial Secretary's working party will devise will be the beginning of a large-scale non-profit-making scheme of home ownership within the public sector. Home ownership, with the security it offers, is clearly the goal of very many of our people. I hope therefore that this initiative will commend itself to honourable Members and that the financial provisions that will eventually be put to them will command their support.

The Private Sector

Private developers have an important contribution to make to our housing situation, and I am very pleased to note their return to great activities. It looks as if for the rest of the 70's they will be completing an average of 20,000 flats each year. Honourable Members, this means that between now and 1980 the public and private sectors together should have produced new homes for about a million people.

EDUCATION

Secondary Education

I turn now to education. The immediate priority is to provide 9 years of education, including three years of secondary education, for all and within the means of all. The social and economic consequences of our inability hitherto to do this have been a matter of deep concern; however the three years from 1978-80 will see the end of this. By '78 the extra places will be found for all primary school leavers by building or conversion to create 48 new schools, by flotation and extended day classes, and by the purchase of places in private schools. All this expansion and change present a daunting challenge to the Education Department and school managements and staff alike. But they know the urgency of the need and I am sure they will meet it. Herculean efforts have also been made to provide educational television services for secondary schools, so as to assist quality during this period of expansion.

These arrangements to get secondary education for all started as soon as possible include expedients that should not become permanent.

[HE THE GOVERNOR]

So, subject to the approval of the Finance Committee of this Council, the construction of a further 35 new schools will be undertaken in the coming two years to improve the quality of junior secondary places.

The White Paper recommended the provision of assisted senior secondary places for 40% of the 15-16 age group. The arrangements I have outlined above include provision for only 29%. So in the coming year plans must be made to meet this shortfall.

Technical Institutes

The development of Technical Institutes is proceeding well. When the fifth institute, planned for Kowloon Tong, is opened in '79 there will be places for some 6,650 full-time or equivalent part-time students and for about 20,000 evening students in addition. We must watch how demand for this type of training develops as industry becomes more sophisticated and the full effect of the Apprenticeship Ordinance is felt, and be ready to expand it if necessary.

Tertiary Education

The expansion of the polytechnic and the universities will continue. At the polytechnic in 1975-76 there were about 7,500 full-time and equivalent part-time students and this should grow to just under 10,000 by '77-78 and to 11,400 by '80-81. By then the polytechnic will be able to provide for more than 30,000 day and evening students.

In 1973 the combined student population of the Hong Kong University and the Chinese University of Hong Kong was about 6,000. By the end of 1978 it will be 8,800 and by '81 about 10,300.

I think this rate of build-up in both the polytechnic and the universities is the most that can be achieved without sacrificing quality, and without creating imbalance in the educational system as a whole.

Review of post-junior-secondary Education

Our plans for education beyond junior secondary standard have hitherto been dominated by the obvious need to make good under-provision at all levels but particularly up to Form 3. However with the prospect of provision for up to Form 3 being completed, and of the number of places at other levels I have indicated being available in the early '80s a working party is engaged in drawing up a report

on what our future course should be for senior secondary and tertiary education and the balance that should be maintained between academic and technical sides. When the report is ready, which should be early in the New Year, I will be seeking advice on both the substance of the report and on procedures for handling it. But since it will be of such concern to the community as a whole, at the moment it seems to me a suitable subject for a green paper before any final decision is taken.

New Medical School

I am sure that we are all delighted that planning is now beginning in earnest for the opening of a medical school in the Chinese University. Not only will Hong Kong need this extra supply of doctors in the '80s, but this major project demonstrates the Government's confidence in the future of the Chinese University and the great part it has to play in meeting the needs for higher education in Hong Kong.

MEDICAL AND HEALTH SERVICES

The main programme

There continues to be a heavy demand for medical and health services. At present the major deficiency is in the provision of hospital beds. By the end of 1976 when Princess Margaret Hospital will be in full use there will be a total of 19,000 hospital beds against an estimated requirement for 22,600. 2,700 of this shortfall is in psychiatric beds. There is also undoubted over-crowding in some clinics, and in the Queen Elizabeth and Queen Mary Hospitals.

The programme of improvement is as follows: in 1980 the new 1,300-bed psychiatric wing at the Princess Margaret Hospital will meet part of the shortfall of psychiatric beds and a further 630 beds will be added in other projects within the next 8 years. The complex at Sha Tin will open in 1982-83 with 1,200 beds, a supporting polyclinic and a general clinic. In 1983-84 the Tuen Mun Hospital will open with 1,200 beds and a supporting polyclinic. A further four clinics, one health centre and a polyclinic, all to be completed within the next eight years, are planned for other areas of the New Territories and East Kowloon.

Though these developments will reduce pressure on both Queen Mary and Queen Elizabeth Hospitals, further thought is being given to supplementing this programme with additional beds in a new hospital in East Kowloon. Apart from this I doubt if much improvement in

[HE THE GOVERNOR]

this programme of construction is either possible or necessary. But there are other ways in which services can be improved.

Regionalization

The first is to make more efficient use of the beds and facilities available by means of regionalization. This major re-organization will be carried out in next year. I will leave it to the Director of Medical and Health Services to expand on this concept.

Community Nursing

The second is to consider whether the application of community nursing at present provided by some voluntary organizations should be expanded or might help to ease the pressure on hospital beds. A Working Party has submitted a report to the Medical Development Advisory Committee whose views the Government will be considering.

Drug Treatment

The third is in facilities for drug treatment. Four methadone maintenance centres were opened in December 1974 and more recently 14 detoxification clinics. But now that interception of supplies is more successful, it is essential to ensure that clinics are available to addicts wherever the demand exists. So your Government intends to keep a close watch on how this develops.

Supply of Doctors

The fourth is supply of doctors. The new medical school at the Chinese University will admit its first intake in 1981, and will eventually produce 100 doctors a year supplementing the 150 doctors produced by the existing medical school at the Hong Kong University. But this is still ten years in the future.

Meanwhile it is hoped that a considerable number of so-called "unregistrable doctors" will be licensed. About 1,700 have applied to take the examination, and the first to qualify after a period of assessment should start practice in 1979.

Dentistry

The fifth is dentistry. At present this represents a gap in our medical and health services. We propose to start with a service to

care for the teeth of school children. A dental centre is being built at Morrison Hill for a dental nurse and hygienist training school and a children's dental clinic with 30 chairs. The first intake of dental nurses for training will start in September 1978, and the School Dental Conservation Service in 1981.

Planning for a Dental School in the University of Hong Kong has also started. The first pre-clinical intake will be in 1980 and the first group of 60 dentists should graduate in 1984.

Rehabilitation Services

The sixth is our Rehabilitation Services, which fall partly within the field of medical, partly of education and partly of social welfare services. Since the thorough review of these services just completed is about to be published next week as a green paper I will not elaborate on its recommendations, though later in this speech I will refer to how and when services under this heading should be considered together with other social welfare services. Later in the debate I look forward to hearing the comments of some honourable Members on the contents of the green paper.

Population Control

Finally a word about control of the growth of population. We must continue to exert tight control over both legal and illegal immigration, and also ensure that family planning services are adequate to the community's requirements. There are now 66 centres—40 operated by the Medical and Health Department and 26 by the Family Planning Association, and all new family health centres will incorporate family planning services. The calculations of the office of Census and Statistics suggest that these measures are having fairly satisfactory results.

SOCIAL WELFARE

Review of Social Welfare in Cash and Services

Honourable Members, we are conducting a major review of our social welfare programmes. They fall into three main categories. First there are cash payments, based on need, called Public Assistance. These are intended to ensure that in all reasonable circumstances incomes are maintained above the subsistence level. Second, there are other cash payments called Disability and Infirmity Allowances. These are not based on need but on proved conditions of disability or age, and are intended to provide a small pension to help the disabled and

[HE THE GOVERNOR]

elderly to live in the community and reduce the burden on their families. These cash payments take up 70% of expenditure on social welfare. There is also a third category of programmes which relate not to payments but to services. On these your Government is preparing costed programme plans covering the major fields of services to the handicapped, the elderly and youth. That on services to the handicapped, that is to say on rehabilitation as I have said, is being published next week. That on services to the elderly should be ready early next year; while that on preventive services for youth should be ready by the late spring or early summer.

Once we have these plans we will undertake as a matter of priority a comprehensive review of what needs doing to complete the safety net for our society and make sure it has no holes. Current arrangements for payments are an enormous advance on the dry rations of six years ago. But now that the administrative machinery has been run in, we should look closely at how well it really works; at whether methods of proving need for Public Assistance are reasonable, at whether the levels of payments are appropriate and criteria for eligibility including for instance the age for infirmity allowance, are right; in short at whether our arrangements cover properly the vulnerable groups the community wishes to help; and if not what adjustments would be necessary. We intend to combine the conclusions of the reviews of payments and of services in an amended and more comprehensive and specific Social Welfare Programme, which we intend should be ready by about the end of next year, and subject to the views of honourable Members, begin to be implemented in 1978.

Later in the debate the Director of Social Welfare will be describing the improvements he will be introducing in the coming year within existing principles. In addition to further community services these include substantial expansion of preventive services to youth, and of services to the elderly.

Extension of Public Assistance

While generally speaking I am sure we should await the outcome of this review before deciding what changes are necessary in current practices there is one exception. A defect in our public assistance scheme made its presence felt during the recession, namely that many able-bodied persons between 15 and 55 are excluded. We propose to include them next financial year, subject to satisfactory arrangements being made to prevent abuse. We think these should include a residence

qualification, a defined period of unemployment, as well as services to assist applicants to find work and to check on their situation but of course administered with humanity. I do not think attempts at abuse on a significant scale likely in this hard working and self-reliant community, and so far the Public Assistance scheme has been abused remarkably little. During the recession it was quite wrong that unemployed single men or couples without children had to live off their friends or their wits, or that some married men had to live off the public assistance granted to other members of their family. I am sure that honourable Members will agree that this is something we should put right.

LABOUR

During the last year steady progress has again been maintained in improving terms and conditions of employment and in making the working environment safer.

The Employment Ordinance was amended to increase the number of statutory holidays from six to ten. The passage of the Apprenticeship Ordinance provides a general framework to ensure that apprentices will be properly trained and fairly treated and was supplemented by the special training schemes for the building trade and garment workers.

New Safety Regulations were introduced to cover the Guarding and Operation of Machinery, the Spraying of Flammable Liquids, work on dry batteries and work in compressed air.

It is essential that this legislative programme should continue. During the current session, your Government will therefore introduce further measures to improve legislation governing employment and working conditions. In particular, amendments to the Employment Ordinance will be introduced to provide for one week's holiday with pay from 1978 and for one rest day a week (instead of 4 a month) next year, and for improvements in severance pay and sickness benefits. Final details are being drawn up to implement the compensation scheme for workers suffering from silicosis and asbestosis. The detailed review of the Workmen's Compensation Ordinance will also continue and it has become evident that certain improvements should be effected in the course of this session. Further safety legislation and legislation to provide for greater protection of wages in the case of bankruptcy or liquidation are also under consideration.

I shall leave the Commissioner for Labour to expand upon the details of the legislative programme.

[HE THE GOVERNOR]

In other social fields I have described we have set ourselves targets defined in quantity and time. It is important that in this field of labour legislation too we should have a clear idea of what our objectives are. Your Government has concluded that we should set ourselves the target of achieving a level of legislation governing safety, health and conditions of employment at least broadly equivalent to the best in our neighbouring countries whose stage of economic development and social and cultural background are similar to our own, which in effect means our principal Asian competitors excluding Japan.

It is true that our workers' incomes are higher than our competitors', and that their standard of living as a whole compares well. But I do not believe honourable Members would believe it right that on this account we should aim at providing them with less protection, nor could we defend a lower target internationally or against the background of the sort of society we are trying to build here in Hong Kong. This is a field in which we have made substantial progress in the last 6 or 7 years, but we have to go farther to reach the standard I have mentioned and I am sure we can do so fairly fast and well within 5 years. Indeed the legislation now proposed will go a long way towards closing the gap. I am satisfied that we can do so by steps graduated so as not to affect materially our competitive position. But in the mood current in some of our main markets the danger to our commercial prospects of failure to make rapid progress could well be greater than the comparatively small implications for our competitive position. For all these reasons but particularly because I believe it to be right for our society I attach great importance to this legislation, and trust it will receive the support of honourable Members.

NEW TERRITORIES

The policies and programmes which I have been speaking about apply no less to the New Territories than the rest of Hong Kong. I have explained when and where hospital and clinic services will be expanded; many of the secondary schools will be built in the New Territories; other social programmes apply equally there. But the pace of physical change is more dramatic there than elsewhere, particularly in the new towns. But the Government has been open to the charge that outside the new towns it has done too little. I assure residents of the New Territories this will now change. In the course of this year and the next, new development will start at eight other places. At Tai Po, Fanling and Yuen Long there will be substantial expansion

of the urban centres to provide housing, land for industry, and community and recreational facilities. At other places such as Silver Mine Bay and Cheung Chau smaller housing estates will be built.

The pace of development and expansion of population in the New Territories is so fast that there is a serious danger of under-administration. The machinery of Government must be sufficiently strong and adequately staffed to respond quickly and adequately to local problems and aspirations. A pilot administration is being set up in Tsuen Wan, where the population is already more than half a million. A Town Manager has been appointed and a number of senior administrative posts created. The Town Manager combines the responsibilities of the former New Territories Administration District Officer with those of a City District Commissioner. He will have under him staff both to enable him to fulfil his essential part in the physical process of development, and also to run a district organisation similar to that in Hong Kong and Kowloon, so as to foster the growth of community organizations. These have a particularly important role to play in the New Towns, where so much of the population is new and contains so many people who are strangers to each other.

I referred last year to the need to involve residents of the New Towns in the development and use of local facilities and amenities through a local committee, chaired by the District Officer and including both local residents and officials. In Tsuen Wan such a Committee has been established and started work. If successful, similar committees will be set up in the other towns when they reach a suitable stage in their development.

COUNTRY PARKS

The rapid development of the New Territories places an urgent obligation on the Government to ensure that large areas of unspoilt countryside are preserved intact to play their part in recreation and tourism. Whether in the New Towns, Kowloon or Hong Kong Island we all live in noisy, densely packed, and exceptionally busy surroundings. We must preserve areas where there is quiet, fresh air, and natural beauty, and Hong Kong is still rich in such areas. So the Country Parks Authority and Board have therefore been established.

The Board is strong, with plenty of punch, and the Authority is not stinted of funds. They are engaged in a race against time to designate the Park areas and establish management to preserve them and to encourage their proper use, before improper and haphazard use

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destroys them. I know Members will join me in wishing the Authority and Board every success and will also keep a sharp eye on their progress.

This brings me to the end of that section of my speech which broadly speaking, covers the development of programmes designed to solve by the early '80s problems thrust on us by the swamping of Hong Kong by influx and expansion of population. I now turn to other problems which unhappily are more the products of our own society, and which we are attempting to solve not only by official action but also through mobilizing the community as a whole.

CRIME

The rise in crime has at last stopped and the prospects of reducing it are becoming brighter, although we still have a long way to go. I would like to pay a very sincere tribute to the work of the Royal Hong Kong Police Force. It has vigorously set its house in order. I realize that public attention is often distracted from the considerable improvements which have been brought about by headline-catching crimes of individuals or disappearances of wanted persons. But these must be put in perspective and I would like to stress that I have no doubt that the general situation in the Police Force has vastly improved. Three years ago it was 3,200 under strength. But by the end of this financial year it will be virtually up to its full establishment of 17,000. It has totally overhauled its organization, techniques, procedures and deployment. The CID has been greatly strengthened, and new tactics developed. A personal radio scheme will start this year to increase operational effectiveness. To make the Force more accessible to the public a network of 85 reporting centres is being established, and on these is slowly being built a system of Neighbourhood Police Units as men become available. It is intended that the Auxiliary Police should play an increasing role in these as a link between the regular police and the public.

Vigorous steps to change its old relationship with the public have had some success. Careful instructions to all ranks have been well supplemented by the new Police Community Relations Officers. The Mutual Aid Committees help in keeping down crime within their own blocks and provide the police with points of contact and assistance and increasingly of information not previously available. The impact of the 168,000 members of Junior Police Call has been quite remarkable.

This is a catalogue of just some of the things the Force has done to refurbish its organization to fight crime, and to enlist the help of

the public. It is a story of considerable administrative effort and imaginative thinking.

This mobilization of effort by the Police on the one hand, and the public on the other is beginning to have an effect. I am not thinking only of the crime figures, though the rise in figures for overall crime has levelled off; those for violent and key crime have begun to shrink; and in particular those for robbery have dropped significantly. There have also been some notable successes against crime and syndicated crime.

But I would not be impressed by the bare figures, were it not that from the Mutual Aid Committees inside and outside housing estates I continually hear of a greater sense of security, better liaison with the Police and the belief that fewer crimes are being committed within the Committee's area.

However one must face the fact that urban crime is one of the most intractable problems of the age in which we live, and in Hong Kong it is made more difficult by the evil influence of triads and gangs. It would be very wrong to conclude more from what I have said than that we are working along the right lines and beginning to make progress. The dominant fact still is that the level of crime is far too high. So what next? Firstly, we are reviewing the establishment of the Police in the light of its recent experience and expanding new commitments. If this concludes the Force needs more men I am sure they must be found. Secondly, we must press on with improving the quality of the Force, and it is heartening that 90% of the applicants now have some secondary education. The Police Cadet School has proved itself, and its size will be doubled early next year to 600. I hope that construction of a permanent school for about 1,000 will be completed by 1980 at the latest, as I am convinced that in this cadre of pre-trained and educated entrants lies an important factor in the further improvement in the calibre of the Force. Thirdly, we must continue to enlist and encourage the support of the public. I am sure that an effective way of doing this is to expand the Mutual Aid Committees; but their quality must be maintained and the numbers must not out-run expansion of the Home Affairs Department to support them. By the end of this financial year there will be about 2,200 committees, and the rate of increase we have in mind is about 600 a year in the urban areas plus 120 in the New Territories.

Honourable Members on this question of crime, I think the overall picture is of some hard-won and encouraging progress, but not yet of victory.

[HE THE GOVERNOR]

PRISONS

The Prisons Department is ably led and staffed and it plays a vital part in the fight against crime. In spite of rapid expansion of accommodation in the last $2\frac{1}{2}$ years, it still needs more to reduce over-crowding. The new reception centre for about 1,000 at Lai Chi Kok and the new Training Centre in Tsuen Wan district, both of which open next year should help considerably. But further high security accommodation is needed and proposals will be put to you for a new prison for 400 at Shek Pik for completion in 1980.

The detention centre continues to be most effective in dealing with offenders aged from 14 to 20. But the number of persons under 21 convicted of crimes of violence has dropped and there has been an increase in those between 21 and 30. So your Government proposes to extend an amended version of the programme to offenders over 21 but under 25. A centre for this age-group will be opened next April. I am sure Members will agree that we must use every means available to us to master the problem of the young thug.

Some progress has been made in plans to expand prison industries and vocational training. But in both of these fields progress remains unsatisfactorily slow, and the department is engaged in a thorough-going reappraisal. To help in this an expert on prison industries will be coming here early next year.

ICAC

Corruption has done Hong Kong much harm; but I am pleased with the progress now being made by the ICAC. It has already made a very considerable impact both in checking corruption here and in re-establishing the good name of Hong Kong overseas.

The Operations Branch has been staffed and trained, reached full establishment and become a potent deterrent. Moreover it is now able not only to react to complaints but increasingly to take the offensive against those involved in the deep-seated organized corruption which has hitherto escaped the law. Mr PRENDERGAST has well fulfilled his undertaking, given to me nearly $3\frac{1}{2}$ years ago, to create an operations unit capable of detecting corruption in Hong Kong and of bringing it to justice. When he retires next January he will have rounded off a career of great distinction with an exceptionally difficult assignment exceptionally well done.

The attack on corruption will continue inexorably. There will be no relaxation, no let up, until this problem is behind us, and I know that no one here would have it otherwise.

But this process of detection and punishment must be accompanied increasingly by prevention and education, and now that the Government's determination to stamp out corruption is so amply proved there is a much better prospect of achieving results in these preventive fields. Thus Mr CATER will now place increasing emphasis on the work of his other two departments for Community Relations and Corruption Prevention.

Inevitably such a potent and active organization has provoked criticism. Broadly this is to the effect firstly that it should be concerned with the present and the future rather than the past except in major cases; secondly, that it should be concerned with major offences rather than minor ones; and thirdly that it should be concerned with the public rather than the private sector. The short answer is that these are precisely what its priorities are. But the law leaves the Commissioner little discretion. He must investigate complaints brought, and when satisfied that a case exists submit it to the Attorney General. It is up to the Attorney General and his office to decide what further action is appropriate, and the Attorney General will be developing his thinking on this later in the debate.

Those who still have any doubts on this issue should realize that the winds of change are blowing against them. In some of our neighbours these practices of former days have already been swept away, and in other parts of the world one sees growing pressure for straightforward dealing in private as well as public life. It is true that there is no easy or painless way, but Hong Kong's course is clear. The Independent Commission is having marked success, it commands the support of the population, and all of us, I am sure, devoutly wish it quick success so that we can put the past behind us.

COMMUNITY BUILDING

Honourable Members, I have spoken of some of the things we are doing to protect our society against its bad elements. But our aim must be to build a society which does not produce such elements, a society in which there is mutual care and responsibility. Our social programmes are of course relevant because people will not care for a society which does not care for them.

But in Hong Kong we do have the special difficulty of how strangers can be brought together to live in densely populated high-rise

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buildings and yet get to know each other, live in harmony and feel secure. The design of buildings can help. But human and psychological problems, and problems of organization are much more important, and particularly that of how residents communicate with public services affecting their daily lives. I believe that these problems can best be overcome by well-run and active Mutual Aid Committees selected by the residents themselves and with means of easy contact with the Government departments that can advise and assist them.

There is also a more general problem of individual loneliness, boredom, and lack of understanding of the wider community which can have serious effects particularly among young people. One way in which this is being tackled is through the Community Youth Officers of the Social Welfare Department. This service has operated for $2\frac{1}{2}$ years in all 10 City Districts and also in Tsuen Wan and Yuen Long, and has proved a great success in providing co-ordination and assistance for community and youth groups and in promoting civic sense.

Another approach is through the Recreation and Sports Service. This has made a good start in organizing the better use of recreational and sports and leisure facilities and in encouraging new ones for all walks and ages of life. It has now been expanded to all districts in Hong Kong, Kowloon and the New Territories and has just opened the first camp of its own at the Sai Kung Outdoor Recreation Centre.

The enthusiasts running these popular and effective services are doing all we could expect of them and they will be given the resources they need.

Honourable Members, what I have said implies both an admission and a grand design. The admission is that programmes for the provision of security, housing, education and health services, a social welfare net, and provision of recreational facilities, are not enough in this community which is so densely packed and subject to such rapid demographic changes. We must actively plan, organize and encourage the building of our community and its channels of communication with its Government.

Your Government seeks no exclusive role in this field, it sees no merit in either regimentation or uniformity, on the contrary it does see merit in a multiplicity of approaches and contributions. I greatly admire the excellent work done by many official, voluntary and private organizations. But the field is so important and there is so much

overlapping of the boundaries between different departments and services, and between different types of social work, that the Government cannot escape responsibility for co-ordination and overall provision. Moreover in so many fields the essential channel of communication to develop is that between the population and Government officials and police. Thus a design to do this is emerging based on the work of the Mutual Aid Committees in residential and factory blocks, the Kaifong Associations and Area Committees in larger areas, supported and assisted by the expanding services of the District Officers, the Community Youth Officers and the Recreation Officers. All this is being assisted, co-ordinated or directed by the Secretary for Home Affairs and his staff.

URBAN COUNCIL

Before ending this section of my speech I would like to add a very sincere tribute to the work of the Urban Council. The new arrangements under which it works have proved a success and a stimulant throughout its field of activity.

I think we are all particularly impressed with the dimension it has brought to its work in the cultural field. The great volume and variety of entertainment which it now offers has brought new interest and new excitement to a wide cross-section of the population.

I think too that its approach to hawking during the recession was humane and realistic, and I am sure now that hawking is slightly in decline the Council will be equally imaginative in planning permanent provision for the right level of this form of retail trade.

Hong Kong is much cleaner than it was. The Council had great initial success in cleaning the streets and litter spots and has followed up with the beaches. Cleanliness and care for the appearance of what we see each day is of inestimable value to the whole community, just as the reverse is an irritant and threat to health. Moreover a clean environment breeds care to preserve it, just as tolerated litter begets indifference. We all therefore attach the greatest importance to the Council's further work in this field and wish them success in their endeavours to persuade the public to make the extra effort in their residential blocks and in the streets so that our city will not just be cleaner than most others, but will be second to none.

[HE THE GOVERNOR]

CONCLUSION

Honourable Members, this finishes my review of what your Government has done is doing and proposes to do. It reflects my renewed confidence in continuing prosperity, and new determination both to maintain it and to use it for social progress.

Recovery has made it possible for us to get back on to the targets for our social programmes, with all the hope that this implies for eliminating the main deficiencies in our city by the early 80's. This represents a new challenge to the public service which must implement them. I know its members will rise to it. They constitute a fine service, second to none I have known; and this chance to change gear, put frustrations behind them, and get on with the job is exactly what they want.

You will have noted that to these programmes I have added a new and special emphasis on labour legislation and social welfare. The recession is behind us, but do not let us forget its lessons. The mutual comprehension between the shop floor and the board room was a great credit to HK. But nevertheless the recession hit the shop floor much harder than the board room. A new effort now to provide safeguards for the work force and low income group is therefore timely, right for our society, and but common justice.

It is your Government's aim to build into our society a balance. On the one hand there must be reasonable freedom and opportunity to acquire wealth and increase incomes at all levels, and because of our need to retain and increase investment to employ our population to do so to a comparatively greater extent than in other communities. On the other hand there must be ease of mind for all people through certainty that they may count on the essentials of life—education; medical services; housing; where necessary relief through social welfare; protection through adequate labour legislation; and of course personal safety. The first side of the balance—comparative economic freedom—is perfectly compatible with social and commercial responsibility. We know this is so, and we must keep it so. The other side—social provision—is equally compatible with Hong Kong's traditional virtues of realism, will to work and self reliance. These too are precious and essential to our society, and must be preserved. I am convinced that in the construction and preservation of this balance lie Hong Kong's best prospect for prosperity, social harmony and international respect.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—Honourable Members, in accordance with Standing Orders I now adjourn the Council until 2.30 p.m. on Wednesday 13th October.

Adjourned accordingly at twenty minutes to four o'clock.

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