

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 26 October 1977****The Council met at half past two o'clock****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
MR CHARLES PHILIP HADDON-CAVE, CMG, JP

THE HONOURABLE THE ATTORNEY GENERAL
MR JOHN WILLIAM DIXON HOBLEY, CMG, QC, JP

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR LI FOOK-KOW, CMG, JP

THE HONOURABLE DAVID AKERS-JONES, JP
SECRETARY FOR THE NEW TERRITORIES

THE HONOURABLE LEWIS MERVYN DAVIES, CMG, OBE, JP
SECRETARY FOR SECURITY

THE HONOURABLE DAVID WYLIE McDONALD, JP
DIRECTOR OF PUBLIC WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, CMG, JP
DIRECTOR OF EDUCATION

THE HONOURABLE DAVID GREGORY JEAFFRESON, JP
SECRETARY FOR ECONOMIC SERVICES

THE HONOURABLE ALAN JAMES SCOTT, JP
SECRETARY FOR HOUSING

THE HONOURABLE GARTH CECIL THORNTON, QC
SOLICITOR GENERAL

THE HONOURABLE EDWARD HEWITT NICHOLS, OBE, JP
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE THOMAS LEE CHUN-YON, CBE, JP
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE DEREK JOHN CLAREMONT JONES, JP
SECRETARY FOR THE ENVIRONMENT

DR THE HONOURABLE THONG KAH-LEONG, JP
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, JP
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE PETER BARRY WILLIAMS, JP
COMMISSIONER FOR LABOUR

THE HONOURABLE RONALD GEORGE BLACKER BRIDGE, JP
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JOHN CHARLES CREASEY WALDEN, JP
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE WILLIAM DORWARD, OBE, JP
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS (*Acting*)

DR THE HONOURABLE CHUNG SZE-YUEN, CBE, JP

THE HONOURABLE LEE QUO-WEI, CBE, JP

THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, 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 LI FOOK-WO, 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 YUEN-HAO TIEN, OBE, JP

THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

THE REV THE HONOURABLE JOYCE MARY BENNETT, JP

THE HONOURABLE CHEN SHOU-LUM, JP

THE HONOURABLE 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

DR THE HONOURABLE RAYSON LISUNG HUANG, CBE, JP

THE HONOURABLE CHARLES YEUNG SIU-CHO, JP

ABSENT

THE HONOURABLE ROGERIO HYNDMAN LOBO, OBE, JP

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR STEPHEN TAM SHU-PUI

Papers

The following papers were laid pursuant to Standing Order 14(2):—

Subject *LN No*

Subsidiary Legislation:—

| | |
|--|-----|
| Aerial Ropeways (Safety) Ordinance. | |
| Aerial Ropeways (Operation and Maintenance) Regulations 1977 | 243 |
| Public Health and Urban Services Ordinance. | |
| Public Swimming Pool (Designation) (No 2) Order 1977 | 248 |
| Trade Marks (Amendment) Ordinance 1977. | |
| Trade Marks (Amendment) Ordinance 1977 (Commencement) Notice 1977 | 249 |
| Public Health and Urban Services Ordinance. | |
| Hawker (Permitted Place) Declaration No 14/1977 | 250 |
| Evidence Ordinance. | |
| Evidence (Authorized Persons) (No 10) Order 1977 | 251 |

Sessional Paper 1977-78:

No 17—Income and Expenditure Account of the Police Welfare Fund for the
year ended 31 March 1977 (published on 26.10.77.)

Government business**Motions****Address of thanks to His Excellency the Governor**

THE CHIEF SECRETARY moved the following motion:—

That this Council thanks the Governor for His Address.

DR CHUNG:—Your Excellency, I am pleased and honoured to be the first of the Unofficial Members to congratulate you, Sir, on your Annual Policy Address delivered at the opening session of this Council three weeks ago. Your Address this year was both comprehensive and far-reaching. It is far-reaching because of two specific major proposals of Government. The first is to have nine years of universal, free and compulsory general education for all children under the age of 15 years and the second to introduce a contributory sickness and death insurance scheme including perhaps retirement benefits for those employees covered by the Employment Ordinance. These are proposals whose full effect and benefit to the community will not be felt until at least the 1990's. I shall revert to these important subjects later.

Sir, on behalf of my Unofficial Colleagues, I would like to take this opportunity to associate myself with the remarks you made three weeks ago when welcoming to this Council a new official, Mr WALDEN, and two new Unofficials, Dr Rayson HUANG and Mr Charles YEUNG. The increasing volume, complexity and sophistication of the work of this Council on the one hand and the rising expectations of the local population on the public accountability of this Council on the other impose a tremendous burden on the Members, especially the Unofficial Members of this Council.

The 1977-78 Session certainly promises to be a busy and exciting one. Apart from the normal business of the Council, an additional workload will be placed on the Unofficials as a result of the formation of a number of major committees, such as the Public Accounts Committee, the UMELCO Police Group on Complaints against the Police, the Advisory Committee on Diversification, the reconstituted Special Committee on Land Production, and the Rehabilitation Development Co-ordinating Committee, etc. All these committees demand considerable time and energy on the part of the Unofficials. The UMELCO Office recently undertook research into the increasing contribution by Unofficial Members in the proceedings of the Legislative Council during the past twenty years. The result is summarized in a table laid before Honourable Members. (See Appendix)

During the Governorship of Sir Robert BLACK, an Unofficial, on average, asked one original question and made two speeches a year. There were practically no supplementary questions (*laughter*). Under Sir David TRENCH's Administration, an Unofficial Member, again on average, asked about six original and four supplementary questions and delivered approximately five speeches during an annual session. Since you, Sir, took up the highest office in Hong Kong the Unofficials have been much more active in the Council's proceedings and, on average, each has asked about eleven original and ten supplementary questions and contributed to eight debates a year.

It is therefore very clear that there has been a general evolution in the proceedings of this Council encouraged by the successive Governors of Hong Kong on the one hand and prompted by the people of Hong Kong on the other. In a territory where there is no elected Government for a population with democratic aspirations and attitudes, it is of paramount importance that the Unofficial Members of this Council should be more vocal if they are to reflect the views and feelings of the public at large. A good case in point is the questions asked on Godber at the last sitting. I must sympathize with the Government Officials of today as it is no longer possible for them to make and announce only decisions without explaining to the public the full reasons behind them.

It is reported that the number of people in the developing countries amounts to more than three-quarters of the world's population whereas their share of the world's production of wealth is less than twenty percent. In those countries where mass media and publications are censored and communication with the outside world is poor, people may not be aware of the rising standards of living and social progress elsewhere and might be content with what they have or receive. Obviously, this is not the case in Hong Kong. Naturally, apart from their rising expectations, the desire of the local people for a better living, more equal opportunities and less distribution of wealth is further stimulated by the socially-minded, some of whom unfortunately may not have a balanced outlook or adequate knowledge of the Hong Kong situation. Consequently, the Government is under constant pressure to increase, at times over ambitiously, the pace of social progress. But social progress is not possible without industrial development and economic growth.

Fortunately, the past policies of our Government have been correctly formulated to encourage entrepreneurship and improve employment opportunities. Consequently, we were able to take advantage of the growth of the world trade, particularly in the field of textiles, ahead of many developing nations. The textiles quotas, the first of which was imposed on Hong Kong as far back as 20 years ago, undoubtedly hinder the free flow of trade but as long as the quotas are calculated on quantitative terms, are controlled by the exporting countries and include reasonable rates of growth, their existence is bearable.

However, there are increasing signs of change which are unfavourable to Hong Kong's continued industrial expansion and economic progress. The growth in demand for textiles in the developed countries is lagging far behind the expansion of textile production and exports from the developing world, both in terms of the increasing number of newcomers and the rising output of developing suppliers. Given this situation, coupled with domestic and international politics, it is evident that we in Hong Kong, without both political and economic muscles, cannot in future depend too much on textiles for our continued industrial growth. Nonetheless, we in Hong Kong in general

and those connected with textiles in particular are most grateful to you, Sir, for your personal interest and effort in going specially to London and Brussels last month to present Hong Kong's case at the highest level.

I think we all agree with you, Sir, that the restrictive attitudes in our major markets add new urgency to the long term desirability of broadening our industrial base. In my maiden budget speech in March 1968, that is about ten years ago, I proposed that Government should consider the establishment of an Industrial Development Council to assist the long-term expansion of manufacturing industry in Hong Kong. Two of the main functions of the proposed Council, as I then envisaged, might be (1) to assess priorities in industrial development and (2) to induce more new industries to Hong Kong. I also said that the Council should be given some assurance that its recommendations for Government's action would be accepted and implemented and that, to this end, the Council should be looked up as a partnership between Government and the community, both sharing the responsibility for Hong Kong's future industrial and economic development.

Nonetheless, this proposal was rejected out of hand by the then Financial Secretary. However, I was not too disappointed at the time because I was quite confident and it proved that I was right. I was therefore very pleased to hear and naturally am glad to support your proposal to set up an Advisory Committee on Diversification under the chairmanship of the Financial Secretary with very strong participation of Unofficials from both the Executive and Legislative Councils. Its main purpose, among others, is to advise on whether there is anything further the Government can and should do or whether any change in current Government policies is necessary in order to accelerate the process of diversification of the economy in general and the manufacturing industry in particular. In fact, the published terms of reference are even wider than those I proposed for the Industrial Development Council ten years ago. They are more in line with those of an Economic Advisory Committee also suggested in this Council in March 1968 by my then Unofficial Colleague Mr Wilfred S. B. WONG. It is a great pity that it has taken ten years for the Government to recognize the need for such a body to consider these important economic matters.

Sir, I am honoured to be included as a member of this Advisory Committee and I shall try to serve it to the best of my ability. Nevertheless, its task is neither simple nor easy. Hong Kong is already well-known and recognized throughout the world as a very attractive place for foreign investment. In the October 1977 issue of the 'Fortune' magazine there is a chart outlining the pros and cons in 14 Asian countries for foreign investment. Hong Kong heads the list of 'An Asian Investability Index' surpassing all our Asian principal competitors such as South Korea, Singapore and Taiwan.

The Investability Index is structured on ten basic criteria and Hong Kong scores full marks on three of them, namely, lack of red-tape, communications

and progressive attitude. Hong Kong also scores the second highest points on Government stability, labour force, human rights, living conditions and costs, risk-reward ratio, and corruption. The lowest score for Hong Kong is the criterion with respect to receptivity to new ventures. Unless Government is prepared to provide some kind of incentive, I believe it will be difficult to improve our score in respect of the criterion of receptivity to new ventures.

Without prejudicing the findings and recommendations of the Advisory Committee on Diversification, it is evident that the continued improvement in both quantity and quality of technical education is the prerequisite for Hong Kong's future success in its industrial diversification, sophistication and development. In this respect I would like to draw the Government's attention to my proposal made in February 1976 which was supported by my Unofficial Colleague, Mr S. L. CHEN, that a Board of Technical Education be established to co-ordinate programme planning and course development for the entire spectrum of technical education from prevocational schools up to the degree level. In order to attract young people into prevocational schools and technical institutes, it is essential that there should be direct transferability for bright students from prevocational schools to technical institutes and from technical institutes to the Polytechnic and the Universities. There should be vertical integration and continuity in technical education from the lowest to the highest level.

In both the 1974 and 1976 Annual Policy Debates I commented on the lack of long-term benefits for wage earners in Hong Kong and expressed the view that the time had come for the Government to look seriously into the feasibility of establishing a central provident fund for manual workers. I proposed that such fund should be on a national level and be administered by the Government or its agency. An employee was to be free to change his employer without any penalty as long as his employment was still within Hong Kong. I also suggested that it should be a compulsory contributory scheme but that only employers and not employees should be required to contribute.

With this background, I am particularly interested in examining Government's proposal to introduce a semi-voluntary contributory scheme providing insurance cover against sickness, injury and death, and perhaps also a small retirement benefit. This proposal differs from mine in three major areas. First, it is semi-voluntary or semi-compulsory, and not fully compulsory, on the part of the employers. It is up to each employee to decide whether he wishes to join and, if so, his employer would have no alternative but to pay the matching contribution. Under present day circumstances in Hong Kong, I now think that a semi-compulsory scheme would be more acceptable and practical than a fully compulsory one.

The second major area of difference between the Government's and my proposals lies in the fact that the scheme now proposed by Government

would permit an employer to contract out if he already provides benefits such as would be conferred under the scheme. I cannot really understand how this would be possible. The amount of benefits accruing to an employee who participates in the scheme must be proportional to the number of years of his own and his employer's contributions. When such an employee changes his employer within Hong Kong (from one who has not contracted out to one who has contracted out of the Government scheme or vice versa), his position in the Government scheme should not be penalized at all and this can be achieved only if all his own and his previous employer's contributions are transferred en-bloc into the Government scheme. Should this be the case, I hardly see the wisdom or logic of allowing any employer to contract out from the Government scheme. Furthermore, allowing an employer to contract out of the Government scheme will reduce the mobility of labour within Hong Kong and this is undesirable in the overall interests of the community.

The third major difference is the contribution required by the proposed scheme from employees. Although I have no strong views on this, I think this requirement would jeopardize the success of the whole scheme. After all, the fringe benefits for wage earners in Hong Kong are practically minimal as compared to salaried manpower.

As far as I can gather, the reaction of the public, employers and especially employees to this insurance scheme has been most encouraging. However, some industrial workers with whom I have discussed the scheme feel that only employers should be asked to contribute and, if contributions from both parties are necessary, that employers should contribute 1 or 2 percentage points more than employees. They also wish that the necessary legislation could be enacted and implemented much earlier than the end of 1980. I commend these points for careful consideration by Government.

Sir, in April this year the Home Office of Her Majesty's Government published a Green Paper on British Nationality Law in which it is proposed that the existing United Kingdom and Colonies Citizenship would be replaced by a two-tier British citizenship, namely, a British Citizen and a British Overseas Citizen. Should the proposed law come into effect, the British citizens in Hong Kong will be lumped together with those in other dependent territories and those in former dependencies. This is extremely unfair and in fact dangerous to the well-being of Hong Kong.

First, Hong Kong, unlike other present colonies, does not have before it the option of becoming independent. Secondly, for those former dependencies which are now independent commonwealth nations, their residents have the alternative choice of British Overseas Citizenship or Citizenship of their own Independent Commonwealth Countries. It is basically wrong to classify the British citizens in these commonwealth countries in the same category as those in the present dependencies.

It is realized that this is only a Green Paper which is designed for public discussion and comment and that the proposed two-tier citizenship, even if accepted, would not become law for at least two to three years. The proposal, nonetheless, has far-reaching effects, particularly for Hong Kong. Although it is acknowledged that the British Government has a genuine need to rationalize its nationality law, it cannot be accepted that it should be done at the expense of British residents of dependent territories like Hong Kong.

Since the publication of this Green Paper, there have been a number of adverse comments in both the Chinese and English press including one comprehensive analysis in the September 1977 issue of the Hong Kong Economic Journal. I want to state at this stage that this Green Paper has not gone unnoticed by the Unofficial Members of both the Executive and Legislative Councils. Indeed, our unfavourable observations on this matter have already been made known to you, Sir, and to the Secretary of State. At the present time, an ad hoc group of UMELCO is studying in detail its implications for Hong Kong. It is earnestly hoped that with goodwill and understanding between London and Hong Kong, we can arrive at a conclusion which will maintain both the international and local confidence in Hong Kong which is so vital to our future progress and well-being.

With these remarks, Sir, I support the motion.

APPENDIX

| <i>Session</i> | <i>Questions</i> | | <i>Speeches</i> | <i>Number of Unofficials</i> |
|------------------------|------------------|----------------------|-----------------|------------------------------|
| | <i>Original</i> | <i>Supplementary</i> | | |
| 1957-58 | 1 | 0 | 12 | 8 |
| 1958-59 | 1 | 0 | 9 | 8 |
| 1959-60 | 0 | 0 | 14 | 8 |
| 1960-61 | 11 | 1 | 9 | 8 |
| 1961-62 | 25 | 0 | 14 | 8 |
| 1962-63 | 2 | 0 | 14 | 8 |
| 1963-64 | 35 | 7 | 30 | 8 |
| Average per Session | 10.7 | 1.1 | 14.6 | 8 |
| Average per Unofficial | 1.3 | 0.1 | 1.8 | — |
| 1964-65 | 17 | 12 | 46 | 13 |
| 1965-66 | 28 | 19 | 25 | 13 |
| 1966-67 | 5 | 2 | 44 | 13 |
| 1967-68 | 45 | 9 | 44 | 13 |
| 1968-69 | 102 | 66 | 75 | 13 |
| 1969-70 | 85 | 89 | 92 | 13 |
| 1970-71 | 135 | 96 | 98 | 13 |
| 1971-72 | 166 | 155 | 136 | 13 |
| Average per Session | 72.9 | 56.0 | 70.0 | 13 |
| Average per Unofficial | 5.6 | 4.3 | 5.4 | — |
| 1972-73 | 171 | 96 | 151 | 14 |
| 1973-74 | 176 | 120 | 122 | 15 |
| 1974-75 | 118 | 104 | 111 | 15 |
| 1975-76 | 181 | 157 | 119 | 15 |
| 1976-77 | 284 | 318 | 147 | 22 |
| Average per Session | 186.0 | 159.0 | 130.0 | 16.2 |
| Average per Unofficial | 11.5 | 9.8 | 8.1 | — |

MR Q. W. LEE:—Sir, in recognizing the achievements of the ICAC, Your Excellency said that it has changed much in Hong Kong that many thought was unchangeable. Indeed the same could be said of changes and progress in the fields of housing, education, social and labour welfare, medical and health services, as so clearly summed up in Your Address.

Looking back to the time only five years ago when Your Excellency first announced the far-sighted long-term social development plans, they were responded with praise and welcome. But some feared that the plans were too ambitious while others questioned the extent to which we could afford to finance them. In the event we have taken and are continuing to take these changes in our stride. Clearly, given the determination, we have been able to change something that was thought unchangeable, and do something that was thought too ambitious.

The thinking and expectations of the people in Hong Kong have advanced substantially in recent years. The various programmes mentioned in Your Excellency's Address are just what the people would like to have; and only by going forward with these programmes can Hong Kong have social stability required to develop our economy. In this modern age, different ideologies of the same philosophy are professed by different governments to look after the well being of their people. The same philosophy can be exemplified by the preaching of the ancient Chinese sage, Mencius, who said and here I quote: 'Take care of one's own aged and young and extend the same care to the aged and young of others' unquote. The thinking is traditionally accepted by the Chinese people, rich and poor alike. The Government is therefore leading Hong Kong to develop into a society in this right direction. Financially we must not of course outstrip our capacity and I certainly trust that the Government would appropriate funds prudently to implement the programmes according to our financial capability in the light of economic developments.

Now I wish to say a few words about the relationship between the Government and members of the Civil Service as well as members of the public.

As has been acknowledged many times in this Council Hong Kong has a very efficient and loyal Civil Service. It has enlarged steadily in the past 10 years. As the size of the Civil Service grows, so does the problem of management, co-ordination and accommodation. Recently there have been some cases of discontent regarding conditions of employment, as expressed through the news media and even manifested in industrial action. Certain members complain that they are working in congested and uncomfortable accommodation, (resulting mostly from rapid expansion) particularly in departments having frequent and more contact with members of the public. Some even feel there is a communication gap. It is appreciated that Government has always handled the situation with absolute fairness, tact and firmness. But as the Civil Service is now a highly complicated multi-layered establishment of enormous size, it may be useful if the Government would

take a overall look to see whether there are any real problems particularly in the area of communication. The public are naturally concerned because only when there is harmonious management-and-staff relationship can good service be expected from our Civil Service.

As regards the relationship between the Government and members of the public, no doubt there has been a marked improvement in recent years following the gradual implementation of the long-term plans to improve the standard of life. But as time goes on people have higher aspirations and sophistications. It is not surprising therefore that from time to time certain segments of the public still feel that they have not been adequately consulted on matters which concern them vitally, despite the fact that there are already in existence various means of public consultation. Of equal importance they would like to be informed fully and in good time on matters of public interest. In this connection, I think the CDO Scheme, which has been in existence for nearly 10 years now, has an even more important role to play. I understand that Government has completed a review of the Scheme. I hope the review will result in the Scheme doing more to improve communication between the Government and the people.

Sir, with these remarks I support the motion.

MR WILLIAMS:—Sir, of your wide ranging review I would like to welcome your remarks concerning the Diversification of Industry and in particular, the proposed allocation of land at formation cost for activities which will diversify the industrial base and directly or indirectly lead to the introduction of newer and higher levels of technology.

There is of course scope for development within our existing range of industries but there is a limit and unless the base can be extended to include some land intensive activities of a service type, a foundry is a good example, new industries cannot be served and will not be viable.

In this context you have said that one of the many objectives of the fiscal system of Hong Kong is to retain and attract capital from both local and overseas investors.

Hong Kong, along with most other parts of the world, is presently experiencing a high degree of liquidity where the Banks can and happily do provide the great part for Hong Kong's needs of working and long term capital. This situation will obviously not always obtain and liquidity has a tendency to disappear rather quickly.

The place to raise capital for both commercial and industrial undertakings is the Stock Market. It is their prime function and the moribund condition of the Stock Markets in Hong Kong with no indication of any improvement is a most serious matter. It has been masked by our Banks' ability to take over this role in recent months. Should this position change the strain put on the Banks with a dead market would be intolerable and dangerous.

With company results good on the whole it is not easy to analyse why the turnover continues at such a low level. Possibly the memory of the losses incurred after the boom of 1972-73 is an inhibiting factor. The attractions of the property market and house ownership is certainly taking money away from the Stock Market and an overheated property market has its dangers.

But although the full logic may not be apparent there is no question that an important factor is the fog that shrouds the taxation of the so called 'habitual trader' in stocks and shares.

A situation has developed which is completely out of character with the practice that has made Hong Kong the prosperous place it is. Surely all would agree that Hong Kong has succeeded by practical straightforward laws and regulations, an acceptance of them by the public and an ability to make them work.

The Inland Revenue Department has always had the power to tax the 'habitual trader' but for many years never did and gave no indication that they would do so. The practice was put into effect at a most volatile time and general confusion has resulted. No definition of a 'habitual trader' has been forthcoming and the Inland Revenue has asserted its right to look back into transactions over a number of years and it is my understanding that tax claims are not necessarily protected by the Statute of Limitations.

Admittedly it is not easy to define a 'habitual trader'. It could take the form of taxing profits and allowing losses where shares have been held for less than say three or six months. But this could be unfair. Frequency of dealings is not necessarily short term profit motivated but aimed at protecting capital. The long-term individual investor in practice may not deal frequently because he is engaged in other activities but if he gives discretion to a professional portfolio manager, his intention is most likely to be investment in long-term capital appreciation and the professional manager may quite properly, in his client's interest, make frequent investment decisions to achieve his client's aim.

Another suggestion has been that a special tax on sale contracts should be imposed instead of a 'habitual trader's' tax as presently laid down where the main burden would fall on those often in and out of the market. Although this would have the same unfair element of any imposition based on frequency of dealing.

A moratorium has been suggested on past trading profits. It is difficult to pronounce on the merits or otherwise of this proposal for the scope of this and the numbers involved are not known to one but of course it would clear the air.

At present many wealthy investors are locked out of the market to protect profits made in 1972-73. They feel they cannot afford to trade for fear of

prompting a review of earlier transactions and they could be locked out for years.

There is an appalling waste of time being spent by the Inland Revenue Department and accountants together with their clients objecting against assessments based on dealing profits. I have heard of a recent case where an individual successfully appealed against an assessment on the grounds that he was not trading but successfully claimed he was dealing the following year when he incurred a loss.

The position as a non-resident is also unsatisfactory. Many invest in Hong Kong market through a nominee or agent. The latter is required to deduct any tax from the non-resident's assets, when he does not know whether his principal will tax the trader or not. This is obviously a deterrent for the non-residents to invest here.

Hong Kong's image as a financial centre is being harmed and it is also being counter productive inasmuch as Government are now receiving a much reduced income because of the paucity of trading in spite of the fact that the Stamp Duty which was doubled in 1972 to dampen the boom has never been reduced.

I do hope that proposals will soon be forthcoming so that a healthy market can be recreated and its ability to provide capital for our enterprises restored. The ability to raise capital on the local Stock Market is nearly always one of the questions mooted by potential overseas industrialists when comparing the merits of Hong Kong and her neighbours. It is unfortunate and damaging to Hong Kong that presently the answer is a negative one.

With this brief comment I am pleased to support the motion.

MR JAMES WU:—Sir, I am pleased to speak in support of the motion before Council.

Like Dr CHUNG and many concerned industrialists, I had for many years spoken, both within and without this Council, on the importance of Government's active participation in the promotion of our industrial development. In the last Budget Debate, I pointed out that sky-rocketing land costs and rents had become an unacceptable burden, by any standard, on our manufacturing costs, and that the effect of land prices on our industrial development must be fully assessed and contained. I also revived the argument for an industrial development council in order that we could identify our future directions, pool our resources and co-ordinate our efforts to ensure continuous development in the face of growing competition and increasing protectionism in our export markets. I reiterated the same argument again when speaking at the AGM of the Federation of Hong Kong Industries in June this year. I am of course most grateful for the friendly press and the major trade and industrial associations which gave me unanimous support.

But more than anything else, I believe we now have a Governor who is known for his accommodation of criticism and astuteness in discerning public opinion. We are further encouraged by a Financial Secretary who has only recently advised us of Government's readiness to lend an ear, and of the 5 effective ways to put our views across.

May we therefore fancy that there is now a wind of change and that no one will be deterred by the kind of relentless rebuff that customarily came from the official side 10 years ago as Dr CHUNG experienced at the slightest hint of such a topic? Thus what appears to be adversity that is now happening to us could be a blessing in disguise. I do believe in the Chinese saying that many adversities help to build a nation.

Nor are myopic views limited to Hong Kong. In a recent discussion paper entitled 'Industry, Education and Management' published by the British Department of Industry (DOI), it was pointed out that 'Many people seem to have too little understanding, and respect for, the role of the manufacturing industry as the major creator of national wealth which makes better living standards possible.' There is no need to add that in Hong Kong these industries have and will make possible more jobs, better pay and living conditions, more social welfare, higher real estate values, and more bank deposits, loans and profits, and more business for the many service industries.

Sir, in normal discussions we tend to overlook the difference between the terms 'economic growth' and 'economic development'.

An economist suggested that economic growth may be defined as increasing total output, which can occur with little or no increased efficiency as in the case of increased population, increased capital investments, longer hours of work or a larger proportion of the population working. Growth alone may not bring about a rising standard of living, which may even deteriorate if the population grows faster than output.

On the other hand, economic development may be defined as rising output per unit time of labour with the same employment conditions, implying improvement or increasing efficiency that is conducive to growth and rising standards of living.

It is clear to see that in the last 25 years Hong Kong has seen both growth and development, perhaps more growth than development, and this indicates where our direction should be: to develop an industrial base of greater sophistication and diversity, a step forced upon us by both external and internal pressures.

Sir, I therefore support your proposal for the setting up of an Advisory Committee on Diversification with its own stated terms of reference, and am privileged to have been appointed a member. I do not intend to dwell further on this subject or to prejudge the deliberations of this Committee,

except to say that a successful outcome might save us from the footsteps of the type of economic ills that trouble Britain, and put us on the same logical path that the Japanese have carved out for themselves in the face of competition from low-cost producers and protectionism by importing countries.

Sir, in your speech you have stated very clearly Hong Kong's case in the present negotiations with the EEC. We are grateful for your efforts in going to London and Brussels to defend our entitlement. I am sure that your dedication and convincing eloquence will have given our negotiating team now in Brussels the greatest inspiration. We appreciate how difficult a position they are in, particularly with Britain as an adversary on the other side. We give them our strongest support.

Sir, you mentioned the high growth in domestic consumption and investment this year that is likely to push our GDP to as high as 8% although our export performance would be lagging behind in growth. This high growth, particularly noticeable in the construction field, has caused appreciable inflation in wages affecting some industries, and if by hind-sight, we would have done better not to have taken those stop-and-go measures in the recession years of 1974-75 but to have proceeded with accepted public works policy. We are of course heartened by your fairly optimistic view of the growth of world trade in 1978 that would benefit Hong Kong, and rejoice over the prospects of a larger surplus in our budget as predicted by the Financial Secretary. I believe that no one should talk himself into pessimism, and reassuring news is of course good for morale.

Sir, your proposal to provide for 3 years of compulsory but free junior secondary education for every primary school-leaver is indeed a milestone in the development of education in Hong Kong. This will enable us to catch up with some neighbouring territories in which, despite lower per capita income, it was started some 10 years ago. I also agree that subsidized places in Forms IV and V for 40% of the junior secondary school-leavers are appropriate at this stage of our development, and that school examinations at some stage are a necessary evil to ensure academic standards and to evaluate teaching performance: this is now advocated by China. I also do not believe that industrialists with any social conscience would complain if 14 year-olds will not be allowed to work as a result of this measure. On the contrary, their concern is for the adequacy and relevance of higher education in our industrial and commercial society. I believe that, by now, the tax-payer and the Government have reasonably provided, in all phases of education, for quantity or numbers, and it is for educators, teachers and students to demonstrate that they will be delivering quality.

MR CHEONG-LEEN:—Your Excellency, Your Address at this Session of the Legislative Council is a portrayal of strong confidence in the future of Hong Kong, and is symbolic of the inner strength and hard-working ethic of the

Hong Kong people. You have, Sir, presented a forward-looking range of social improvement programmes, which are regarded as within our means in the budgetary forecast period, assuming of course that such social programmes are properly phased in, and that average economic growth as forecast is maintained.

We are fortunate that our relations with our neighbours are particularly good, and it is our hope and anticipation, not without justification, that such good relations will be continuous and long-lasting.

Our trade and economic prospects are somewhat clouded because of the difficult negotiations with the EEC on textiles, and we shall have to fight as hard as we can to withstand protectionism and safeguard our vital textile interests. By your recent visit to London and Brussels, you have, Sir, shored up Hong Kong's cause against economic injustice and discrimination.

Meantime we shall have to face with courage and determination whatever economic clouds that are on the horizon for 1978-79, and gird ourselves to the formidable task of diversifying our industrial base and developing more capital-intensive and high-technology products.

We shall have to prepare for the challenges of the coming decade, and establish our strategic policy objectives. At the very least, we shall have to plan to improve economic efficiency, gain higher productivity, and assist small businesses and small industries to be modernized.

In the promotion of social development, we shall aim for a better living environment, foster the role of the family in community life, and expand our social security system so as to eliminate poverty within our midst, without dampening our work ethic and impetus for economic growth.

Industrial Diversification

In the face of growing protectionism and textiles restrictions, which could impede our social development, Your Excellency has rightly stressed the need for diversification and broadening our industrial base.

This call is of course not entirely new, but in the face of the industrial progress made by our regional competitors the need for a clearer sense of direction and purpose on the part of Government is even more urgent than ever before.

The appointment of the Special Committee on Land Production has been a first step forward, which will help to ensure that sufficient land for industrial expansion particularly in the New Territories and on Lantau Island will not be a serious problem during the 1980's.

The new Advisory Committee on Diversification set up for the purpose of facilitating the further diversification of industry is another step forward,

especially since future recommendations could be concerned with 'financial arrangements' to stimulate the flow of diversification, and the changing of existing policies.

It will be interesting to see whether the Diversification Advisory Committee will recommend the formation of an Industrial Development Board, perhaps modelled to some extent and adapted to the Hong Kong industrial environment, along the lines of Singapore's Economic Development Board. Whatever is decided upon has to be done fast, if Hong Kong is not to fall behind some of its regional competitors.

It will also be interesting to know what Government proposes to do with the recommendation of the Electronics Industry Ad Hoc Sub-Committee of the Committee for Scientific Co-ordination that a survey be carried out on the electronics industry in Hong Kong, such survey to be completed six months after its conception. The Sub-Committee in its report has concluded that the electronics industry is increasingly vital to the Hong Kong economy but that it is being jeopardized by the lack of co-ordinated efforts, and that action should be taken now to mitigate the weaknesses of and the threats to the industry.

It might be mentioned that a survey of the electronics industry in Korea was conducted by an international firm of consultants more than a year ago. Under Korea's Fourth Five-Year Plan (1977-81), the relative share of textiles in overall exports is expected to fall from 35.8% in 1975 to 26.4% by 1981, and for electronic products, an increase from 8% in 1975 to at least 13.7% in 1981.

Looking further ahead, it is possible that the Committee for Scientific Co-ordination can play, if given the opportunity, a more active role to facilitate the broadening of the Hong Kong industrial base. I find it incomprehensible that Government in all its bureaucratic vigour is resistant to the idea of setting up a Council for Science and Technology. Surely such a Council, with a science and technology policy in keeping with the realities of Hong Kong, and a Secretariat to implement such policy, can contribute significantly to the quicker industrial diversification of Hong Kong.

I would urge Government to take a closer and more enlightened look at the proposals for a Science and Technology Policy in the Committee for Scientific Co-ordination's latest report and act accordingly.

Civil Service

I would like to think that the image which Government wishes to put across to the people is that of a 'Government that cares and which is responsive to the aspirations and needs of all levels of the community'.

The ICAC has done much to clamp down on the spectre of corruption in Hong Kong. This has led to the reduction of major problems such as

drug addiction, and has assisted in improving the image of the Police Force as the instrument of law and order.

The long-term educational activities of ICAC on the hazards and iniquities of corruption will in time have a beneficial effect on the community, particularly the younger generation, and we shall be prepared to more openly recognize that we have a Civil Service, at present about 108,000 persons, who are overwhelmingly honest, loyal, sincere and willing to serve the people.

While the attitude of those civil servants who have to meet members of the public day after day is better than it ever has been, I think there is still room for improvement. Perhaps this will come about through more annual or periodic re-orientation courses on dealing with the public, and on improving techniques in giving service to the public 'across the counter.'

Wider Use of Chinese as an Official Language

Honourable Members will perhaps agree that both in the Legislative and Urban Councils, the interpretation service is of an acceptably high calibre at public meetings, and Members are free to speak in either of the two official languages. Also, the use of Chinese in Government advisory committees no longer poses a communication problem, as it has been in the past.

I think however there is a need for Government to take more active steps to promote the wider use of Chinese, especially where the interests of persons who speak little or no English are affected.

When for example a District Court Judge recently had his judgment interpreted in full in the Chinese language through a judicial clerk, this step was widely hailed in the Chinese press as a 'new page in Hong Kong's judicial history'. It might not have been an epoch-making step, but what is important is the very obvious need for Government to adopt a more systematic and meticulous approach in interpreting and conveying the laws of Hong Kong to the ordinary people as they are affected in their daily lives.

A number of measures which Government can take toward this objective are:

- (1) To send more Chinese Language Officers in both the Executive and Judicial Branches of Government to attend courses on translation and interpretation.
- (2) To encourage the wider availability of translations of documents such as property deeds and hire-purchase contracts, and other legal documents which are in common and even daily use by the public.
- (3) To recruit more Cantonese-speaking magistrates by enlarging the enrolment of the Department of Law in the universities.
- (4) To revive the JP Magistrate system and invite bilingual JPs to serve full-time or part-time.

- (5) To expand the Free Legal Advice Scheme sponsored by the Hong Kong Council of Social Service, and make such service more widely available at CDO offices, if necessary upon payment of a small registration fee.
- (6) To carry out a searching review of existing policies and introduce improvements, if necessary by recruiting additional qualified staff to the Chinese Language Branch in the Home Affairs Department.

Environmental Protection

With the increase in population due to immigration and to natural causes, Hong Kong's population is expected to reach 6 million by 1990, which is an increase of 1.5 million or 33%.

As the Government continues to plan and provide for this population growth, the environment is bound to undergo changes, and I look forward to realistic and up-to-date legislation to improve the control of noise, air, land and water pollution, as well as the disposal of solid waste.

For example, while something is being done there is as yet no long-term plan to dispose of the effluent of the 461,000 pigs and 5.7 million chickens being raised in the New Territories, and to effectively stop such effluent from polluting the rivers and streams.

We must go ahead with practical measures to control pollution and improve the quality of the environment. Whatever measures are agreed upon however must not dislocate the expansion of Hong Kong's industries and the providing of jobs for our growing population.

Crime

As regards crime, although there has been some improvement, there is still a general feeling among the public that much more has still to be done.

In many places, young women and children are still very much afraid to go out in the evening for fear of being robbed, molested or raped.

Recent statistics indicate that out of every 100 robberies, weapons were used in about 60 cases, with injuries being inflicted in 14 cases. This is a matter of serious concern to the community, and it is hoped that with the build-up of the CID, the large increase in the number of policemen and the introduction of the radio beat system, the Police will soon be able to bring down even more the level of violent crime and strengthen public confidence in the forces of law and order.

Some of the measures by which the Police are expected to change the situation for the better should include raising the number of static and mobile Neighbourhood Police Units, carrying out more patrols in multistorey buildings in 'black spot' areas and during critical periods during the day or night-time.

The 17 District Fight Violent Crime Committees and the large number of MACs have rendered magnificent support to the Police in reducing the level of crime. There is a need for a rapid expansion of the Crime Prevention Office in all Police Districts so that householders can themselves combat crime through simple but useful crime prevention self-help measures.

There are also quite a number of street-lighting 'black spots' requiring urgent attention. Properly designed and adequate street-lighting is one of the principal allies in the prevention of crime, and we can brook no delay in the installation of adequate street-lighting in these 'black spot' areas.

The Comprehensive Study on Road Lighting which has just been completed, and which shows up defects such as dangerous lack of uniformity, outdated equipment, poor maintenance, inadequate staff and standards which are below internationally accepted requirements, has to be acted upon as soon as possible, from the point of view of both traffic requirements and the security aspects.

Labour

The volume of labour legislation which was passed in this Council at its last session will now require a certain period of time on the part of the Labour Department to absorb and administer, and also to assess the cumulative effect on industrial relations and industrial expansion in Hong Kong.

It goes without saying that workers are entitled to and should have a fair share of the fruits of their labour. Hong Kong has been most fortunate in avoiding industrial strife, and this fact promotes a sense of security and stability among both workers and entrepreneurs alike.

What gains have been achieved by way of labour legislation have to be held on to at all costs. There is to be no turning back of the clock. Yet we must on no account forsake our traditional willingness to work hard to achieve our goals and in a spirit of mutual co-operation and community responsibility.

With the gathering impetus of technical education and technology, the young people of Hong Kong will take greater pride in their blue-collar or industrial identity. We are already going through a transition period in which people who are willing to work more with their hands, in factories and outdoors, are receiving a higher income than many white-collar groups.

As we upgrade the quality and productivity of labour through better educational opportunities and the use of more capital-intensive equipment, we will witness the transformation of Hong Kong into a twentieth century industrial society.

The Labour Department will undoubtedly keep on with its efforts to promote industrial safety, both among employer and employee organizations alike. The number of fatalities and injuries within the industrial sector is

unsatisfactory and a lot more requires to be done by way of education and law enforcement.

The Department could also study the setting up of a sub-register of elderly women who are suitable to perform such duties as providing part-time help for young housewives who work during the day-time, or to act as babysitter either during the day or at night. They could also look after handicapped children while the parents are out at work during the day. It might require the Labour Department organizing some basic training courses for these elderly women, and for which no fees should be charged. I think such a service would be helpful not only to the families concerned, but it would also make these elderly women feel that they are performing a service to the community, that they are wanted, and so alleviate any sense of uselessness or loneliness which they may have. The family will have to bear the cost of such service, but in the case of the very poor families, the Public Assistance Scheme would have to be flexible enough to provide financial assistance where needed.

Social Welfare

Sir, never in the history of Hong Kong will so many Green and White Papers have been issued in so short a time.

With the publishing of the White Paper on the handicapped, which has been received enthusiastically, we are now expecting the Green Papers on social security payments and services to the elderly and youth. We will also soon have to study in greater detail the Green Paper to introduce a semi-voluntary contributory scheme providing insurance cover against sickness, injury and death, with perhaps a small retirement benefit.

The long-term objective will in the opinion of many have to be some form of Central Provident Fund Scheme which will adequately provide for people after they have retired from active work, and for whom the allowance for the elderly from the Public Assistance Scheme would still be insufficient. But this will have to be achieved at a steady pace and in the light of experience gained.

Housing

On the major problem of public housing, it now appears possible that by 1984-85, the Housing Authority will be able to provide more accommodation for about 1.2 million residents, (including those who come under the redevelopment programme in the older estates).

This is a sizeable figure by any standard, especially since it does not include the approximate 180,000 persons who are expected to be accommodated under the Home Ownership Scheme also between now and 1984-85.

If for any reasons beyond our control there should be a downturn in the world economy—and being an optimist as always I do not expect that such will happen—it is to be hoped that the construction programme for public housing will still continue at a steady pace. We ought to avoid any ‘stop-go’ measures in the housing programme as adopted in previous years.

Recently, Government was successful in raising a loan for US\$20.5 million from the Asian Development Bank for public housing projects in the New Territories. It would not be a bad idea for Government to seek additional loans for more public housing, providing the terms remain favourable, either from the Asian Development Bank or other similar international sources, to enable the Housing Authority to keep up with its building programme in the New Territories in the years ahead.

As to housing for civil servants in the middle income group, that is between \$2,600 and \$6,000 approximately, for whom there is no housing provision at all, we await the findings of the Working Party that is now looking into this problem before making any further comment.

The plan to enlist the co-operation of private enterprise in expanding the Government’s Home Ownership Scheme in Lyemun, Chai Wan and Tuen Mun is commendable. In the planning of these home ownership schemes, it is hoped that there will be provision for even more air space and open space between housing blocks. The standards will have to be no less and perhaps even higher than the latest designs for public housing presently being built by the Housing Authority.

I would urge Government to examine what special mortgage facilities can be provided by the financial institutions with Government’s partial assistance or guarantee to assist middle income families in the income range of \$3,500 to \$6,000 monthly to purchase their own home on the basis of 10% down payment, 15-year repayment term, and interest rates varying between 7½% to 9% per annum. This measure will further stimulate the trend towards home ownership, not to mention keeping the real estate industry in a healthy condition.

As to the proportion of Home Ownership Scheme flats which will be reserved for public housing estate tenants, I would suggest that initially two-thirds to three-quarters of the flats be made available to public housing tenants whose incomes are so very high that they no longer need to live in highly subsidized public housing accommodation. In so doing, they would be making way for many families who have been on the waiting list for a long time and are desperately in need of low-cost accommodation.

As Government plans to provide public housing for a further 1.5 million people in the next 10 years, with a forecast expenditure of nearly \$4,000 million, excluding land costs over the period, it will be a matter of vital policy importance for Government to keep under annual review the proportion of public housing which will be available for rental and for home

ownership. It remains to be seen whether Government will be able to break the back of the housing problem by 1984 or earlier, and what would be the continuing plans for providing the right proportion of rented subsidized housing after that date.

Education

Especially in the case of Hong Kong, the richest source of any community's wealth is in the minds of its people. It is therefore understandable that next to housing, education is a subject uppermost in the minds of most families with children.

There are still gaps in the primary education system, specifically the children of boat people who do not complete their primary education.

Will it be possible for the Education Department, with the support of the Public Assistance Scheme if need be, to devise some method to ensure that these children will complete 9 years of education?

Your Excellency has rightly pointed out that 1978 will be a milestone in the development of education in Hong Kong, with the provision of a secondary school place for every primary school leaver. I support the proposal that as from 1978-79, fees should be abolished for all in Forms I to III in the public sector. However, the fee remission system in private schools will have to be flexible enough to ensure that no student will be prevented from finishing three years of secondary education because of financial reasons or other reasons.

Furthermore, if children are forced to remain at home to look after their younger brothers and sisters, or for other reasons, it will be up to the Government to assist the family either financially or otherwise, so that such children can attend school.

The target of providing subsidized places in Forms IV and V (which is the 15-16 year group) for only 40% of the school population is too low if our economy is to move faster in the direction of industrial diversification and higher technology. I believe this target has to be raised to between 50% to 60% as soon as possible.

It is vital to the future of Hong Kong that there should be a wide enough range of opportunities for further education for the Form III leavers, both in the academic and technical streams. Our overall objective has to be not just 9 years of free and compulsory education, but 11 years of universal education for all young people in Hong Kong.

The new approach to have more practical and technical subjects, such as design and technology, home economics and art and design, taught in all secondary schools will adapt our education system to present-day requirements. This of course puts into the spotlight the future of the new secondary

technical schools, and whether or not their graduates are entitled to a better chance to enter the Polytechnic.

As 11 years of universal education becomes more widely available, there will naturally be more competition for occupying the limited places in the universities or the Polytechnic. It will be a long time before Hong Kong can aspire to what other countries are doing, which is to have places in tertiary institutions for 3 out of 10 secondary school graduates. Meantime, perhaps another look might be taken at the possibility of starting the Open University system in Hong Kong, initially concentrating on studies covering Social Sciences, Technology and Mathematics.

After the various Reports and the Green and White Papers on education below the primary school age level, and at the senior secondary and tertiary levels have been completed, Government might then issue every two years an all-inclusive White Paper on Education so that parents and the community can gain a clearer insight into the current state of education in Hong Kong. An Education White Paper issued bi-annually will help to guide parents and students alike to plan their education programmes.

Cultural Services

As education and living standards rise, it is natural for people to take a greater interest in the arts. The uniqueness of Hong Kong is that it is a confluence point for Asian, particularly Chinese and Western cultures. In the coming decade, we will see a flowering of the arts, the likes of which Hong Kong has never seen before.

Work on the Cultural Complex in Tsim Sha Tsui is proceeding apace, and exploratory work has commenced to build a Science Museum. The Hong Kong Arts Festival in February, the Asian Arts Festival of the Urban Council, and the Arts Centre which opened this month, all combine to project Hong Kong as a burgeoning centre for the arts.

In the New Territories there are plans to build regional libraries and multi-purpose town centres. It is therefore timely to have a separate Cultural Services Section in the New Territories Division of the Urban Services Department. This Section is expected to work closely with the New Territories Administration to stimulate and support cultural activities among the local communities there.

More people in Hong Kong are coming to realize that there are still many places of historic value which are worth preserving as part of the community heritage. The work of the Antiquities Board will become more important as time goes on.

It is now advisable for Government to pause and through the Home Affairs and Information Branch, review the existing co-ordinating approach in order to improve or change, so that cultural services in the urban areas

and the New Territories will be complementary and will avoid wasteful duplication of manpower and resources.

Youth Services

In Your Address, Your Excellency made a reference to an expansion of the personal services for youth, aimed particularly at the children and young people who are left out from the network of organized community activities for youth, and are therefore highly vulnerable to delinquent influences and juvenile crime.

The need for personal services for youth can be broken down into three age groups: during primary school, during secondary school and after leaving secondary school up to about the age of 20.

As in every community, some of these young people are faced with various forms of behavioural, emotional, family or other problems, which may affect their academic performance and attract them to juvenile delinquency and even criminal tendencies. Without special guidance and assistance, these young people easily fall prey to youth gangs, triad control, and violent crime.

In order to stimulate closer liaison between Government and the voluntary agencies interested in youth services, I would urge that Government dissolve the moribund Inter-departmental Committee on Services for Youth and appoint instead an Advisory Committee on Youth Services, with unofficial representation, and with terms of reference which would:

- (1) monitor special services for vulnerable youth groups,
- (2) monitor duplication of effort in youth programmes as between Government departments and voluntary agencies, and
- (3) seek out deficiencies or new approaches.

The Advisory Committee could be a focal point to strengthen the concept of community responsibility and community service among young people throughout the varied range of services for youth and to make them realize that they are very much a part of the Hong Kong community.

Sir, I have pleasure in supporting the motion.

3.50 p.m.

HIS EXCELLENCY THE PRESIDENT:—Perhaps at this point Honourable Members would like a break. Council will resume in fifteen minutes.

4.05 p.m.

HIS EXCELLENCY THE PRESIDENT:—Council will resume.

DR FANG:—Your Excellency's Opening Address in this Council on 5 October indicated a year of considerable progress, both on the economic and social fronts. It is obvious that in the forthcoming year, this momentum will be maintained and accelerated. I particularly welcome Government's proposals in the major social programmes which will bring us that much closer towards achieving our social objectives.

I should like to speak briefly on five topics.

Home Ownership Scheme

This is a subject dear to my heart, which I first raised in this Council in 1974. It is gratifying to note the speed with which Government has reacted to this area of social need. I feel sure that the Scheme will be a success when the first flats go on sale and that it will put home ownership within the reach of many of our less well-off families for whom until now, home ownership was put a cherished dream. This Scheme should also assist in our aim to provide decent self-contained accommodation for all as soon as possible, and to do so in ways which will strike a proper balance between those who must be housed in public housing estates on grounds of need, and those who can afford to pay more for a better standard of housing. Our commitments to build public housing estates cannot be unlimited and I sincerely hope that when the flats for sale come on stream, every encouragement will be given to persuading the better off families at present in housing estates to move out so that these units may be allocated to those in genuine need. The Home Ownership Scheme is a welcome innovation which should enable public expenditure on housing estates to be contained within reasonable bounds.

Adequate housing is a very basic social need and since those in public housing estates are accepted by Government as the group who requires assistance, rentals must be pitched at the income levels of the tenants and must necessarily contain a significant element of subsidy, in the same way as primary/secondary education and medical services are subsidized. In other words, I do not believe that Government should seek consciously to recover a great portion of the outlay, even if this is confined to maintenance expenses; but it should at all times have regard to the tenants' ability to pay.

White Paper on Rehabilitation Services

Your Excellency does me great honour in appointing me to be the first Chairman of the Rehabilitation Development Co-ordinating Committee. It is a task that I look forward to with great relish and with Government's strong support, I am sure that we will be able to make significant headway in the coming five years. I see the main task of this Committee as lying in the implementation of the programme plan and in monitoring progress. If these tasks are done well, rolling forward the programme plan should present no problems. And I do suggest that in this complex field, we should move

cautiously at least initially. For this reason, a 10-year planning period is unrealistic and it would be better to take a shorter term view of say five years.

The Green Paper and public comments all favoured the appointment of a Commissioner to head the new unit recently established in the Social Services Branch of the Government Secretariat. Government has decided for various reasons not to accept this proposal but I hope that the door is not forever closed and that Government will be prepared to review the need of such a post in the light of the effectiveness of the present system. In particular, I very much hope that there will be continuity in the Principal Assistant Secretary's post since it will take a while for the officer to settle in and to learn all there is to learn in this complex field. It is also important from the public's point of view that the new unit in the Secretariat should act and be regarded as the official channel for information, enquiries, complaints and suggestions. There is nothing more frustrating for a handicapped person than to be shunted from one department to the next.

It is also my intention to involve the professionals in rehabilitation services more closely in the work of my Committee and to seek active participation from the disabled themselves.

Social Security and Welfare

I welcome Government's emphasis on social welfare services and social security in the coming year, since it concentrates help on the more vulnerable sectors of our community without eroding the will to work or self-reliance which are the traditional virtues of our people and which we should strive to maintain at all costs. The proposed voluntary contributory scheme giving sickness, injury, death and, I hope, retirement benefits, breaks completely new ground and the next few months should indicate whether there is sufficient public support for it to be launched. I sincerely hope so since I believe that it would fill a vacuum which cannot, as Your Excellency pointed out, be filled by the existing social security schemes.

Doctor Shortage

I remain concerned over the shortage of Government doctors to cope with existing and future commitments. I understand that the average stay in Government service is only about 3½ years. Having invested heavily in the training of medical personnel, to the tune of about \$100,000 per student, it is surely reasonable that Government should seek to retain these trained doctors in the public sector for at least five or six years. One way to do this might be to extend the internship period from one year to two years. This is desirable in itself since at present, an intern can only cover two of the three major areas of medicine, surgery, obstetrics and gynaecology, spending six months in each specialty. Two years would allow all three specialities to be covered, leaving another six months for general practice.

The last is important since at present the doctor shortage is felt most keenly in the general out-patient clinics. As a first step towards recognizing the importance of the general practitioner in Hong Kong a College of General Practitioners has recently been established, sponsored by the Hong Kong Medical Association. It is not a new trend as there is increasing status being given to general practice in most advanced countries. I would therefore urge Government to place greater emphasis on general practice and to consider providing a reasonable career structure and salary for those who wish to pursue general practice as a speciality. I am sure that this would be an incentive to stay in the service and should also attract staff of higher quality.

Organized training for all who have the ability to benefit and paid study leave are also important. At present, it is left very much to the individual to do his own running. A more consistent training programme in every branch of medicine should be introduced together with improved promotion prospects for those who have obtained higher qualifications. I would welcome a statement from Government on what measures are contemplated to reduce the high turnover of staff and to ensure an adequate supply of doctors in the public service.

Legislation

Expansion in services for the handicapped and in other fields must tie in very closely with manpower planning and training. In this respect, the support of trained para-medical staff is crucial. Government has been considering legislation to set standards of training and qualifications and registration procedures in various professions supplementary to medicine. I should like to enquire when the necessary legislation will be introduced into this Council.

Sir, with these words I support the motion.

MISS KO SIU-WAH:—Your Excellency, I am sure that my honourable Friends in this Council will join me in thanking you for your far-sightedness and efforts in planning and implementing the programmes for economic development as well as for the innovative social services which the Government has either initiated or is planning to introduce. Sir, this year, more than half of your speech was devoted to social services reflecting Your Excellency's deep concern with the improvement of the quality of life of the people of Hong Kong, particularly the poorer sector of the community.

I welcome the proposals Your Excellency has made on the expansion of the programmes for housing, education, medical and social welfare services. The recently published White Paper on Rehabilitation and the forthcoming Green Papers on Social Security, Services to the Elderly and Youth, should help fill some of the gaps in the social development of Hong Kong.

Social Welfare Services

Services for the Old

I fully support the idea that the family should be encouraged as far as possible to take care of its older members and institutional care should be given only to those who really need it. The Chinese tradition has been, and still is, to regard the old as people who still have some contributions to make, but in our urban society, some families find it difficult to give enough support to the old people. More multi-purpose social centres with different types of services for the elderly, especially 'home help' and counselling, should therefore be provided to support the families and the elderly themselves.

Youth Programmes

It is encouraging that family life education, school social work, and outreaching programmes will be given due importance in the forthcoming Green Paper on Personal Services for Youth.

The quality and quantity of youth programmes are very significant as we have a very young population here in Hong Kong and they determine its future. In fact, the quality and quantity of programmes will also have a direct effect on the crime rate in this city. I earnestly hope that there will be concrete proposals in the Green Paper which can be acted upon and produce fruitful results.

Social Security

The proposals to expand the social security provisions are most encouraging. I welcome them not only because I have made similar suggestions on previous occasions, but also because they aim at improving the existing schemes within three years.

However, it seems to me that the waiting period of 18 months, before granting supplements or allowances to long-term public assistance recipients and those not qualifying for the Disability Allowance but unable to work, is too long. Twelve months or even less would be more reasonable. I suggest that the various supplements to public assistance should be given where appropriate without unnecessary delays. The lowering of the qualifying age for the Old Age Allowance should also be implemented within the shortest period possible and as soon as manpower resources permit

I particularly welcome the proposal to set up an Appeals Board so that public assistance recipients might appeal against decisions of the Social Welfare Department if they have complaints. The Board should have a wider representation and should not consist of mainly Government servants. In addition, I suggest that a special committee be set up under the Social Welfare Advisory Committee to advise the Government on matters pertaining

to the planning and administration of social security as it has already grown to an enormous size.

I am in principle in agreement with the introduction of contributory insurance in Hong Kong. The present proposal allows employees to decide whether they wish to join or not and contribution is therefore semi-voluntary. In order that employees may be encouraged to contribute, I suggest that incentives like tax deductions should be considered. It may require a number of years before we could introduce a contributory social security scheme but when we have that, we should consider the desirability of setting up a separate department or section as not all social security matters require to be dealt with by trained social workers whose service may be more urgently needed in other social welfare programmes.

White Paper on Rehabilitation—Integrating the Disabled into the Community: A United Effort

The White Paper on Rehabilitation is really a great step forward in this field. It is good that the Government emphasizes assisting the individual; but I think the integration of the individual into society should be one of the principal aims. It is important that institutions for the handicapped should not be banished to outlying areas in the New Territories or to inaccessible bays on the Island, between the garbage dump and the burial places for the dead. The handicapped are part of the community and we must ensure that they are not pushed aside and forgotten. Furthermore, to maintain the standard of the services, it is essential that the institutions should be kept as small as practicable and located in the middle of the community from where their clients come from, so that both they and the care-taking personnel can get maximum support from the contact with the able-bodied. Most important of all, we must now provide services to all who need them at the levels we are capable of today, and then work as rapidly as possible for the improvement of these services.

In this field, more co-operation with the training institutions is necessary. For example, I am concerned to know from where we will recruit enough physiotherapists when the Polytechnic, as far as I know, is planning to start courses on the subject for 50 students, a figure which is likely to be cut to 30 even before the courses begin, at a time when Government physiotherapists are one-third under-strength while the voluntary agencies can barely lay their hands on a single person who has specialized in this field. There are no signs I know of that the Universities are planning to expand their training of medical officers in various special fields, social workers or clinical psychologists, to mention just a few.

Training

Training is not only important for the implementation of the rehabilitation programmes, it is also significant in other spheres of social welfare services.

The implementation of the various programmes entail a large number of trained personnel. Social welfare services have a distinct characteristic in that their delivery and effectiveness depend to a great extent on the availability of the right type of workers since they are dealing with human beings who are most complicated and difficult to understand. There is no doubt that there are insufficient trained personnel to carry out the proposals for the various social welfare programme plans, and I therefore suggest that the Government should actively consult the two Universities, the Hong Kong Polytechnic and some post secondary colleges about the possibility of increasing their capacity for training the different types and levels of workers. May I plead for a more realistic planning of training programmes and for the greater and better use of part-time courses, particularly part-time day-release courses, at all levels which have proved to be beneficial in other spheres. Introductory courses should be provided for new entrants to the field to enable them to provide their services as soon as possible after the initial training. We must also emphasize the different levels of training required for different tasks in order to maximize the utilization of scarce trained workers and volunteers at different levels.

Long-Term Financial Support for Social Welfare Agencies

It is with great satisfaction that I note in your speech, Sir, that time-tables have been set out for each subject providing for long-term financial planning in the social welfare field, despite that my concrete proposal for the setting up of block grants in my debate earlier this year did not find favour with my honourable Friend the Financial Secretary. I am certain the long-term planning on which we have now embarked will be of great importance for the orderly development of the social services in general and social welfare in particular.

Principles of Standard Setting for Social Welfare Services

As we are now introducing the various social welfare plans, it is imperative that we set our targets right and that available resources and manpower are deployed for the greatest benefit of the people. In this connection, it seems that consideration of standard setting for some social welfare programmes is needed in the future. In fact, standard setting governs the rate at which we shall expand our social welfare services as well as the quality of these services.

The main purpose of standard setting in social welfare is to indicate the level which public or voluntary agencies should strive to attain in providing their services. In other words, the standard is meant to be indicative; it should be high enough to maintain or raise the quality of services, but sufficiently low at the same time to be accepted by society and be within the limit of available resources.

I would suggest the following principles to govern the standards in social welfare:

(1) The primary aim of standard setting is to ensure that services are provided in such a manner and at such levels that the fundamental well-being of those receiving the services are protected. Thus, we must ensure that child care centres are providing adequate care for the children.

(2) Standard setting must be realistic so that the level aspired to should reflect the social norm and reality in terms of people's way of living. For example, the standards for child care centres or old people's homes should not be too different from the standard of living of the majority of people in Hong Kong. Furthermore, in setting standards, we must consider the need for the service. We should thus be realistic as we set the standards for child care centres and programmes for the elderly and other services to ensure that quality and quantity are kept in balance. I am sure that none of us would like to see some children forced out of the closed private nurseries and be put in even worse situations. In the course of development, the quality of services should be rapidly improved.

(3) The third principle concerns the pace at which we should implement our programmes. As already mentioned, the main purpose of standard setting is indicative, with the corollary that we should be flexible in our approach to the attainment of the agreed standards. Our experience in implementing the regulations regarding child care centres suggests that standards should never be taken as final; rather they should be subject to amendments as conditions change. Hence, in the debate on the Child Care Centres Bill, I stressed the importance of reviewing the regulations as circumstances proved necessary. To illustrate my point, although the regulations of the Child Care Centres Ordinance state that only persons with recognized training in child care, plus five years' relevant experience are qualified to be employed as supervisors of child care centres, in view of the fact that such persons are in short supply, we would probably have to allow the employment of those who have received appropriate training but lack the required experience as 'provisional supervisors' on a temporary basis so that child care centres can be maintained in sufficient numbers.

In sum, the principles that should be followed in setting standards for social welfare are: (1) to protect the well-being of people in need of social welfare services; (2) to be realistic and flexible in our approach; and (3) to review and improve the standards during the course of development. I envisage that as we proceed in carrying out the various programme plans on social welfare, such guidelines will help us decide our priorities and set the pace for the implementation of the programmes.

Some Principles and Concerns in Relation to Social Welfare Development

Judging from the systematic and orderly production of White and Green Papers it would appear that the Government has adopted the method of producing programme plans in selected areas with great success. However

I should like to urge the Government to make known now a complete list of papers at present in preparation. I realize that they will be in various stages of preparation and that it will be quite impossible to predict the order or the timing of their completion; nevertheless I suggest that at least in the social welfare field, unless the order of plans or the plans being considered are made known, agencies and individuals may get the mistaken impression that Government's thinking and planning in the whole field is moving in a particular direction and that certain types of work not yet subjected to the planning process is no longer needed. This may affect not only potential donors on whom we are still dependant for so many of our facilities, but also the workers in the present agencies. The result may be an attempt by many agencies to change from their traditional roles still very much needed, to areas thought to be more highly favoured. Voluntary agencies are most effective in areas where they have built up the necessary knowledge and skills, or they may have a special potential to start new services in a particular area. At this stage when social welfare services are rapidly expanding, I suggest the Government should see to it that voluntary agencies are given the opportunities to develop their special expertise and to realize their various potentials to ensure that no resources are wasted and that the quality of services is not lowered because of insufficient or substandard supervision or experience. The Government has an active role to play in ensuring that the accumulated experience of voluntary agencies is used for the greatest benefit of society by encouraging voluntary agencies to develop both old and new services which are needed.

Education

Sir, as many have already pointed out, the advent of 9 years free education in the public sector is indeed a big step forward. I am very pleased that the Government is taking a comprehensive look at a whole range of opportunities for the Form III leavers to continue their education in senior secondary forms, technical institutes and adult education courses. I hope priority will be given to the provision of subsidized schooling, either in day schools or evening schools, to all students who want it up to the School Leaving Certificate level as soon as possible. At least, aided school places, either in senior secondary schools or technical institutes, should be given to all Form III leavers.

It is an encouraging trend that Government is reviewing the services provided for children below primary school age in kindergartens and day care centres. As the demand for these types of services is so great, consideration should be given to meeting the urgent and important need for training more kindergarten teachers and nursery staff.

I am very pleased that in order to improve the quality of the education in our schools, opportunities for further training are offered to the great number

of teachers who have only attended a one-year course during the hectic years of the expansion of primary schools. I hope that the system of floating classes and other such ad hoc solutions will be dispensed with as soon as possible.

Housing for the most needy and Home Onwership Scheme

I welcome the proposals to expand our public housing programmes. The Home Ownership Scheme should go some way towards meeting the housing needs of families who wish to own their homes but cannot afford the high prices in the private sector. I understand that the Scheme is not meant to compete with the construction industry in the private sector. In fact, I am happy to learn that private contractors can participate actively in the Scheme. It is hoped that this pilot Scheme will prove successful and will be greatly expanded in the future. As the Home Ownership Scheme will serve the comparatively affluent families, other public housing plans should aim at serving the more needy groups. It should be borne in mind that some public housing estate residents already face real financial difficulty.

A lot has been covered in Your Excellency's Address this year, but I would like to briefly mention two more areas which in my view also need attention.

Marriage Reform Ordinance and Crimes (Amendment) Bill

As will be seen from the paper (See Appendix) laid before Honourable Members, there is a need for the revision of the Marriage Reform Ordinance which at present does not adequately provide for the post registration of customary and validated marriages where one spouse is missing or for the dissolution of registered customary marriages where one spouse is either missing or does not consent to the dissolution. I commend the suggestion in this paper 'Information and suggestion on the need for the proposed revision of the Marriage Reform Ordinance' to Government for consideration.

Secondly, in answering questions asked on my behalf by my honourable Friend Mr Oswald CHEUNG a few months ago, the Attorney General mentioned that legislation would be enacted to prevent the disclosure of the names and past sexual behaviour of persons who have been raped. In view of the considerable number of rape cases, I hope that an early date will be set for the introduction of this legislation. These necessary changes should encourage more victims of rape cases to come forward to report, and with heavier penalty, it is hoped that the rate of crime of this nature will decline.

Position of Women

Looking back over the past decade, I am struck by the very considerable progress that Hong Kong has made, particularly since the arrival of Your Excellency. This is clearly evident not only in economic and social developments, but also in the gradually changing attitudes towards the position of women in our community.

For example, I can remember the days when, some years, only one woman served on this Council. Today, however, looking round this Chamber, I am pleased to see the number of female Councillors has increased to three, and I look forward to even more female Colleagues being appointed to this Council. (*laughter*) And, of course, Your Excellency has made history in opening the doors of the Executive Council to a woman Councillor for the first time.

Again, in the Government, women have steadily gained more recognition for their service in the administration and to the public. We now have 'payment for the job' and 'appointment on ability' without distinction of sex. This is the laudable policy and practice, clearly reflecting the fine example set by Your Excellency. However, there are still areas for improvement such as in the conditions of service for married women in respect of subsidized housing, education allowances for their children and free medical and dental treatment for their dependants. I hope that the relevant legislation or regulations will be reviewed and consideration to their revision be given in the coming year.

Women have acquired a higher status both in the family and in society at large. This is a welcome trend; but there are still certain precincts 'out of bounds' to women (*laughter*). For example some organizations and clubs still exclude them for no other reason than that convention or practice over the years has made membership or participation in them a prerogative of men! Following the lead given by Your Excellency, the Council should, I feel, directly or indirectly contribute to the wind of change.

With these words, Sir, I have great pleasure in supporting the motion.

APPENDIX

INFORMATION AND SUGGESTION ON THE NEED FOR THE PROPOSED REVISION OF THE MARRIAGE REFORM ORDINANCE

At present, under Part IV of the Marriage Reform Ordinance, customary and validated marriages which took place prior to 7 October 1971 may be post-registered either with the consent of both parties to the marriage or where the District Court has under section 9(3) of the said Ordinance declared that the marriage exists between both parties to the marriage.

Section 9(3) of the Marriage Reform Ordinance makes a provision which states 'Where one of the parties to a customary marriage or a validated marriage disputes the existence of the marriage or is unwilling to join in any application for the registration of the marriage under this section, the other party to the marriage may apply to the District

Appendix (Contd.)

Court for a declaration that a customary marriage or a validated marriage, as the case may be, subsists between the parties, and the District Court shall have jurisdiction to hear and determine any such application.' However, in a number of cases the Court has held that it cannot hear any application under this section where one party is missing, because the applicant is unable to prove that the other party is unwilling to join in an application for the registration of the marriage. One of our learned judges suggested that section 9(3) should be amended so that if the Court were satisfied that the deserted party had taken all reasonable steps to locate and serve process on his or her spouse, the Court should be able to hear an application for the registration of the marriage.

If a customary or validated marriage has been registered under Part IV, a dissolution is possible under Part V of the Marriage Reform Ordinance only with the consent of both parties. However, a special provision is made to allow validated marriages to be dissolved in accordance with the Matrimonial Causes Ordinance, but this special provision is not made for customary marriages. Why this is so is not clear. It seems that where a spouse has been deserted for the five years prescribed in the Matrimonial Causes Ordinance as a separation period long enough to allow grounds whether it was a customary marriage, validated marriage or a marriage celebrated in accordance with the provisions of the Marriage Ordinance.

MR TIEN:—Sir, you have spoken at some length of the highly restrictive and discriminatory arrangements which the European Economic Community wishes to inflict upon Hong Kong's textile and clothing exports to the Community's markets. During the last six months or so, there have been extremely worrying indications from press and other reports from Brussels, London and other European capitals of the direction in which the EEC's policy on textiles was developing, a direction which can only be described as backward. The Hong Kong textile and clothing industry has been watching these developments with deep concern. In June this year, a delegation comprising the leaders of 13 textile and clothing manufacturers' associations undertook a mission to London in order to express the industry's views and concern to Ministers, senior officials and Members of Parliament in Britain.

I am sure I am speaking on behalf of the entire textile and clothing industry in thanking you, Sir, for your personal mission to London and Brussels and for your forceful representations against the EEC's intentions of imposing sharp cutbacks on Hong Kong's access rights. I sincerely hope that your efforts, supplemented by the efforts of the industry itself, will result in the Community moving away from the unreasonable and unjustifiable stand it has been adopting. We await eagerly the outcome of the bilateral negotiations which are currently in progress in Brussels. I am sure that our negotiators are doing their level best to secure the best possible deal for Hong Kong.

But it would perhaps be naive to expect any new agreement which eventually emerges from these negotiations to be any less restrictive than the present EEC/Hong Kong Agreement. We have recently entered into a new five-year bilateral agreement with the USA on terms which are more restrictive than the current one. I am afraid, the examples set by these major textile importing countries will no doubt be emulated by others. So I can foresee a difficult time ahead for the Hong Kong textile and clothing industry.

I would like now to turn to speak on technical manpower training.

As the Chairman of the Hong Kong Training Council I am pleased to inform Honourable Members that the Training Council has completed a manpower planning exercise covering all technically based jobs. The exercise, the first undertaken in Hong Kong, aimed at quantifying for Hong Kong as a whole, the overall demand for technical manpower in any one branch of engineering or other technology as well as the supply of graduates from teaching institutions necessary to meet the demand. A report on the exercise will soon be published and it contains information which would provide a rational basis for planning technical education in Hong Kong.

I do not think I need to tell Honourable Members the importance of manpower planning. We all know that an under-supply of technical manpower is unacceptable because it would hinder industrial growth on which both economic and social progress depends. On the other hand, an unjustifiable over-supply is not only a waste of scarce resources but also a potential cause of frustration and discontent.

Sir, you have reminded us of the increasing pressure to which the textile industry is being subject. But unfair trade restrictions are not the only burden which the textile industry, and possibly other manufacturing industries in future, has to bear. All industries face fierce competition from our neighbours whose labour and other production costs are lower than ours. Because of the restrictions and competition, you, Sir, have rightly reminded us that we need to diversify if our economy were to continue to grow and your proposal to set up a high-level body to examine the implications of diversification is therefore to be welcomed.

Sir, if diversification is going to help us, we must not only diversify into products which we do not presently manufacture but which low labour cost countries can make equally well. In other words we need to diversify and trade up at the same time. But diversification, upgrading the level of products, adoption of higher technology industries would be little more than empty phrases unless we have suitably trained manpower to make these activities possible. I believe that industrial training, and the ability to provide it to meet short and long term needs, is vital to the success of diversification and I cannot stress too strongly that the Hong Kong Training Council must be involved in the examination of and the making of plans for diversification.

Those of us who are involved in industry know that technical education by itself cannot and do not turn out usable manpower unless supplemented by industrial training. At the technologist level, the increasing difficulty experienced by Hong Kong engineering graduates in obtaining proper practical training in the United Kingdom and elsewhere caused great concern in many sectors. At the request of the Government in 1974, the Training Council looked into the possibility of bringing about locally the necessary

facilities for post-graduate training to compensate for the diminution of opportunities overseas. The recommendations of the Training Council have been submitted to the Government. Because of the great effect which qualified professional engineers or the lack of them, has on the future of Hong Kong's industries, I would like to see prompt Government action and support.

At the technician and craft levels, the Government can assist to bring about a larger supply of the manpower at these levels by seriously enforcing the Apprenticeship Ordinance and maximize its coverage. To do this would require an adequate inspectorate to ensure that young persons engaged in designated trades are trained in accordance with the Ordinance and to regulate and supervise the training given to registered apprentices. Sir, I was particularly happy to hear that you will shortly make an order to designate under the Ordinance the five major engineering trades which are found in most industries and which the Training Council recommended for designation as far back as 1975. The designation of these trades will not only ensure that many more young people engaged in these trades will be able to receive proper training on the shopfloor and the necessary complementary related technical education but also, equally importantly, industry will get the better-trained skilled manpower it needs for development. The Training Council has been and will be watching the operation of the Ordinance with interest.

Manpower at the operative level is normally trained on-the-job but because of the exorbitant cost of factory space and the disruption which such training can cause to production, few manufacturers are able to provide proper training for the large number of operatives required. Following the completion of the respective Construction Industry Training Centre and the Clothing Industry Training Centre in August and last week, there are signs that other industries are contemplating similar contributory schemes to cater for their own special needs. The Training Council is of the firm opinion that any industry wishing to establish such schemes should be encouraged and I hope both Government and Government departments will continue to do all they can to foster such schemes.

Sir, I am grateful that the Government has accepted in principle the Training Council's recommendation to set up a manpower planning and training machinery, similarly to the existing industry training boards and committees, to enable the Training Council to cater for the training needs of the commercial and service sectors as required by its terms of reference. The Training Council has now submitted for Government's consideration details of the proposed machinery together with the recommendation that the machinery should be set up by 1978. I urge the Government to provide as early as possible the necessary additional staff to the Training Council Secretariat in the Labour Department to enable the Secretariat to service adequately the new machinery. This new machinery will also be requiring the services of the Census and Statistics Department and the Government Data Processing Division in carrying out future manpower surveys.

Returning to the point I made earlier about the role of industrial training in relation to our future efforts to diversify, I have little doubt a time will soon come when we shall need an industrial training body which will not only be responsible for and capable of formulating recommendations but also their implementation. In this respect we are certainly behind some of our competitors. The Training Council will be looking into ways whereby it can play a greater contributory role in the future development of Hong Kong's industries as I am sure it will need to.

Finally, Sir, I would like to take this opportunity to pay tribute to my honourable Friend the Commissioner for Labour and his staff in the Industrial Training Branch. He and his staff are in a real sense the executive arm of the Training Council and the effectiveness of the Training Council's work depends to a great extent on the efficiency of his Department.

With these remarks, Sir, I support the motion before this Council.

MR ALEX WU:—Your Excellency, like my Colleagues, I was heartened on hearing your progressive and enlightened blue-print outlining Government's determination to improve Hong Kong's socio-economic circumstances and thereby enhancing the quality of life for the people of Hong Kong. You dealt at some length with the problems Hong Kong is facing in the world but stressed Government's determination to maintain its pace of development. I am sure the people of Hong Kong wholeheartedly endorse Your Excellency's suggestions particularly the point you made on the need of diversifying trade and industry.

As you know, Sir, the Trade Development Council along with other organizations has been pursuing a dynamic and aggressive policy over the years to do this—not only to diversify trade by territory but also by products. And in its endeavours it has been well supported by Hong Kong's business community.

There is, however, a serious obstacle in trade promotion and that is in the development of Hong Kong as an *international* trade and industrial promotion centre.

It is a fact that we have no local market place at which buyers and sellers can assemble on a regular and continuing basis to buy and sell goods on a scale that could encourage our numerous trading partners to bring their latest and best for sale in the local market. This, when considering that our estimated external trade for 1977 will probably be in the region of HK\$94 billion, it is a most unnatural and unhealthy situation. In developed countries the general trade fair—and the specialized trade fair—have long been the venues at which traders and manufacturers buy and sell their goods, and unveil new products and technology. They have historically been the places at which overseas governments and businessmen have invested great sums of money to build up and organize. One just cannot imagine the great

European cities without their trade fair facilities. With much planning and determination, they have endeavoured to establish themselves as the market places for international trade in Europe. And it is not only the benefits from direct trading that accrue to these countries, it is the ancillary business that trade fairs bring to hotels, restaurants, communications and retailers, etc., which greatly benefit from these events.

Private enterprise in the city of Dallas, Texas has, over the last few years, built up a most effective trade mart comprising 4.8 million sq. ft. of usable exhibition space, in which the TDC has recently opened its 18th office. They estimate for this year that turnover of business both in trade and in spending within the community will be in the region of HK\$22 billion, and they estimate they will receive 400,000 visitors mainly from within the US to attend their market weeks which are held throughout the year, as a result of this facility. Three large hotels are being constructed to accommodate them.

There are other international examples but the list would be too long to enumerate.

Your Excellency, Hong Kong does not have this type of facility, and I believe this is a major gap in our trade promotion strategy. This is particularly so when one considers that, excluding OPEC countries, we are probably the world's 15th trading community. When one considers it in this light, the lack seems, to put it mildly, quite incredible. If ever there was an ideal place for a major trade fair facility in this region, it is Hong Kong. We have the trade volume and a free import/export system which makes the movement of goods in and out for exhibition purposes both easy and uncomplicated. We must make every effort to establish Hong Kong as a major trade fair centre in the Far East. This would provide many long-term economic benefits for us and if properly developed and promoted could be a most viable project for community investment.

I must make the point that this is not a new proposal. Back in the mid-sixties we seemed to be well on our way to providing adequate exhibition facilities. In May 1964, the Financial Secretary directed that the Urban Services Department and the then Department of Commerce and Industry, should initiate discussion on the possibility of an integrated indoor stadium project with the needs of the Department of Commerce and Industry for exhibition and trade fair facilities. Preliminary inter-departmental discussions led, in November 1964, to the formation of a sub-committee of the Urban Council's Parks, Recreation and Amenities Select Committee. A number of senior officers from Government departments were co-opted to assist the sub-committee and the Trade Development Council was also represented.

After over two years of deliberation, the sub-committee recommended, on the advice of representatives of the Department of Commerce and Industry and the Trade Development Council, that Government should provide fully

air-conditioned net space for trade exhibitions in the order of 130,000 sq. ft., and to include further facilities for displaying machinery and other heavy exhibits. It was also the final view of the sub-committee that, if this space was coupled with an indoor stadium with a basic seating capacity for 7,500 people and convention facilities, the project would be viable and the facilities interchangeable. This would allow for further indoor recreational facilities when not in use as an exhibition centre. This was an *integrated* project and the three facilities therefore, would make it a most useful asset for the community as a whole.

A large number of locations were considered, but because of accessibility, the Committee came out in favour of a site on the Hung Hom reclamation over or adjacent to the proposed new Hung Hom Railway Terminal.

I understand the report was submitted to Government who, for some reason, decided to proceed only with the indoor stadium. If this full package had been accepted at that time, the community could by now have a most useful and flourishing asset.

I would be most grateful, Sir, if Government could now urgently re-examine this matter so that we could proceed with all speed in closing this most obvious gap in Hong Kong's trade facilities, and exploit to the full Hong Kong's potential as an exhibition centre, not only for Hong Kong but for the whole region. Before leaving the subject of diversifying trade and industry, I wish to refer briefly to the remarks thereon made just now by my Colleague Mr Francis TIEN. In sharing his view that the Hong Kong Training Council should be actively involved in making plans for diversification, I should like to emphasize that prospective investors must be assured that the Government will step up its efforts in broadening and upgrading our technical education and industrial training so as to make available the necessary trained manpower to meet the demand of new industries.

Now may I turn to the subject of the quality of life, something which you have made us all appreciate since you came to Hong Kong.

As Your Excellency said when addressing this Council three weeks ago, Hong Kong people now have more leisure than ever before and everyone seeks the means to enjoy this leisure in a meaningful way.

We have made tremendous advances in the use of our leisure time for recreation and cultural activities and I should like to pay tribute to all who have contributed to this progress. But as Your Excellency said, there is an urgent need to push this process forward still further.

When Your Excellency referred to the current very real surge of interest in the arts, you also mentioned our present lack of suitable auditoria. I am most heartened to hear of the advanced plans for facilities to supplement our existing City Hall and the new Arts Centre.

Your Excellency referred to organized activities—but we must ask ourselves just what activities we will have to fill these new venues. Do we have sufficient professional performers? And where are the teachers of the future professional performers? And where are the administrators and planners for these new venues? Clearly we need trained people at all levels, if we are to make the best use of resources at our disposal. This is a matter which requires more than a handful of experts, sent on all too brief intensive courses overseas. Dedicated people with natural aptitude should be given opportunities now to prepare to play vital roles in a few years time.

We spend a great deal of money on training technicians for industry and other fields. We should do the same for our future cultural needs. We should already be planning a fully fledged Government-backed Academy of the Arts to embrace all the performing arts—dance and drama as well as music, as is, for instance, done so successfully by the Royal Scottish Academy.

I am not thinking solely of so-called Western arts: indeed with the right training facilities and professional opportunities, Hong Kong could enjoy a unique and rich heritage, by making the most of both Eastern and Western cultural traditions.

As an interim measure I wonder if Government would consider converting one of our Colleges of Education to start catering for our specialist training needs in music and the arts. There should be no shortage of suitable students, judging from the remarkable number and standard of participants in the annual Schools Music Festival. Many of these talents are now being lost, simply because of the gap in our education system.

In the same way we can consider developing our talents in the equally wide field of physical education.

Hong Kong is somewhat isolated from the world's major training centres for the arts and so we must to a large extent be self-reliant on the facilities we make available to our students. We owe it to our talented young people not to delay any further and I appeal to Government to take the necessary decision now.

When we take stock of our current cultural assets—and time does not allow me even to begin to do this here—we realize that most, if not all, have come into existence in a rather haphazard way. Laissez-faire has a long tradition as the guiding principle for many aspects of life in Hong Kong, but we have seen it in so many other spheres, a little expert planning and co-ordination can achieve remarkable results.

It is sometimes forgotten that a great deal of public money has already gone into our cultural activities and institutions at all levels. I feel it is perhaps time for Government to abandon its rather uncharacteristically low profile in this respect and to establish a policy on subsidies for the arts and cultural activities in Hong Kong, adopting a more planned and active role as a patron of the arts.

Perhaps it is also time to start thinking about a central organization be it named the Arts Council or Cultural Council, which would in a few years time act as an overall co-ordinator of cultural activities. Such a body could help to prevent overlapping of efforts and establish overall cultural policy guidelines, which we sadly lack at the present time. When our new auditoria are completed, such a body would be invaluable.

We need to be sure that in the years ahead, the funds earmarked for cultural activities will be used to the best advantage, for the benefit of the majority, reaching all sectors of our community.

More than a year ago my honourable Friend Mr LI Fook-kow, then Acting Home Secretary, assured us as follows: 'A programme is being drawn up, as part of an overall Government services development plan to outline Government's objectives in the fields of culture and entertainment and to define the scope of services to be provided in the next five years.'

I understand the programme referred to by Mr LI has now been drawn up. In the light of our pressing needs in the fields of culture and entertainment, as already stressed by Your Excellency, I hope its implementation will move ahead with all possible schemes.

With these remarks, I support the motion.

Suspension of sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now suspend the Council until 2.30 p.m. tomorrow.

Suspended accordingly at fifteen minutes past five o'clock.