

OFFICIAL REPORT OF PROCEEDINGS**Thursday, 2 November 1978****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
MR JACK CATER, CBE, JP

THE HONOURABLE THE FINANCIAL SECRETARY
MR CHARLES PHILIP HADDON-CAVE, CMG, J.P.

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, J.P.

THE HONOURABLE DAVID HAROLD JORDAN, CMG, MBE, JP
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

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

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

THE HONOURABLE DAVID WYLIE McDONALD, CMG, 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 JOHN CHARLES CREASEY WALDEN, JP
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE JOHN MARTIN ROWLANDS, JP
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JAMES NEIL HENDERSON, JP
COMMISSIONER FOR LABOUR

THE HONOURABLE OSWALD VICTOR CHEUNG, CBE, QC, JP

THE HONOURABLE ROGERIO HYNDMAN LOBO, CBE, 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 LO TAK-SHING, OBE, JP

THE HONOURABLE FRANCIS YUAN-HAO TIEN, OBE, JP

THE HONOURABLE ALEX WU SHU-CHIH, OBE, JP

THE REV. THE HONOURABLE JOYCE MARY BENNETT, JP

THE HONOURABLE LYDIA DUNN, OBE, JP

THE REV. THE HONOURABLE PATRICK TERENCE McGOVERN, OBE, SJ, JP

THE HONOURABLE WONG LAM, OBE, JP

DR THE HONOURABLE RAYSON LISUNG HUANG, CBE, JP

THE HONOURABLE CHARLES YEUNG SIU-CHO, JP

DR THE HONOURABLE HO KAM-FAI

THE HONOURABLE ALLEN LEE PENG-FEI

THE HONOURABLE DAVID KENNEDY NEWBIGGING, JP

THE HONOURABLE ANDREW SO KWOK-WING

ABSENT

THE HONOURABLE ERIC PETER HO, JP
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE CHEN SHOU-LUM, JP

DR THE HONOURABLE HENRY HU HUNG-LICK, OBE, JP

THE HONOURABLE LEUNG TAT-SHING, JP

THE HONOURABLE PETER C. WONG, JP

IN ATTENDANCE

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

Government business**Motions****Address of Thanks to His Excellency the Governor****Resumption of debate on motion (1 November 1978)**

MISS DUNN:—

Introduction

Sir, in 1971, Your Excellency declared that your Administration's twin objectives would be economic progress with social justice. As I listened, three weeks ago, to your wide ranging review of our present economic and social condition and the Government's intentions and plans for the future, I wonder to what extent we had already achieved these objectives; and this led me on to think about what I believe to be certain pre-conditions for their successful pursuit in the future.

Economic Progress with Social Justice

So far this decade, we have achieved a great deal. This is obvious from visual evidence: the improving prosperity of our people, the skyline, the roads and flyovers, that vast housing estates, the schools, the hospitals, the welfare services and the facilities for the use of leisure time.

It is also obvious from arid statistics. Over the past seven years from 1971 to 1978 the gross domestic product in real terms has increased by more than 80%, even though we have had to live in a world of turbulent changes. Despite an increase in our population of 14% real GDP *per capita* has increased by 65%. Yet public expenditure in real terms has been increased by no less than 150% over the same period, with only minor tax adjustments and without recourse to debt or the dissipation of our reserves.

Having regard to our near term economic prospects and the enormity of the commitments entered into over the past seven years as reflected in the present and projected levels of public expenditure, the question uppermost in my mind is this: how can we ensure continuing success in the pursuit of economic progress with social justice in the future? For these twin objectives remain as valid today as yesterday.

In my view, there are four pre-conditions of success: I believe the Government should reaffirm its commitment to the maintenance of stable tax rates; I believe it should consider whether its control over public expenditure is adequate; I believe it should review its management of the Civil Service; and I believe it should develop a more trusting and diverse relationship with the public.

Financing of Public Expenditure

Your Excellency made a number of references to the additional costs of the new and expanded policies and programmes we are more or less committed to over the next few years; and noted that the Government's present thinking was based on the assumption of a continuation of the trend growth rate of the economy of 9% *per annum* in real terms.

What really worries me is that, if this assumption is not borne out in practice, the Financial Secretary may be tempted to try to maintain the necessary revenue flow by raising tax rates (or changing the tax base under the guise of what he is pleased to call tax reform). In my view, this would be a serious mistake. I say this because it is false to assume that increases in tax rates are necessary for an expansion of the public services and of public works programmes. I am not making a disguised plea for stable tax rates for their own sake. But it is surely obvious from our historical experience that it is stable tax rates (and stable fiscal policies generally) that enable public expenditure to grow at a rate sufficient to satisfy the needs of social justice.

Indeed, I would go further and say that the stable tax rates we have traditionally enjoyed, and particularly this decade, have positively encouraged economic progress and widened the tax base. As a result, sufficient revenue has been generated for an expanding public sector. Stable tax rates, in other words, are critical to economic progress and it is on economic progress which, as Your Excellency said at the beginning of your speech, 'anything and everything that (the) Government can ever do (depends)'.

Growth of Public Expenditure

This brings me to Your Excellency's point that 'the need for flexibility and adaptability in the design and implementation of our programmes is well understood (by the Government)'. But this rider was in the context of 'changing (economic) circumstances'. Having increased the relative size of the public sector by one-third between 1971 and 1978, I believe we should hold it at its present level and not allow it to grow further. Otherwise, I fear that the flexibility and growth prospects of our economy will be damaged. Furthermore, whatever may be true in theory, in practice there tends to be something sacrosanct about public expenditure. So, in my view, in order to avoid having to cut public expenditure back in a crisis situation, we should ensure that the growth of public expenditure is properly monitored and controlled. I know this is the purpose of our rolling three-year

forecasts, but I have the feeling that these are prepared more for presentational reasons than to provide us with an effective regulator (*laughter*).

In my view, also, the present 'overheating' of our economy can be more directly related to the demands of the public sector than the Government seems prepared to admit. I know that an imbalance between domestic sector activity and export sector activity cannot last forever, but if it persists for too long the adjustment process is bound to be painful. This has been stressed by both Your Excellency and the Financial Secretary. But it is up to the Government to ensure, in the way it manages its own affairs and, in particular, in the way it controls the growth of public expenditure, that the adjustment process is no more painful than it need be. No matter how diversified our economy becomes over the years, we must remain externally competitive in order to earn our living.

Finally, I would question whether, with our preoccupation with target dates and new initiatives, our policies and programmes are being properly evaluated and reviewed. Not all ideas and projects can be perfectly conceived at the outset. This is so, even if they are based on valid assumptions and they may well not be. Given also, the inescapable reality that circumstances are forever changing, this lack of review procedures will have the effect of compounding mistakes. I would urge the Government, therefore, to devise procedures for regular evaluation and review of policies and programmes and, where such procedures exist already, to consider how effective they are.

Growth of Public Expenditure and the Civil Service

While domestic inflation, now running at twice last year's rate, is a direct, visible and worrying outcome of excessive domestic demand coupled with a high level of Government activity, I am even more worried about the other less direct, less visible effects of our massive programmes.

I refer to the effects of these programmes on the Civil Service. For five years and more now, the Civil Service has been under tremendous pressure to the point where some departments are near breaking point. While Your Excellency expressed the hope that this pressure will ease off within the next four or five years, I am not so sure that this is likely to happen. So I question whether the Civil Service can continue to work under such pressure without suffering a breakdown of morale.

The stability of Hong Kong, its progress and its very future depend to a considerable extent on the quality and performance of our Civil Service, particularly as the administration of Hong Kong has become extremely complex and demands ever higher standards of performance. The pressure of work is now such that it is no longer possible, I suspect, to give officers a proper all round training and to assess their performance and capabilities realistically. I fear that this situation will lead to a less effective Civil Service in a few years' time, just when the need for a confident, alert and

really experienced Civil Service will be critical. Here I would interpose two pleas: the first is that we should dissuade experienced officers in their prime from retiring when they are eligible to do so; and the second is that administrative officers should not all be concentrated in the Secretariat, the Home Affairs Department and the New Territories Administration. They should be, as before, posted out to such departments as the Trade, Industry and Customs Department.

Furthermore, it seems to me that the pressure to cope with expansion has also made Heads of Departments less alert to discontent within the Civil Service. The increase in the number of disputes leading to industrial action would seem to attest to this. Although most of these disputes are, on the face of it, related to pay, and conditions of service, I question whether the system of communication between the Administration and the Civil Service is as effective as it should be. The fact that discontent, whether justifiable or not, is allowed to deteriorate into dispute and then into industrial action would indicate that it is not. I deplore the apparent willingness of some groups of civil servants to resort to industrial action and the Government must not allow itself to be intimidated. But it does seem to me that there is a need for the entire Civil Service consultative process to be strengthened and improved to ensure that an effective two-way dialogue exists.

Insensitivity to Public Discontent

I turn finally, Sir, to the system of communication between officials and the public which is also not as effective as it might be, discontent being the outcome.

I do not agree with those who argue that our unique system of advisory bodies is, in itself, inadequate. This system is our way, our style of Government. In fact, I think it is one of the more effective and imaginative systems of Government and, certainly, it is well suited to our special political circumstances. But any advisory committee is only as good as the people who serve on it and especially the official who chairs it. Unfortunately, some committees are chaired by officials whose minds are made up, who cannot accept any form of criticism and who, as a consequence, are suspected (rightly or wrongly) of not being prepared to recommend for appointment to their committees anyone who is known to be a critic. This kind of attitude undermines the effectiveness of the system. Furthermore, as long as responsible critics are excluded from being involved in the decision-making process, they will not be exposed to, or gain an understanding of, the system as a whole. In the end, they become diehard, even somewhat irrational, critics and the ultimate outcome is an unnecessarily defensive attitude on the part of Government spokesmen.

The same applies to representations by members of the public. These are often contemptuously dismissed at all levels of Government as being from

minor pressure groups. It is true that many complaints are instigated by such groups and on such relatively trivial matters as traffic jams and the future of the Supreme Court building. But it would be wrong to dismiss *all* complaints as trivial.

Incidentally, Sir, I read with interest the letter from the Director of Home Affairs to the South China Morning Post on 29th July in which he commented on our consultative machinery. I accept most of what he said and I was impressed by his admission that some officials do not respond to public opinion because 'the pressure to act quickly (in the public interest) may simply not allow time to consult people satisfactorily'. I am sure this is so, Sir, but this admission lends credence to my earlier point that the pressure of expansion forces even open-minded officials to become careless of public opinion. My fear is that the cumulative effect of this will reach a point when it will create general discontent. The Government must be alert to public feeling *before* the point of confrontation is reached.

Sir, history, both past and recent, has shown that any underlying discontent in this community does not manifest itself in Western ways. Discontent is revealed by the smallest, often unexpected, incident. It is dangerous for the Government to interpret public silence as indicative of public satisfaction in all things. It is equally dangerous for the Government to overlook the fact that Hong Kong is now, more than ever before, a community in its own right, even in the context of our special political circumstances. Hong Kong is more than just an accident of history and must be treated as such by the Administration. It is important, therefore, that more people are brought into the decision-making process; it is essential that care is taken to ensure that policy decisions are made on the basis of valid assumptions; and it is vital that officials at all levels of Government are willing to talk, willing to listen, willing to agree and just occasionally willing to admit that they too can make mistakes and that others may have better and more relevant ideas.

Conclusion

In conclusion, Sir, if the Government pays heed in the four areas I have mentioned, namely, fiscal policy, the control of public expenditure, the management of the civil service and the association of supports and critics alike with the management of the affairs of this city, then I believe we shall be set fair to continue our pursuit of economic progress with social justice. I have pleasure, therefore, in supporting the motion.

MR. WONG LAM delivered his speech in Cantonese dialect:—

督憲閣下：作為市民的一份子，本人對於政府在各項建設及民生大計方面所訂下的週詳計劃，感到興奮，而對，閣下所提香港遠景的樂觀的看法，更感鼓舞。相信在官民的努力之下，市民生活的水平，一定會日益提高。不過，本人認為其中仍有不少問題，值得研究，現在謹略舉較重要者，略加討論。

首先是房屋問題，政府在建設公營房屋方面的努力，大家是有目共睹的，實在值得香港人自豪。不過，必須提出的是目前政府所照顧的只是一些收入較低（或表面上是較低）的市民的，而對於中等收入人士而言，住屋仍是一個極為頭痛的問題。後者是香港社會繁榮的重要動力，對本港社會的貢獻，絕不下於富有或收入較低之人士，但是可惜在很多方面，他們卻往往是受惠最少的群，無論在稅制或房屋方面，他們都是較為吃虧。稅制方面，在七八至七九年財政年度預算案辯論時，本人已詳細論及，所以不打算再次重覆論述。有關房屋方面，本人認為實在有詳細檢討的必要。因為目前政府規定凡是家庭月入超過二千八百五十元，便沒有資格申請入住公營房屋，對於每月收入略超過這個數目的人，住屋便成一項極嚴重的問題。雖然他們對住屋的要求並不過份，但即使小小地方，隨着屋價飛漲及租金之相應提高，目前他們在屋租方面的開支，每每達到他收入的三份之一。當然，假如他們自購樓宇，則可免繳納貴租之痛苦，但目前私營樓宇價格之高，與市民的購買力根本極端脫節，只靠延長付款年期來適應，雖然如此，但因為物業的投機，即使有意買樓，也不輕易，每每因為投機者從中把樓價炒高，使買家在支付首期及投機者的利潤方面負擔不來，即使支付得起，也是要隨着十多年延長付款，每月必須供款千多元，甚或二千元，比交租還要高。在這種情形下，這一階層人士雖然他收入高於二千八百五十元，但與收入較少卻入住公營房屋者相比，生活水準便大大不如，變成另外一種所謂收入與生活水準不相稱的現象。當然，政府現在推行居者有其屋的計劃，對部份中等收入人士而言，不無幫助，但到底這類屋宇，因為對購買者而言，其收入亦有一定規限，而且數量不多，在曾多粥少的情形之下，受惠者的人數，實在太少，而目前這一類人士，數目甚多，所以值得政府對這方面的問題，再作深入的研究及提供改善之法。

最近報章上常刊出讀者來函，表示部份申請公營房屋的人士，申請時收入並未超越限額，但因為等候分配時間起碼需要數年，經過一較長時間等候，輪到有單位的分配時，卻因收入比限額超出一百數十元而失去獲配單位的資格。這種情況是很可惜的，假如他們能夠早日獲得單位分配，則可能在收入仍未超額時而獲得入住公營房屋。對於這類的人士，政府不妨考慮一些較為彈性的政策，例如稍為放寬限制，假如申請人之收入不超越限額的某百分比，則仍可算符合條件而獲入住的機會。這種較有彈性的做法，不獨減少部份人士的失望情緒，而且在行政上亦無任何較大的困難。

其次要討論的是中文合法化的問題。雖然中文目前是官方語文之一，但無可否認，很多市民的印象認為政府只是表面上重視中文，有些人甚至仍有錯覺（或許並非錯覺），認為高級官員讀英文報紙的讀者版，而低級官員讀中文報紙讀者版，所以任何投訴，只有在英文報紙上刊登才有效。假如上述情形並非錯覺，那實在是令人失望。現在政府的標榜重視民意，任何政策之制訂，皆盡可能以符合民意為依歸，但如果我們大眾市民的語言也受不到應有的而只是表面上重視，那麼任何透過這項語言來表達的民意，其受重視的程度必然大打折扣。這種現象很容易產生更大的官民隔膜，對本港這樣一個極度需要官民互相瞭解和合作的地方，實在是很不利的現象。所以政府除在精神上實際重視中文外，亦須鼓勵各公務員盡量在適當場合下，多用中文發問，或答覆質詢，以反映政府對中文的重視。

另外要討論的是公務員的問題，最近一連串有關公務員服務的條件及升遷問題引致政府作為大僱主與政府公務員間的磨擦，引起不少市民的關注。隨着公務員職位的增加，升遷機會表面上雖然較多，但因為目前高級與低級的僱員間的關係，好像上尖下寬的金字塔，而且一般而言所謂增加之職位多是較低級的，所以實際上，低級與高級的人員比例，越來越大，也越難獲得晉升的機會，所以不滿的情緒隨着產生，這是很容易了解到的。本人認為政府在近數年來急劇增加公務員職位及人數之後，有需要全面詳加檢討，一方面對公務員之體制及服務條件的盡善盡美，另一方面對公務員的工作表現要加詳加考核，以增加工作效率及減少不必要的人手，本人在上年度立法局會議中，亦曾要求政府重新設立一個公務員薪俸調查委員會，這方面儘早作出一個全面性的檢討，鑑於最近公務員工潮迭起，引起廣大市民的關切，故此本人深切期望，政府對這項提議，重加考慮。目前政府給予部份市民的印像，是冗員頗多。舉例來說，本人從多個屋邨的住客的談論中，得到的印像便是過往一位房屋經理負責管理整個屋邨，但發展至今，同樣的屋邨竟有數位房屋經理及數目更多的助理經理共同管理，雖然其中可能有很多因素不為居民所瞭解，但無論如何，過份增加人手總是值得政府作為深可研究的問題，本人絕對無意針對房署人員，只不過認為政府今後對公務員政策，應該改善服務條件，提高質素，加強效率等問題着眼，而非單以增加人手為解決問題之法。

最後，本人要提及肅貪倡廉意識問題。廉政公署自從一九七四年成立以來，在姬達先生英明領導之下，為香港社會寫下新的一頁。廉署雷厲風行檢舉貪官，有如強力的清潔劑，掃除貪污及與貪污有關的陋習，為香港政府帶來特別的朝氣，也令廣大市民以香港有這一種新的景象而感到快慰和驕傲；但自從一九七七年底廉警衝突之後，廉署的工作，予人一種退縮或停滯不前之感覺，其實這種感覺或錯覺實在是很不利的因素，使人誤會以為肅貪倡廉的意識失敗的開始。本人相信廉署予人這種錯覺的主因在於檢控數字的減少，所以較為戲劇性的行動或新聞較少；但實際上，廉署在防止貪污及社區關係方面仍然與過往絕無不同，沉着地工作，所以本人認為廉署該更加大力宣傳其社區關係與防止貪污兩部門的工作，使一般市民更加瞭解到廉署的三個部門在反貪污工作上，絕無鬆懈，只要得到廣大市民的合作，一定能夠把肅貪倡廉的意識，更為推廣和發揚光大。

督憲閣下，本人支持此項動議。

(The following is the interpretation of what Mr Wong Lam said.)

Your Excellency, as a member of the general public, I am not only excited by the carefully drawn up plans of the Government for various public works and for the general well-being of the people, but also encouraged by the optimistic view of Your Excellency of the prospects of Hong Kong. With the joint effort of the Government and the people, I am sure the quality of life will be raised steadily. Nevertheless, there are still a number of problems worth studying and I take this opportunity to mention a few of the more important ones.

First of all, I want to talk about the housing problem. The efforts made by the Government towards the construction of public housing estates are well-known to all and, indeed, Hong Kong's achievement in public housing programme is something we all can be proud of. However, I must point out that, at the present moment, the Government is only looking after those people who are in the lower income group (or those who appear to fall into this group). To those in the middle income group, the problem of housing is still a very bad headache. These people are the prime movers of the prosperity of Hong Kong and their contribution to the local society is no less than that of the wealthy or the lower income group. Yet unfortunately, it is always these people who are the least favoured. Whether in taxation or in housing, they are put at a disadvantage. Since I have already dealt with the question of taxation in detail during the Budget Debate for the year 1978-79, I have no wish to repeat myself here. But I think a thorough review of the housing policy towards these people is an absolute necessity. The reason is that under existing Government policy, a family with a total monthly income of over \$2,850 is ineligible for public housing accommodation; thus, for those whose family monthly income is slightly higher than the stipulated amount, housing becomes a very serious problem. Although their demand is modest, with the rapid increase in property values and the corresponding upswing in rents, they have to spend as much as one-third of their income as rent for a very small living space. One way that can for sure free them from the pains of paying such high rent is to buy their own flats; but the price of private tenements is now so high as to be out of their reach. The only alternative is to prolong the period of repayment, but even so, due to

the speculation on properties, it will not be easy for prospective buyers. Very often, because the prices of properties have been pushed up by speculators, prospective buyers find themselves unable to afford the combination of the down payment and the profits of the speculators. Even if they can afford it they will still have to pay, for the next ten years or so, monthly instalments of over a thousand dollars, or even two thousand dollars, which is higher than the average monthly rental. Under such circumstances, although this group of people have an income of over \$2,850, when compared with those who have a lesser income but are accommodated in public housing estates, their living standard is lagging behind. This results in another kind of 'income being incommensurate with standard of living'.

Admittedly, the Home Ownership Scheme implemented by the Government does offer some help to part of the middle income group but, after all, there is still a fixed income bracket for the buyers of such premises, and the number of flats available is limited. In view of the large number of people who fit into this category, the Government should take a closer look at the problem and work out a solution.

The correspondence columns of some newspapers have recently expressed the view that there are many applicants for public housing accommodation whose income, at the time of application, was below the income ceiling; yet when their turn comes, as they have been waiting for so long, sometimes for a number of years, they are found to be ineligible for allocation because their income has exceeded the income ceiling by a hundred dollars or so. This is rather unfortunate. Had they been allocated a flat at an earlier date, their income might not have exceeded the income ceiling. In this respect, I think the Government should consider adopting a more flexible policy, such as relaxing the regulation a little, if the applicant's income has not exceeded the ceiling by a pre-fixed percentage, so that he may still be regarded as eligible and be given the chance of allocation. By adopting this flexible approach, not only will these people's disappointment be minimized, but no great administrative difficulties will arise.

Next, I would like to discuss the use of Chinese as an official language. Although Chinese is now one of our official languages, it is undeniable that many members of the public still have the impression that the Government is only attaching superficial importance to it. Some people even have the misconception (or perhaps it is no misconception) that senior Government officials read the correspondence columns in English newspapers while junior officials read those in Chinese newspapers. It follows that only complaints published in English papers would carry any weight. It would indeed be disappointing if the above is the case.

Now that the Government has manifested its desire to underline the importance of public opinion it should as far as possible be guided by public opinion whenever policies are formulated. But if only superficial importance, instead of due emphasis, is attached to the language of the masses, then any

public opinion expressed through this language would receive but limited attention. This state of affairs would easily lead to an even wider communication gap between the Government and the public and is undesirable in a place like Hong Kong, where mutual understanding and co-operation between the Government and the people is necessary. Hence, in order to show that the Government is attaching importance to the Chinese language, it must encourage civil servants to speak Cantonese on all appropriate occasions such as when making public statements and answering enquiries.

Another issue I would like to touch upon is the Civil Service. Recently a series of problems concerning conditions of service and promotion prospects have led to friction between the Government, as a major employer, and some groups of civil servants, attracting much public attention. With the expansion of the Civil Service, it appears that there are more opportunities for promotion, but in fact, most of the new posts created are at a relatively junior level. With these present pyramidal structure of the Civil Service with the senior civil servants at the top and the junior ones at the bottom, the disparity in the ratio of senior posts to junior posts is actually getting greater and greater. Thus it is more difficult for a civil servant to get promoted now and the feeling of discontent is understandable.

Following the rapid increase in the number of civil servants over the past few years, I think a comprehensive review is required. On the one hand, improvements should be made to the structure and conditions of service of the Civil Service. On the other hand, the performance of civil servants should be thoroughly examined with a view to increasing efficiency and eliminating redundant staff. In the last session of this Council, I asked for the appointment of a Salaries Commission to conduct a full review in this respect. The recent state of industrial disputes involving Government employees has caused considerable concern among members of the public and in some instances put them to great inconvenience. It is therefore my earnest hope that the Government will reconsider my request. At present, some people have the impression that there are a fairly large number of redundant staff in the Civil Service. For instance, I learnt from a number of housing estate residents that in the past, only one Housing Manager was put in charge of one whole estate. But today, the same estate is under the management of several Housing Managers and many more Assistant Housing Managers. Although there might be other factors for this increase in staff of which the residents are not aware, the Government should in any case make an in-depth study into cases where the increase appears excessive. I have no intention whatsoever of levelling any criticism against the staff of the Housing Department. I only think that the Government policy on the Civil Service should in future aim at bettering conditions of service, improving quality, and enhancing efficiency, instead of merely increasing staff as a measure to solve problems.

Finally, I wish to bring up the question of public awareness of the need to 'eradicate corruption and to promote probity'. Since its inception in 1974,

the ICAC has written a new page in the history of Hong Kong under the able leadership of Mr. Jack CATER. The ICAC has taken drastic measures to bring corrupt officials to justice. It may be compared to a strong detergent used to clean up corruption and other related malpractices, giving the Hong Kong Government an appearance of new vigour. The general public also feel pleased and proud of this new state of affairs.

But since the conflict between the ICAC and the Police at the end of 1977, many people get the impression that the activities of the ICAC are grinding to a halt. Such an impression or misconception has the harmful effect of leading the public to believe that the said public awareness is beginning to lose impetus. This is attributable to the decrease in the number of ICAC prosecutions, less dramatic operations and limited publicity. In reality, however, the corruption prevention and community relations work of the ICAC continues in the same manner as before. Therefore, I suggest the ICAC give greater publicity to the work of its Community Relations and Corruption Prevention Departments, so that the public may realize that its three departments have not at all slackened in their anti-corruption efforts. As long as it can secure the co-operation of the general public, the public awareness of the need to 'eradicate corruption and promote probity' will, I am sure, be enhanced.

Sir, I support the motion.

DR HUANG:—Sir, Your Address to this Council is to be warmly welcomed for its firm reaffirmation of our intentions as we prepare ourselves for the tasks of the 1980's. It is reassuring to find that at a time of uncertainty in the international economic situation we are determined to pursue our long-term goals for social and educational improvement. Our community strongly desires this: it is fit and proper that we seek to expand and consolidate the policies, introduced during recent years, of spreading the benefits of our prosperity to the population at large.

As we move into the 1980's we should remind ourselves of yet another basic change which has been taking place. Government's responsiveness to public need and public opinion has been increasingly matched by a public responsiveness in community affairs. My experience over the past year has shown me that the deliberations in this Council are paralleled by lively debates and expressions of views across wide sections of the community. In this regard the Green Papers have by and large succeeded in their objectives and it is encouraging to note that comments and suggestions from outside the Government are heeded and many are taken up. One very good and timely example is, of course, the White Paper on Senior Secondary and Tertiary Education which has just been published and which has, justifiably I think, attracted generally favourable comments. At the moment there is a sense in the air of public participation in the formulation of Government policies; let us hope this will go further, to include also a sense of participation

in the planning for their execution. The earlier concept, amongst a large section of the population, of passive acceptance of a Government which they had to accept for the lack of any choice, is as I see it beginning to be replaced by one of active participation and positive support. This is a very healthy development indeed, and we must ensure that in the detail of planning and in the implementation of our plans and no less, in the day to day contact of Government with the people at large, this mood is further encouraged and strengthened.

In Your Address to this Council, Sir, you reminded us that the achievement of our plans will depend largely on the efforts of the Public Service. These developments will mean that public services will be woven more extensively and closely into the total fabric of our activities. In a sense we are moving out of an age of *laissez-faire* and into a more protected environment, and it does mean that the role of Government will be larger and so will be that of the officials and their staff who serve its aims. The intentions of Government are measured at more than one level—from the attitudes of the departments in formulating policies and the ways in which these are to be put into effect, through to official implementation at the grass-root level where contact with the community at large is made. In view of this, efforts must now be made to achieve greater rapport with the community with corresponding changes in administrative style.

Our present position is that Government takes the lead in launching a proposal, such as a green paper exploring policy formulation, and after taking public comments into consideration it issues the final directives implementing agreed programmes. But I sincerely hope that there will be full and regular consultation in between, so that the details of planning and the methods of implementation can be understood. We must avoid the impression that decisions on the methods of implementations are reached behind closed departmental doors. Already, arising from current proposals, two recent decisions have been made which have occasioned some public surprise. One is the proposal to use surplus primary teachers as student counsellors, a matter of some concern to those well informed in this area. The second is in regard to the recruitment of social welfare officers, which may have long-term consequences on the quality of the service. I understand that each of these decisions was made without consulting the advisory bodies which Government has established to advise on policy matters of this sort.

I would be much concerned if it is the intention to implement our future plans in this way, the extent of public participation being considered as complete once the community has been consulted on a green paper. I would suggest that we broaden the base of consultation not only in policy formulation but also in the implementation of policies, and I would further suggest that our advisory bodies, established over a decade ago, be used comprehensively rather than selectively. Their true role is consultative to help the Government, rather than that of watchdog, to question decisions after

they have been made. I submit that to achieve this we need to make a conscious effort to bring about some change in our administrative style.

Some change in the style of approach should also be encouraged among the lower ranks of the Civil Service, for it is at this level that Government makes its immediate and day to day contact with the population at large. It is here that a spirit of service to the community must be further built up, and seen to exist, rather than an attitude of ruling by edict as has been alleged from time to time. It was not so long ago, in fact, that we were still clinging, in the Chinese translation of official terms and salutations, to the terminology of the imperial Ch'ing Dynasty. One Chinese character which permeated the whole official language, and which is still quite commonly used today, is the Chinese equivalent of 'official' (官), and nearly all Government officers were at one time accorded this title—be he a scientific officer or an inspector of schools. The Chinese word of '官' of traditional Chinese thinking is of course the 'Parent of the people', one endowed with the power not only of legal and moral judgment but also of loyal control of the populace. Titles and salutations often engender an attitude of mind: thus the saying that '官字兩個口', *ie*, the character '官' contains two 'mouths', indicating that a Government official has two says in all things, the first say and the last (*laughter*). For a long time this concept, carried over from much earlier times, seemed to have affected the thinking of some of our civil servants (*laughter*). While this situation has been changing, and while I do not doubt the good intentions of our hard-working officers many of whom have served long and well, traditions die hard, and it would be well to remind them from time to time that the Civil Service is there to serve the community.

I should add that in my view the function of a civil servant is not merely to administer agreed programmes; he should also, if he is not to become frustrated, be encouraged to transmit the views he receives from the people he serves. It is here that I see real scope for building up a new concept of responsibility and service within the ranks of our public servants. I therefore advocate that the machinery which ensures that Government's intentions are promulgated to the public should be matched by corresponding machinery to relay the views of the serving officers, formed out of their public contacts, back to the top.

With these comments, Sir, I support the motion.

MR YEUNG:—

Transport

Sir, with the very commendable efforts now being made by Government to improve our transport system, we can safely look forward to a completely transformed public transport network in the not too distant future. Your Excellency has mentioned several of the major projects undertaken or to be undertaken by Government in this direction and I am glad the New Territories

will be given its due—the opening of the remaining section of the 6-lane Tuen Mun Highway in 1980 and the new coastal motorway from Sha Tin to Tai Po in 1981, the double-tracking and electrification of the KCR to the frontier in 1981, the commissioning of the MTR extension to Tsuen Wan in 1982 and the Tsuen Wan by-pass by mid-1983. The message is loud and clear that Government is serious about improving the standard of living of the people in the New Territories just as it is the urban dwellers. With the growing importance of the new towns and the envisaged development of the market towns, I submit that Government will do well to construct as soon as possible a New Territories circular multi-lane road and double-tracked rail linking Tsuen Wan, Tuen Mun, Yuen Long, Fanling, Tai Po and Sha Tin. The advantages of building such a road and rail system are too obvious and hardly need any amplification.

Land

With the present improved communications and the continuing spread of population into the New Territories, one can now consider Hong Kong, Kowloon and the New Territories as integral parts of a big city.

The basic source of our wealth is industry. The pressing need of our people is housing.

When we want our industry to prosper, our goods must be competitive in price. When we want our people to have a better quality of life, they must be decently housed. Both are tied to a large extent to the price of land.

In the economic context of Hong Kong, the price of land is dictated by the natural law of supply and demand. Government has recognized that the property market is now overheated but we have not been told whether Government has identified its causative factors and how it will react to halt this price spiral.

It is common belief that Government, as the biggest landowner, has not released its land in such quantity and at such speed as to satisfy the real demand of the market, and, as the landlord and governing authority, has been restricting the development of private land.

In my view, Government has not fully explored the potential development possibilities of private land, particularly marginally productive agricultural land in the New Territories. Moreover, when Government allows modification of the terms of the Crown Lease for development, it will exact a charge of 80% or so of the expected profit of development from the owner as premium.

As a result, land suitable for development is in short supply and commands a higher price.

When there is so much land which is readily developable in the New Territories, the argument that there is not enough land for housing and industrial development is untenable.

It is, therefore, logical and reasonable for Government to encourage well planned development of private land to supplement its own efforts in producing land in order to satisfy the social and economic needs of the community more speedily.

I fully understand that it is not Government's policy to sterilize the use of land but to control the utilization of it so as to achieve the optimum benefit for our society.

The Government has recognized the contribution of the general public in providing homes and factories for themselves. Indeed the former Governor of Hong Kong, the late Sir Alexander GRANTHAM once said that 'Government did not involve itself directly in the business of re-construction which would have slowed things down to an unacceptable degree. Instead private enterprise was given its head and, with the profit motive to spur it on, did a magnificent job.' This is borne out by the unprecedented rate of growth of our industry and provisioning of housing by the private sector. Under the same steam, the towns of Yuen Long, Tai Po, Sheung Shui and Fanling have developed into sizable but closely-knit communities. While full credit must be given to Government for establishing new towns to encourage industry, to enlarge job opportunity and to provide more low cost housing, the efforts of private enterprise should not be neglected. They should be encouraged. It is fit and proper to extend the layout plans of the old or market towns in the New Territories to stimulate private development and to provide them with more recreational facilities and a better physical environment such as public parks and gardens. The expanse of waste and uncultivated land from Yuen Long to Au Tau is one area which should be zoned for development. There are many others.

On the matter of resumption of urban land in the New Territories the acceptance and implementation of the proposal generally contained in the report of the Committee chaired by Hon. Sir, Yuet-keung KAN is a big step forward in enabling speedy land production and in providing just and equitable compensation to those who are being deprived of their land.

However, a speedy solution must be found to the disparity of treatment between the resumption of land within the layout and of land immediately outside it.

Incidentally, when releasing land, Government should not only consider the town planning merits involved but also the economic and social points of view. For example, it may be right from the angle of design and city planning that a large block of land, say a million square feet, should be offered to one developer, either by way of public auction or by letter 'B' tender, but it will have the undesirable effect of creating, quite accidentally, an unintentional economic monopoly which is socially inequitable apart from the possibility of abuse of power and corrupt practices.

District Advisory Boards

With the rapid development of District Advisory Boards in the New Territories and their successes in the role they are intended to fill, I am pleased to note the Government is thinking of strengthening its own function by means of administrative reform. At present each District Advisory Board is charting its own course according to the local sentiment and need. This is inevitable and healthy at the beginning. Sooner or later, however, a central organ for the purpose of co-ordinating the work of District Advisory Boards will be required so that they may proceed in unison towards the same goal with the minimum duplication of energy and finance.

In order to be efficient and effective three things have to be implemented, namely (1) District Advisory Boards must have the co-ordination and co-operation of all Government departments in providing the Boards with whatever information sought and informing them in advance of any new major Government policies or proposals affecting their districts; (2) their decisions and recommendations should be acted upon by Government departments concerned; (3) they will have full financial backing from Government.

The success of Advisory Boards can be illustrated by the fact that it is now possible for all districts in the New Territories to organize various cultural activities. Indeed, hardly a week passes without any cultural function being staged in the New Territories. As a case in point, it is encouraging to note that when a local symphony orchestra gave a concert in Tuen Mun recently, it played to a full house of audience.

Cultural and Leisure Activities

Thanks to Government's policy in stimulating cultural and leisure activities and with the full support of various voluntary agencies, the quality of life of the people in Hong Kong has been brought to a higher plateau. We stand on our achievements with pride, but there is no room for complacency as we have just passed the threshold into a new era of profusion in culture, recreation and sports. Plans for reform of our administrative structure are required to promote, consolidate and co-ordinate the development in these fields.

Utilizing 170 square miles, that is to say 40% of the total area in Hong Kong, as country parks, is a very daring but very appropriate and farsighted decision. The Country Park Authority is young, the person actually manning is not so young, but is already accomplishing much. It is comforting to note that there are so many people, old and young alike, using the parks for their outdoor recreational activities and pursuits. There is however a shortage of well equipped hostels and camp sites for longer stay in the open. This shortage is well illustrated by the fact that the four-day excursion for the people-in-employment organized by the Recreation and Sport Service has attracted several tens of thousands of applicants, many more than it can

cope with in terms of finance, facilities and manpower. It is likely that this trend of demand will continue to grow with increasing speed and volume. In this area private enterprise and voluntary agencies may well be encouraged to supplement Government's efforts to meet this acute need.

With these remarks, Sir, I support the motion.

DR HO:—Your Excellency, anyone who has read the Government's plans for programmes in the social services sector, will inevitably be impressed by their long-term perspective. The great advantage of this long-term approach to planning is the assurance of a focus; a focus towards which resources must be mobilized. The final goals to be achieved will remain clearly in sight even in times of adversity, and are likely to be realized by the progressive cumulation of annual achievements. However, long-term financial provision should also be made at budget time next year to implement these plans, if our overall goals are to be materialized.

Today, I shall refrain from commenting on specific welfare programmes, such as public assistance, services for the elderly, and provisions for the young people, since I feel budget time would be a more appropriate occasion for such an analysis. Rather, I shall address myself only to the three broad principles underlying the planning of social welfare: namely Regionalization, Manpower Planning and Social Rehabilitation.

Regionalization as a means to improve Service Delivery

Let me first talk about regionalization which I consider, is an administrative procedure for the purpose of bringing about an efficient Service Delivery System. Since the turn of the seventies, the Social Welfare Department has been rapidly expanding its services, assuming new responsibilities, and increasing its staff. This unprecedented growth has given rise unfortunately to a number of organizational problems, for instance, over-centralization, lack of co-ordination at operational levels, and fragmented provision of services. To overcome these problems in service delivery, it has been proposed that the Social Welfare Department be reorganized on a regional basis and that four regional offices be set up. This new regionalized structure will be fully operational by the 1 April 1979.

I support the regionalization scheme as a means of improving service delivery. It will enhance administrative efficiency and, more important, it will enable the planning of services to be more attuned to local needs and preferences. However, I wish to alert the Government to the implications of the regionalization scheme for the voluntary welfare sector, so that positive action can be taken in time to minimize any disruption.

The first and foremost effect is on the character of the partnership between the Government and the voluntary welfare sectors. Regionalization implies delegation of authority to the local level. The regional officer of the Social

Welfare Department is empowered to help co-ordinate the activities of the voluntary agencies in his region, to evaluate the standard of services provided, and to make recommendations for subvention purposes. These functions of the regional officer may easily erode the egalitarian partnership which currently exists between the Government and voluntary welfare sectors, by subjecting the latter to a subordinate, dependent position. Our rapid and smooth development of welfare services in Hong Kong is attributable, to a good extent, to the existing partnership. It is, therefore, vital for the Government to assure the voluntary sector that this partnership will be preserved, just as the partnership between the Government and the private enterprise has been preserved.

The second effect is that the unit responsible for assessing welfare needs and planning welfare services, will have to move from the agency's head-quarters to its branch offices located in the regions, in order to work more closely with the Government regional officers who are empowered to make recommendations in support of subvention applications. It is therefore possible that these branch offices will then tend to become independent of agency headquarters. This autonomy on the part of the branch offices may create many problems:

- (i) Loss of control by the agency's headquarters over its branch offices may adversely affect the parent organization's integrity and identity. This fear of damage to the organization's integrity and image may make the parent organization resistant to the regionalization scheme.
- (ii) The headquarters of a voluntary agency is vested with a fund-raising function. On losing control over its branch offices, the headquarters might keep for itself most of the donations and proceeds raised by its own efforts. The branch offices will then have to depend wholly on Government subvention for their activities and programmes. This may result in a considerable increase in financial commitment on the part of the Government, one which we should anticipate and be prepared to meet.
- (iii) When the branch offices of a voluntary agency operate independently of their headquarters, their staff will be required to perform additional roles and duties demanding advanced administrative knowledge, experience and skills. The Government and existing training institutions must be able to provide, without delay, appropriate training in administration and management to such social work personnel whenever it is needed.

The third implication arising from the regionalization scheme is related to the physical boundaries of each region. The Social Welfare Department should not operate in isolation from other Government departments. Human problems are multi-dimensional in nature and therefore, require a multi-disciplinary approach. Under the present Government structure, each department (such as the Medical and Health Department, the Department of Census and Statistics, the Department of Home Affairs and the Education Department)

dispenses its services within its own regional and district boundaries. In the interests of efficient administration and service delivery, one wonders what factors the Social Welfare Department has taken into account in determining and rationalizing the boundaries of its four regions which are sub-divided into a total of eleven districts.

As a matter of fact, this issue of 'boundaries' applies to the administration of Hong Kong Government as a whole. It would be desirable for Government departments striving to attain broadly similar goals to adopt a more rational and more consistent boundary system in order to facilitate *overall* planning, administration and evaluation of services.

Manpower Planning for Social Welfare

Now I come to the manpower planning for social welfare. The proliferation of welfare services and programmes has resulted in a critical shortage of social workers, which, in turn, brings about a downward trend in quality of service. The manpower issue can be examined in two aspects.

On the one side, we should concern ourselves with the optimum *deployment* of the trained social workers already available. Different welfare functions and needs require a wide variety of social workers to tackle them and care must be taken to select the social worker with the right training and experience for each job. However, this matching of professional competence to appropriate job levels requires an accurate analysis of job content, and the degree of judgment and responsibility inherent in each job. In manpower planning, opportunities should also be built in for progression from one career ladder to another upon further training. In this connection, a neutral accreditation body for professional social work training and education may be of immense value. A disturbing drop-out rate and a depressed staff morale further undermine the strength of social work personnel and the effectiveness of our social welfare programmes. Perhaps, a package of incentives, including improved employment conditions, promotion prospects and opportunities for advanced training, may help to stabilize manpower supply in the field of social welfare.

On the other side, we must consider ways and means of increasing the supply of trained social workers. Training should be diversified. The length of each training course should vary according to the nature of the social work tasks to be performed. Some may require only short-term training of a year or less, while others may require five years after Form V leading to a degree. The important thing is that our educational programmes must fit the needs of our social service goals, being flexible in length and content. In addition, each social work curriculum should have different training objectives, so that a wide spread of social workers may be trained with a diversity of professional expertise to man different types of social welfare programmes. Further, a variety of training courses should be designed, such as in-service courses, pre-service courses, part-time courses or full-time courses and day-release courses to meet the needs of different groups of trainees, including those serving social workers who need more formal training.

In fact, a systematic approach to manpower development and planning will ensure a reasonably high quality of service, without which the value of a quantitative expansion of social welfare services will be greatly diminished.

Social Rehabilitation: Re-integration

Lastly, I turn to the field of *social rehabilitation*. It is most gratifying to learn that drug abuse and the incidence of violent crime are on the decline. However, the final assessment of success in social rehabilitation lies not in the number of treatment and correctional institutions built, but in the *eventual re-integration* of the reformed addicts and prisoners into our community and in their ability to lead a new way of life imbued with dignity, security, confidence, and constructiveness. One of the most effective ways of achieving this is to assist them in securing and retaining employment. The Government has made attempts to create more employment opportunities in the Civil Service for physically disabled people. This policy could well be expended to include former addicts and prisoners, because they also experience a certain form of disability, that is a social disability, and are being badly discriminated against by most potential employers. Programmes of vocational guidance, training, placement and counselling should be stepped up, to enhance the reformed addicts' and prisoners' chance of employment and rehabilitation. Government initiative in employing ex-addicts and ex-prisoners would go a long way in demonstrating to the industrial and commercial sectors that such people can be reliable and productive workers.

With these remarks, Sir, I am pleased to support the motion.

MR. ALLEN LEE:—Your Excellency, I am greatly honoured to be appointed and to serve on this Council, for the opportunity which is given to me to strive with other Honourable Members for the stability and prosperity of Hong Kong.

In Your Annual Policy Address delivered at the opening session of this Council on 11 October (1978), Your Excellency reviewed the current political, economic and social situations of Hong Kong, outlined what the Government is going to do in the next five to six years and described with cautious optimism our economic prospects.

I am particularly interested to hear that the Advisory Committee on Diversification will be making its final report by the middle of next year and I believe that Industry is anxious to see what recommendations it is going to make to the Government concerning the implementation of the programme of industrial development and diversification.

Pending the completion of the Committee's final report, I would like to say a few words about diversification of industry, without prejudicing, of course, the findings and recommendations of the Committee. I am of the opinion, and I am sure I will be joined by many, that diversification without Government's strong backing and guidance will certainly proceed at a much

slower pace than is necessary and will prevent us from coping effectively with the many problems resulting from the changing attitudes amongst the major markets for our products. The membership of the Advisory Committee for Diversification and its terms of reference have indicated clearly that the Government attaches great importance to industrial diversification and the Government will probably take an active role in directing its implementation. Some of our far-sighted industrialists have repeatedly pointed out the need to establish a central body with statutory status to plan and co-ordinate all activities related to industrial development. It appears that the Government is aware of the need to establish such a body to facilitate diversification of our economy in general and our manufacturing industry in particular.

Is there anything further the Government should do, or whether any change in current Government policies is necessary to accelerate the process of diversification? I do not know what recommendations in this respect the Advisory Committee is going to make. I would venture to say that the Government should attempt to guide industry to diversify in the correct direction rather than to let them proceed on their own as in the past. Even if this is not in line with traditional Government practice of not 'interfering' with the development of industry, I would think this is the kind of 'interference' that industry would most welcome. As our economic security depends heavily on the competence of our manufacturing industries, I believe the Government should guide its development in the right direction, otherwise the whole of Hong Kong would suffer. As previously suggested by a number of my Colleagues in this Council, I am of the opinion that it is time for the Government to seriously consider the formation of an Industrial Development Council along the lines of the Trade Development Council to facilitate the development and diversification of our industry. However, diversification, like most other economic and industrial programmes, is easier said than done. Before we launch such a programme which is an important and a long-term one, we have to study carefully what types of new industries we are going to introduce into Hong Kong and what types of existing industries we should further expand in order to increase our competitive edge in the world market. Here I would suggest we should pay more attention to the development of technology-intensive rather than labour-intensive industries. We may contemplate developing such industries as those involved in the production of raw materials, manufacture of machine tools, industrial equipment, office machines, and sophisticated electronic products *etc.*

In developing and diversifying our industries, we would need more and cheaper industrial land and factory space. The current policy of the Government on the selling of industrial land has, I regret to say, retarded to a certain extent the speed of industrial development. The high price of land has resulted in high costs of industrial buildings and this tends to deprive medium and small industries of the opportunity to obtain industrial land or the necessary factory space for their production. High land prices and high rentals also serve as a deterrent to foreign investments in Hong Kong. Thus

it is clear that more land should be produced and sold at reasonable prices to industrialists in order to attract more investments in the manufacture of a greater variety of products. The establishment of the Special Committee for Land Production is certainly a positive step taken by the Government to produce more land for use by industry as well as for other purposes. I would suggest, however, that the Government should consider seriously ways and means of ensuring that those directly engaged in industrial production obtain the land and factory space they want at reasonable prices so that their production costs will not become an unbearable burden.

Another important factor which will affect the speed and effectiveness of the diversification process is that whether facilities for industrial training are sufficient to train the technicians and technologists required for carrying out activities related to diversification. The importance of industrial training which is vital to the success of diversification cannot be over-emphasized. I believe that Government has been doing quite well in providing facilities for the development of technical education and industrial training by which more qualified craftsmen and technicians will be produced to meet the need of existing industries. However, if we are further to develop our industry and diversify in order to cope with the problems resulting from protectionism overseas, we have to study carefully which types of new industries we are going to introduce into Hong Kong and which types of existing industries need to be expanded. Naturally, we should move to new industries as well as expand those existing ones which have not been and will not be in the foreseeable future subject to protective measures. Having done this, we then will have some ideas as to which types of technical personnel we need to train.

In Your Address, Your Excellency also mentioned that the newly established clothing industry and construction industry training centres proved to be popular and successful and the recommendations for similar training schemes in other industries by the Training Council were being considered by the Government. While I endorse wholeheartedly the recommendation for similar Training Schemes by the Training Council, I suggest due account must be taken of their experience gained in setting up and operating the above-mentioned centres.

I do not have to enumerate the merits of the Apprenticeship Training Scheme implemented under the Apprenticeship Ordinance 1976. This scheme is not only beneficial to the youngsters employed in the designated trades who have been able to earn a living while at the same time receive basic technical education financed by their employers, but also beneficial to the employers who have at their disposal a well-trained skilled labour force. The efforts made by the Government so far to facilitate industrial training will no doubt help reduce shortage of skilled labour to a certain extent. However, I would suggest that the Government should now pay more attention to the training of technical personnel above the technician level if we are to diversify our industry by introducing new and higher technology industries.

Side by side with diversification of our industry, we should also pay more attention to the quality of our products for export as to whether they will meet the international standards.

In Your Address, Sir, you have also mentioned the labour legislations enacted in the past few years. The volume of the legislation and the speed at which they have been introduced and enforced are certainly without precedent in the history of Hong Kong. I do agree that we have to seek to improve the benefits of the bulk of our worker whose hard work in the past has contributed considerably to the social and economic progress of Hong Kong. However, we must not forget the contributions made by the entrepreneurs who have invested their money and energy at their own risks. While it is sensible to keep the international comparisons in our minds, we should, at the same time, take into consideration the characteristics unique to the community of Hong Kong in introducing labour legislations. I, like many industrialists, am concerned that some of the recent labour legislations have been introduced and enforced in a rather rush manner and that the Government appear to have turned a deaf ear to the arguments of industrialists affected by those legislations. While more benefits should be provided for our workers as our society progresses and prospers, these should not be allowed to increase too rapidly. In the long run, this would dampen the enthusiasm of our industrialists which in turn would affect the well-being of the workers.

Finally, I would like to say a few words about water charges. I am sure, industry and the public in general will join me in welcoming the good news that the water charges will remain unchanged; although the cost of obtaining water from China has increased from \$1.26 to \$1.88 per 1,000 gallons from October this year. While the decision not to increase water charges has relieved local industry of the apprehension about a possible increase in their production costs if water charges were to be raised, it has also been a great relief to families who have to share a flat with only one meter installed. In Hong Kong where rents have been rising rapidly, it is not uncommon for a flat to house three to four or even more families. Under the present system, water charges for each period of four months will be \$3 per unit for the first 14 units and \$6 per unit thereafter and a free allowance of \$8 per domestic flat. One can easily see that water charges have been imposed unfairly heavily on those families that have to share a flat with other families. No matter how hard they try to economise on using water, their consumption will easily exceed 14 units for each period of four months because the total number of occupants of the flat may well exceed fifteen or even more. On the other hand, a flat occupied only by one family, say, one consisting of five people, can easily escape the 'punishment' for consuming water in excess of 14 units for each period of four months. Thus, it is clear that this should be taken into consideration in any attempt to increase water charges in the future.

With these remarks, Sir, I support the motion with great pleasure.

MR. NEWBIGGING:—

INTRODUCTION

Sir, there is no doubt that the confident view of Hong Kong's future, expressed in Your Opening Address, was a source of encouragement not only to the people of Hong Kong, but also to those who invest here and buy from us and to the many others throughout the world who are concerned about our security and prosperity.

You have outlined Government's massive plans for lifting the life of Hong Kong's people onto a higher level. These plans are impressive not only in their size but also in their farsightedness and in their concern for the individual. Perhaps most remarkable of all is that they can apparently be achieved without altering the existing rate of taxation, which has been such an important factor in attracting the investment upon which Hong Kong depends so heavily.

I say 'apparently' because we must not allow Hong Kong's present prosperity and exciting future to mask the fact that these benefits are far from automatic. As you, Sir, have often emphasised, they will not be handed to us on a plate, but have to be earned.

I would like to highlight, therefore, some of the issues on which I believe we must concentrate in order to achieve these objectives. But, first I would like to mention briefly the ...

HONG KONG/UK/CHINA RELATIONSHIP

The political stability of Hong Kong is fundamental to its continued success. One can think of no better basis for the confidence of our residents, investors and trading partners than friendship between Britain and China. Your reference, Sir, to the excellent state of Sino-British relations was therefore particularly encouraging. The relationship is, of course, a triangular one: while we hear much about links between Britain and China and between Hong Kong and China, we should remember that good relations between Hong Kong and Britain are equally important and neither Britain nor Hong Kong should take them for granted.

THE ECONOMY

In Your Address you emphasized that 'anything and everything that Government can ever do depends on our economic prospects'. I firmly endorse this since it is fundamental to the ambitious social, economic, educational and cultural plans you have outlined for our future. We must be self-reliant economically since nobody else will underwrite us. Also, notwithstanding the encouraging picture you have painted for our future—against a background of world wide economic uncertainty and increasing protectionism—we must be realistic in our assessment of some of the issues which will confront us.

Contribution of Invisibles

We are currently experiencing a rapid increase in the visible trade deficit. While in itself a source of some concern, this focuses attention on the role of invisible earnings in our economy. Accurate and detailed information on the financial impact on Hong Kong of activities such as banking and insurance is not readily available. This is a complex subject; but I believe there is a case for trying to quantify and improve the understanding of the economic contribution of our very important service industries.

One source of invisible earnings that is reasonably well documented, and is clearly of major economic significance, is the tourist industry, which contributes 7.5% of our GDP. The scale of its importance is aptly illustrated by a comparison between your estimated cost of this year's public works programme of over \$3 billion, and the actual 1977 expenditure by tourists of \$3.8 billion (or over \$4 billion if transit visitors and air crews are included). During the last decade, the earnings from tourism have averaged over 90% of the visible trade gap. In 1978, despite the substantial increase in the visible deficit, tourism is still expected to make a contribution of over 60% towards it.

But tourism is not only important in absolute terms; it is also a growth industry. In the last decade, our earnings from tourism grew at an average of some 12% *pa* and by as much as 20% in the first six months of the current year. This growth is expected to continue, and a new dimension is being added with the high priority now attached to tourism in China. This is expected to bring increasing numbers of visitors through Hong Kong which, while adding to the size and value of our domestic tourist industry, could also place some strain on our airport and other facilities, such as hotels.

Tourism is therefore a major industry playing a vital role in our economy, with excellent future prospects but facing a number of challenges. Its importance should be recognised by the public and private sectors alike and, in planning the development of Hong Kong, the needs and potential of the tourist industry must be taken into account. For these reasons, Sir, perhaps I may be excused a mild expression of surprise that the tourist industry did not receive an 'honourable mention' in Your Address. This is the 21 year of the Hong Kong Tourist Association—and therefore of a co-ordinated tourist industry in Hong Kong—a year in which the industry expects to celebrate its coming of age by welcoming 2 million visitors for the first time in our history.

Industrial Relations/Social Conditions Inflation

Turning now to the more visible side of our economy, you—and also the Financial Secretary in his recent half-yearly review of the economy—have outlined clearly and realistically the prospects on the upside and the 'dark or obscure patches' on the downside.

A new generation is growing up in Hong Kong which, largely as a result of your policies, Sir, can look forward to a better future than their parents could—better housing, better education, better working conditions, more leisure, and more and better facilities for enjoying that leisure. I believe the plans in these fields that you have announced deserve the fullest support because they anticipate the legitimate aspirations of the people of Hong Kong; particularly the less privileged.

For these to be achieved and sustained, however, I believe we must be constantly alive to two areas which could seriously inhibit these plans, if the first is not handled with sensitivity and understanding and the second is not dealt with firmly. I refer to *Industrial Relations* and *Inflation*.

Historically, Hong Kong has had a good record of Industrial Relations with, by international standards, a low level of working days lost through strikes. I believe it is vitally important that this record should continue and that we cannot risk a situation where labour becomes alienated from the industry which depends on it. I do not suggest this is happening but we should always be alert to what has occurred elsewhere and ensure that ‘management’ and ‘labour’—remembering that successful industrial relations is a two way street—in both the private and public sectors concentrate on providing the incentives and motivation whereby people want to work rather than feeling they *have* to work. This is particularly important for the younger generation which is growing up in a very different environment and for whom much wider horizons are opening up.

In recent years, also, Hong Kong has firmly and successfully contained inflation—this in turn has contributed materially to our competitive position in world trade. Nevertheless, I sense a few warning signs that inflation may rise here at a faster rate than we would feel comfortable with. A high level of Government spending, a shortage of labour in certain sectors of the economy, high consumer demand, and firm property and stock markets all contribute to a general air and substance of prosperity. They also contribute to rising inflation which, if not recognized and contained, could undermine the competitive position—and therefore the vital further development—of the ‘engine room’ of our economic; namely, our industrial and export base.

Productivity

At home, our industrialists have to combat the danger of inflation and ensure good industrial relations: abroad, our exporters have to compete in an increasingly protectionist world. If we are to overcome these problems, *and* implement the social benefits already referred to, there is no alternative but to continue to improve our industrial productivity.

Hong Kong’s record of productivity gains is excellent. Between 1973 and 1976 (the latest year for which figures have been compiled) added value per productive employee grew at an average of 8% per annum. It seems likely that subsequently this growth rate will at least have been maintained,

and possibly increased. We must continue to find ways to sustain this growth.

Apart from maintaining good industrial relations, the two keys to improving productivity are the upgrading of our industrial skills and attracting new industrial investment. These are interdependent and should be developed in tandem.

Not only will upgrading our technical skills help us to make our existing industries more competitive, it will also serve to attract new investment, and it will help us to move up the scale of technology. This involves technical training and facilities for applied research and development. Thus the success of the new training centres and the possibility of expanding this programme into other industries are most welcome. There are also major implications for higher education, in which our two Universities and the Polytechnic have important roles to play: in this context, Sir, your proposal to raise the level of some of the latter's programmes appears particularly apposite.

In the past Hong Kong has tended to concentrate on export promotion, and we have perhaps done less well in the organised promotion of new industrial investment. The establishment of the Advisory Committee on Diversification is to be welcomed, therefore, but it would be inappropriate to pre-empt its recommendations. However, what is absolutely clear is that a vital ingredient in most industrial investment decisions is a supply of good land at economic prices. In Hong Kong's circumstances this of course poses acute problems. For this reason, Sir, I particularly welcome your statement that land production and the associated communications projects are among Government's highest priorities.

There is a continuing process of promoting Hong Kong abroad in one form or another by both Government and the Private Sector. To succeed in their objectives—and for us to remain competitive in an increasingly protectionist world—it is vital that the closest co-operation and consultation should exist between Government and the various organizations in the private sector; some subvented and others not. The forthcoming Economic Mission to Japan in which you, Sir, have agreed to participate, will I hope prove to be a good example of what such co-operation can achieve.

CONCLUSION

We now look forward to a period of evolution and, in some cases, radical change both within Hong Kong and in some of our most important external economic and political relationships. It will be a stimulating time but the challenges are real, there can be no room for complacency and strong and decisive leadership will be required. In general, I am sure Government's plan and forecasts as outlined in Your Address will be welcomed and supported by the majority of the Hong Kong community. Stability, progress and hard work contribute towards a prosperous and harmonious environment

in which people would like to see—and hopefully can see—an encouraging future which is worth working for. There seem to be good prospects of achieving the objectives you have set for the mid-1980's and I hope—and anticipate—that what you, Sir, referred to as a plateau may turn out to be a springboard.

With these remarks I am pleased to support the motion.

MR SO:— Sir, in your annual policy statement you reaffirmed and outlined the Government's vision of building a better Hong Kong over the next decade and the ultimate goal towards prosperity with social progress which have met with very favourable reaction by the community.

Having studied and digested your plans, Sir, I wish to make some observations and suggestions.

Firstly, I am of the view that well-directed and well-planned self-help projects should be encouraged and promoted to avoid the tendency of people depending too much on Government to do everything. Special efforts need to be directed towards educating the people, giving them a voice in formulating the policies concerning them and initiating them into programmes which help lift their own lives on to a new plateau through mutual effort.

As material needs are increasingly satisfied, the residents of Hong Kong will be seeking a new sense of purpose and meaning in their lives. Professionals who are relatively well paid will be more inclined to pursue ego satisfaction. Their goals will be self-fulfilment and self-improvement. On the other hand, increased leisure time for the less educated, economically weak common men will allow them to pursue personal interests in other fields. One of these interests could be as volunteers with community, self-help and co-operative projects. This is equally, if not more, important to the promotion of cultural and leisure activities. I suggest that the Government should play a greater role in promoting community, self-help and co-operative projects not only by direct participation but also by way of moral suasion, legislation and partnership with the private sector. In this connection, the experience gained from projects such as the Mutual Aid Committees and credit unions would be of immense value. Such projects will enable and encourage public participation and involvement in community affairs motivated by strong personal loyalties in building a better Hong Kong. By providing space, tax concession, training and technical assistance, Government can play a very useful role in assisting voluntary organisations to set up, as a pilot project scheme co-operative child care centres, homes for the aged and promote the co-operative ownership of industrial shares. Contribution of the self-help co-operatives is not limited to the sphere of production, consumption and income distribution. Equally important is the role co-operatives can play in evolving a democratic society in which people have the attitudes and outlook favourable to development. Such projects should encourage individual initiative and Government regulations inhibiting individual initiative should be

removed or curtailed so that more volunteers can work in the cause of humanity.

Self-help co-operatives with their characteristic member ownership and control have great significance in various areas. They have great potential for dealing with the rapidly emerging changes in public attitudes. Take for instance, a pronounced change in our labour force's value system will result in changed attitudes towards work. People are likely to demand more involvement in decisions relating to their work. What it adds up to is a rising tendency towards a negotiated approach to organizational authority. This is where self-help co-operatives have an advantage. Their existence hinges on a negotiated approach. Their authority and power with the spirit of responsibility stem not from legislation or ownership of resources but rather through a continuous process of negotiation with their responsible member-owners. There is also a need in general terms for an increase in and improvement to communication for people who feel isolated from the main stream. Many people were left with the feeling of being powerless. One way to overcome this feeling is to be more effective in communicating on a two-way basis. Self-help co-operatives are by nature ideally suited to extensive communication flows.

Secondly, the quota restrictions imposed on our textile products and the increase of price of cotton from USA, India and the Middle East would probably result in some kind of structural recession. Against this background, I suggest that Government should study the feasibility of schemes like 'Employment Adjustment' and 'Loan Employees'. In my view, a method of 'dispatching employees' by one enterprise to another should be adopted in Hong Kong. Under such a system, Enterprise A which employs surplus labour sends employees on loan to Enterprise B which is in need of labour and Enterprise A charges labour expenses to Enterprise B. This system would be beneficial to the individual workers to be transferred as well as to the companies concerned. An added advantage of this scheme would be for the transferred workers to acquire additional skills. This will help solve the problem of shortage of workers. For individual workers, it will guarantee job and income though it is a bit inconvenient for them to change jobs and places of work.

Thirdly, in addition to greater security of employment, a package of measures to improve the terms and conditions of service of the workers including various kinds of employee benefits is also very much needed. Such benefits have a function similar to that of social security and employers are required in law to provide some of which for their employees. In making efforts to satisfy the needs of the workers, it is important for both Government and industry to take into consideration the particular set of circumstances in Hong Kong and other factors including justice, development, cost of living, production, employment, price stability, balance of expenditure, overseas market competition and industrial peace.

The suggestions. I have just outlined are not short-term solutions to problems close at hand but rather a suggestion for Government to play a greater part in releasing the energies, talent and ideals of the people of Hong Kong. I am sure efforts spent in this direction will be fruitful and contribute to the building of a better Hong Kong.

Sir, with these remarks, I support the motion.

Motion made. That the debate on this motion be adjourned—THE CHIEF SECRETARY.

Question put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Orders I now adjourn the Council until 2.30pm on Wednesday the 15 of November.

Adjourned accordingly at eighteen minutes past four o'clock.