

**OFFICIAL REPORT OF PROCEEDINGS****Wednesday, 31 October 1979****The Council met at half past two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (*PRESIDENT*)  
SIR CRAWFORD MURRAY MACLEHOSE, G.B.E., K.C.M.G., K.C.V.O.

THE HONOURABLE THE CHIEF SECRETARY (*Acting*)  
MR. CHARLES PHILIP HADDON-CAVE, C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)  
SECRETARY FOR ECONOMIC SERVICES  
MR. DAVID GREGORY JEAFFRESON, J.P.

THE HONOURABLE THE ATTORNEY GENERAL  
MR. JOHN CALVERT GRIFFITHS, Q.C.

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS  
MR. LI FOOK-KOW, C.M.G., J.P.

THE HONOURABLE DAVID AKERS-JONES, C.M.G., J.P.  
SECRETARY FOR THE NEW TERRITORIES

THE HONOURABLE LEWIS MERVYN DAVIES, C.M.G., O.B.E., J.P.  
SECRETARY FOR SECURITY

THE HONOURABLE DAVID WYLIE McDONALD, C.M.G., J.P.  
DIRECTOR OF PUBLIC WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, C.M.G., J.P.  
DIRECTOR OF EDUCATION

THE HONOURABLE ALAN JAMES SCOTT, J.P.  
SECRETARY FOR HOUSING

THE HONOURABLE EDWARD HEWITT NICHOLS, O.B.E., J.P.  
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE THOMAS LEE CHUN-YON, C.B.E., J.P.  
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE DEREK JOHN CLAREMONT JONES, C.M.G., J.P.  
SECRETARY FOR THE ENVIRONMENT

DR. THE HONOURABLE THONG KAH-LEONG, J.P.  
DIRECTOR OF MEDICAL AND HEALTH SERVICES

THE HONOURABLE ERIC PETER HO, J.P.  
SECRETARY FOR SOCIAL SERVICES

THE HONOURABLE JOHN CHARLES CREASEY WALDEN, J.P.  
DIRECTOR OF HOME AFFAIRS

THE HONOURABLE JOHN MARTIN ROWLANDS, J.P.  
SECRETARY FOR THE CIVIL SERVICE

THE HONOURABLE JAMES NEIL HENDERSON, J.P.  
COMMISSIONER FOR LABOUR

THE HONOURABLE GERALD PAUL NAZARETH, O.B.E.  
LAW DRAFTSMAN

THE HONOURABLE WILLIAM DORWARD, O.B.E., J.P.  
DIRECTOR OF TRADE, INDUSTRY AND CUSTOMS

THE HONOURABLE OSWALD VICTOR CHEUNG, C.B.E., Q.C., J.P.

THE HONOURABLE ROGERIO HYNDMAN LOBO, C.B.E., J.P.

THE HONOURABLE LI FOOK-WO, C.B.E., J.P.

THE HONOURABLE JOHN HENRY BREMRIDGE, O.B.E., J.P.

DR. THE HONOURABLE HARRY FANG SIN-YANG, O.B.E., J.P.

THE HONOURABLE LO TAK-SHING, O.B.E., J.P.

THE HONOURABLE FRANCIS YUAN-HAO TIEN, O.B.E., J.P.

THE REVD. THE HONOURABLE JOYCE MARY BENNETT, O.B.E., J.P.

THE HONOURABLE CHEN SHOU-LUM, O.B.E., J.P.

THE HONOURABLE LYDIA DUNN, O.B.E., J.P.

DR. THE HONOURABLE HENRY HU HUNG-LICK, O.B.E., J.P.

THE HONOURABLE LEUNG TAT-SHING, O.B.E., J.P.

THE REVD. THE HONOURABLE PATRICK TERENCE McGOVERN, O.B.E., S.J., J.P.

THE HONOURABLE PETER C. WONG, O.B.E., J.P.

THE HONOURABLE WONG LAM, O.B.E., J.P.

DR. THE HONOURABLE RAYSON LISUNG HUANG, C.B.E., J.P.

THE HONOURABLE CHARLES YEUNG SIU-CHO, J.P.

DR. THE HONOURABLE HO KAM-FAI

THE HONOURABLE ALLEN LEE PENG-FEI

THE HONOURABLE DAVID KENNEDY NEWBIGGING, J.P.

THE HONOURABLE ANDREW SO KWOK-WING

THE HONOURABLE HU FA-KUANG, J.P.

THE HONOURABLE WONG PO-YAN, O.B.E.

**ABSENT**

THE HONOURABLE ALEX WU SHU-CHIH, O.B.E., J.P.

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MRS. LORNA LEUNG TSUI LAI-MAN

**Papers**

The following papers were laid pursuant to Standing Order No. 14(2):—

*Subject* *L.N. No.*

## Subsidiary Legislation:

Hong Kong and Yaumati Ferry Company (Services) Ordinance.	
Hong Kong and Yaumati Ferry (One-class Fares)(Cancellation) Notification .....	257
Pensions Ordinance.	
Pensionable Offices (Amendment) Order 1979 .....	261
Supreme Court Ordinance.	
Rules of the Supreme Court (Amendment)(No. 3) Rules 1979 .....	262
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Evidence Ordinance.	
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Copyright Act 1956.	
Copyright (Hong Kong) Orders 1972 and 1979.	
Copyright (Performing Right Tribunal) Rules 1979.....	266
Tax Reserve Certificates Ordinance.	
Tax Reserve Certificates (Fourth Series)(Amendment)(No. 3) Rules 1979.....	267

## Sessional Papers 1979-80:

- No. 11—Samaritan Fund—Income and Expenditure Account for the year ended 31 March 1979 (published on 31.10.79).
- No. 12—Supplementary provisions approved by the Urban Council during the second quarter of the fiscal year 1979-80 (published on 31.10.79).
- No. 13—Urban Council—Annual Report 1978-79 (published on 31.10.79).
- No. 14—Report and Certificate of the Director of Audit on the Accounts of the Urban Council, Hong Kong for the year ended 31 March 1979 (published on 31.10.79).

Sessional Papers 1979-80:

No. 15 — Fish Marketing Organization Hong Kong — Annual Report 1978-79  
(published on 31.10.79).

No. 16—Vegetable Marketing Organization Hong Kong—Annual Report 1978-79  
(published on 31.10.79).

## **Government business**

### **Motion**

#### **Address of Thanks to His Excellency the Governor**

THE CHIEF SECRETARY moved the following motion:—That this Council thanks the Governor for his address.

MR. CHEUNG:—Sir, I have been requested by all my Unofficial Colleagues to say that they most warmly welcome the extension of your term. The people of Hong Kong are congratulating themselves that Her Majesty's Government has chosen wisely and well. It is a choice that has instilled confidence abroad and that has given satisfaction, we rather think, to the Government in Beijing.

In your address, Your Excellency again went out of your way to make kind remarks about UMELCO, and laid particular stress on the importance of UMELCO as a channel for the redress of grievances. This side of UMELCO work is equally valued by Members, and often provides a further dimension to our deliberations and material for questions and debate in this Council. But of key importance is the continuing close daily co-operation of the Government in fulfilling the three charter rights of the Members of UMELCO and of its complaints system, namely, the right to information, including access to Government files and correspondence, and papers on policies procedures and instructions, the second is access to senior Government officials, and the third is the right to challenge the actions of Government departments.

In such respects we venture to think that this institution is unique, and perhaps more effective than similar but more circumscribed institutions elsewhere.

We will continue to exercise these rights vigorously, and when public grievances are brought to us, we will examine them sympathetically and if found justified, pursue the rights of the complainants. I would like to express appreciation to the Government for its unqualified support for the system. The ruler of a kingdom, said Confucius, is not concerned about his people

being few, but about lack of equitable treatment and the presence of discontent. You may be assured, Sir, that the examination of complaints from the public and that representations to the administration concerning *bona fide* grievances will continue to command the careful and critical attention of UMELCO.

I turn now, Sir, if I may, to another topic that arises out of your address. It has been noted for some time past, and noted with appreciation, that you have confined your address to the broad issues, with an economy in style, if I may say so with respect, that has commanded universal admiration, and that you have left the detailed expositions to your Secretaries and Heads of Department here represented.

We suggest for consideration a revised procedure whereby those officials whose task it is to expound further on the topics you raise should follow you in this debate. Unofficial Members would then have the whole book before us before we speak. This would contribute to a more purposeful debate. Of course, the Government would have the right to wind up: we contemplate that the Financial Secretary, the Chief Secretary and such other officials as may be appropriate might reply. It would give us great satisfaction if that procedure were to be given a trial.

With that, Sir, I have pleasure supporting the motion.

MR. LOBO:—Your Excellency, every year at the Opening Session of this Council you, Sir, outline plans to enhance the quality of life of our people and improve conditions where needed.

This year you drew attention to the continuing problem of the shortage of trained manpower in the social welfare field, and I look forward to hearing from the Director of Social Welfare what steps are being taken to alleviate this.

The estimates of shortfall at both the graduate and non-graduate levels that are given in the 1979 Review of the Five Year Plan on Social Welfare Development suggest that the situation will, if anything, deteriorate in the next few years, despite the welfare class review in the Social Welfare Department and an increase in supply from the training institutions. This could, of course, pose serious difficulties for the Government and the voluntary agencies in attempting to achieve the targets set out in the 1977 White Paper on Rehabilitation and the 1979 White Paper on Social Welfare.

I would like, therefore, to offer one suggestion that may help to overcome the problem. It is, I believe, since 1972 that the Social Welfare Department has required a degree in social work as a criterion for entry into the rank of Assistant Social Welfare Officer. This, of course, severely restricts the pool from which this important cadre can be drawn, and I would suggest that in such a serious situation as appears now to exist, the Government should give careful consideration to relaxing this requirement, if only on a temporary basis.

Some might argue that to do this would dilute the quality of the social work profession, but it is surely more important that our social welfare programmes should be carried out on schedule. I would imagine, too, that it would be possible to introduce some form of in-service training or to grant study leave for officers to obtain post-graduate qualifications, if necessary.

It is also, of course, a fact that many of the graduate officers in the Social Welfare Department appointed before 1972 did not have a social work degree; they have, nevertheless, served the Department and the community well over the years, and I have no doubt that their successors would also do so, if given the chance.

Sir, I am sure that we all share your concern for the progress of our housing programme to which you gave first priority, thus assisting those who are living in sub-standard accommodation and to relieve those others from high rents—rents far beyond their means, rents which in effect deprive them of the better quality of life which they work for and deserve.

Decent housing for all must be a prime responsibility of our Government and the basis of the self-respect of our people.

The objective is clearly stated in the current Annual Report: ‘The Government’s target is to ensure that every family has a permanent self-contained home at a rent it can afford’.

We have been pursuing this ideal energetically for more than twenty-five years and with real success in terms of sheer numbers of people already housed. But in terms of continuing need it must seem that real success is as discouragingly far away as ever.

Private accommodation, which was adequate when that programme began, has become sub-standard and we have now to replace the early resettlement accommodation with which we began our rehousing programme in 1954.

Increased rates of immigration have added a new problem.

It is too easy to say that the task could be accomplished if we gave it a higher priority or a greater share of our resources.

Priority is a relative measurement, not an absolute.

It is simplistic to point to a budget surplus and to accuse the Government of insincerity because it is not all immediately committed to the housing programme. It is dangerously irresponsible to draw such a conclusion in our present economic circumstances.

Money is not the only resource required for housing. There is the capacity of our construction industry which cannot be expanded or diverted limitlessly without risk.

There is land which is not easily or conveniently available.

Indeed the availability of land is one of the factors which itself distorts the progress of our housing programme and creates disappointment.

Little or nothing can be built in Hong Kong unless land is created by reclamation or cleared of existing occupation.

This year approximately 57,000 people will move into public housing simply because the land they live on has to be cleared for development, mostly for public housing.

As much as a third of new public housing is presently committed in this way with inevitable disappointment for thousands on the waiting list.

To a disturbing extent the achievements and purpose of our housing programme are called in question when people see how long it takes to get from that waiting list into public housing.

Today more than 2,000,000 people, 46% of our population, live in homes provided or subsidized by our Government yet in the last eleven years only 63,000 of the families, or say 300,000 people, who have moved into public housing came from the waiting list.

During those eleven years three times as many, 191,000 families, or nearly 1,000,000 people, were rejected when their numbers did come up, because they no longer met the income or space criteria.

It is an inescapable conclusion that this was a simple result of the long time they had waited on the list.

Yet while their circumstances may have improved and they may have lifted themselves out of the category of greatest need it could not be said that they are not still experiencing real difficulties.

Sir, I welcome, therefore, your announcement of a review of the position of those people in the income band just above the \$5,000 a month limit of the Home Ownership Scheme and I hope this may lead to some relief for those whose chief fault is to have waited too long.

Our housing programme will be judged here in Hong Kong not simply on statistics but on the extent to which it is felt to have matched the needs and hopes of our society.

It cannot be regarded as a healthy aspect of our programme that it seems to favour the squatter who is lucky enough to live on land which must be cleared at the expense of the patient family on the waiting list. Squatters generally go into temporary housing but those living in the older huts, surveyed back in 1964, are automatically entitled to public housing flats.

An unattractive element of lottery is introduced with a consequent sense of disillusionment for many.

Even at the reduced rate of building which we have been forced to accept, a programme which is turning out 35,000 flats a year, 4 an hour, or 1 every 15 minutes ought to seem more satisfying.

Yet as we look at the present waiting list and if we assume that all those on the waiting list are presently eligible, we must still conclude that on the basis of past performance that only a quarter of them will ever move off it into the public housing they are hoping for.

Because housing is our basic social programme and because we have undertaken a responsibility to those families on the waiting list we ought to explore better means of meeting their expectations. If we do not then all the achievements of our housing programme and all the resources we are able to expend on it will be undervalued.

Housing like all our other social programmes must be clearly related to the expectations of our society as a whole and cannot be considered in isolation.

I believe Government must now monitor closely the progress and development of public housing and the state of play in respect of supporting security and emergency services in the pipeline. It appears to me that the timing for some of these supportive services does not tie in particularly well with the housing projects in progress, particularly in the urban areas. Are we satisfied that where there are major population shifts or new population centres established, that we have supportive services in the form of police, fire, ambulance, clinics, schools, road, public transport and so on? These, I fear, often fall victims of central priority decision. Should we not take another good look to see if there is need for improved co-ordination of urban areas' public works and private development activities and if we should not extend the NT Project Manager scheme to urban area districts?

Your Excellency, since I spoke of the 'sandwiched society' at the last Budget Debate their relative position has been still more seriously eroded. You, Sir, have recognized their plight but I wish we had some more substantial comfort to offer.

It is easy to say that they are not in the greatest need and that they are relatively better able to fend for themselves or even accept less than their previous expectations, but for the good of our society as a whole we should not risk the disillusionment of an important group. We are not talking about a privileged class here. We are talking about those who have contributed to the development of Hong Kong, who committed themselves to our system and have a full claim on our concern.

Hong Kong's success has been in its ability to create, in the most unlikely circumstances, a diverse and dynamic society.

We need that diversity more than ever and we must be sure of enlisting the enthusiasm and energy of all sectors of the community. We cannot afford



to let anyone feel that they are left out in the cold and I hope we shall somehow be able to demonstrate that our policy is framed with that principle in mind.

Sir, with these remarks I support the motion.

MR. F. W. LI:—Sir, I should like first to congratulate you on your comprehensive review of Government's achievements this year and its objectives for the coming years. Your report on the accomplishments in some of our major programmes is most encouraging. This is indeed progress. However, even after taking into account the pressure of demand on domestic resources since the beginning of 1979, it is perhaps arguable that more could have been done in housing, a subject of paramount importance and concern to the majority of our population.

The provision of public housing and other residential accommodation is a responsibility which is shared by Government and the private sector. It is immaterial whether housing is in the form of high-class apartments, home ownership units, or accommodation of a more modest nature. Every residential building requires land. The amenities and infrastructure to support life in the area demand more land. If employment opportunities are to be provided in the vicinity, that will occupy still more land. The new towns (and also the market towns) in the New Territories are self-evident examples of the need for Hong Kong to plan early and in depth. As land has become literally one of the scarcest of commodities, I would suggest that the time has come for us to plan ahead for the period up to and beyond the mid-1980s, so that there will be enough land *at the appropriate time* for all the essential purposes of the community.

It is most gratifying to note, Sir, that an estimate of at least 40 net hectares of general industrial land and 80 hectares of non-industrial land will be made available for the market before 31 March, 1982. However, the forecasts for the mid-1980s indicate there will be a reduction in land produced for all purposes. Sir, this is a warning signal which we must heed.

Unfortunately, during the recessionary years of 1974 and 1975, the rephasing of a large number of public projects caused great disruptions to our social service programmes. There must now be general agreement that the cut back on Government spending at that time was short-sighted and unnecessary, and that it has been partly responsible for the existing shortage of land. Indeed, one of the more serious results of that reduction in the Public Works Programme was to diminish, at least temporarily, the capacity of the relevant Government departments to spend. Honourable Members will recall that notwithstanding the persuasions of the Financial Secretary, there was under-expenditure on public works not only in 1975, but also in 1976 when the recession was behind us. Had we not played STOP-GO in those years, we would not be in the present situation—with insufficient land to meet demand. If, therefore, we should refrain again from spending now on the production

of more land, we shall be repeating the same mistake, although in a different economic circumstance.

Sir, you have stressed the need to make further plans to open up new development areas, and the necessity to start work soon on both an extension of Sha Tin up the eastern side of the Cove and on the development of Junk Bay, if continuity is to be maintained I am in whole-hearted agreement, Sir, with your statement that 'failure to spend now on land production would seriously restrict our future development'. You also suggested that North Lantau remains an ultimate possibility as an additional source of land. Due to the lead time required, no land is likely to be available from such large projects as the eastern side of Tide Cove and the Junk Bay area until well after the mid-1980s. However, if top priority is given to these two areas, I believe the timing could be considerably improved.

I would therefore urge that the highest order of priority be given to these two areas and I also suggest that new development areas which are capable of providing formed land before the mid-1980s be selected for early exploitation, and that works in existing development programmes be brought forward for earlier completion. Greater reliance could also be placed on private developers and industrial corporations. They have clearly demonstrated their ability to produce building sites at unformed land, generally more quickly and at less cost than for public projects. Three years ago the Secretary for the New Territories suggested that, except for a lack of a mains water supply, there would be much more scope for private residential developments in areas outside the new towns. This is an aspect deserving more attention, especially when there has been a definite improvement in the water supply situation. A review might also be undertaken of formed land which has been allocated for interim use as temporary housing areas, storage sites and refugee camps. I believe a closer scrutiny may lead to the earlier release of at least some such land for more permanent projects. By taking all necessary measures to devise and implement a comprehensive programme for continuous land production, an adequate supply of land for housing and industry, together with the sales programmes before and after the mid-1980s, would be ensured.

The question may well be asked as to whether the reallocation of resources to an accelerated programme of land production would result in the erosion of social priorities or economic prudence. I believe that, with adequate planning, the risks would be minimal. Sir, in an earlier part of your address mention was made of Hong Kong's economic and financial situation. Through the magnificent efforts of our manufacturers and exporters, and the restraining effects of the measures taken to help slow down overall demand, the growth rate of domestic demand is now more in line with the growth rate of the economy's output. The Financial Secretary himself, in an earlier speech to the Foreign Correspondents' Club on 14 September 1979, gave a generally favourable report on the state of our economy at mid-year. Compared with his somewhat pessimistic forecasts at the time of the Budget this year, I

believe we are now on a substantially sounder financial footing. This position, together with the very considerable fiscal reserves at the disposal of Government, should permit sufficient funds to be channelled to land production without any adverse effects on our social service programmes.

Earlier this year economic prudence dictated that, in the overheated state of Hong Kong's economy, there should be a slow-down in the growth rate of Government spending. This has contributed to some improvement in the economy, although land prices remain excessively high. With the forthcoming change to lump sum payments for non-industrial land, and with more land becoming available for sale, hopefully there will be a cooling off in the land market. I have every confidence that the Financial Secretary will ensure that any additional funds to be injected into the pipe-line leading to the larger and speedier production of land will be spent judiciously.

In recent years the building and construction industry has been stretched to capacity by the demands of the public and private sectors. Following the slow-down in Government expenditure in 1979, this pressure appears to have eased to a certain extent. With this breathing space, and following the completion of the Modified Initial System of the Mass Transit Railway in February next year, increased expenditure on land production alone is unlikely to over-extend the building industry. Such expenditure must, of course, include funds for projects which will provide improved access to and essential infrastructure for newly formed land.

With these remarks, Sir, I support the motion.

DR. FANG:—Your Excellency, I join my Colleagues in congratulating you on yet another year of progress and stability, despite financial restraints and the ever increasing pressure from immigrants and refugees.

On this occasion, Sir, I wish to speak on three issues, our hospitals, rehabilitation services and our housing programme.

UMELCO Members and staff have during the summer recess visited all the 18 major hospitals directly administered or subsidized by the Government. A full report with our recommendations will be submitted to you as soon as it is ready. With the agreement of my Colleagues, I would, however, like to take this opportunity to make a few important observations.

You, Sir, have spoken of the effects of the regionalization of our medical services. In my view, we are not yet reaping the full benefits of this structure. Our regional hospitals especially the Government-run Queen Mary and Queen Elizabeth Hospitals, are severely overcrowded and much of their equipment is worn out, inefficient and outmoded. On the other hand, many of the Government subsidized district hospitals are poorly utilized as well as inadequately equipped, and almost half empty if one discounts the large number of elderly persons who should either return home or be looked after in a less expensive care and attention centre.

Members cannot help but feel that there is an urgent need to review the present arrangements which have given rise to a vicious circle, resulting in a steady decline in the quality of our hospital service.

The vicious circle starts with the basic misconception that all subsidized or district hospitals should not be better than or as well equipped or staffed as the Government hospitals. Indeed, in practice they are treated as being inferior. As a natural consequence, people flock to the Government hospitals. In the last few years, the number of beds in the Queen Mary and Queen Elizabeth Hospitals, which were originally built to accommodate 546 and 1,338 patients, has perforce been increased to 1,164 and 1,898 respectively—almost double the original numbers, excluding the camp beds in use during busy periods and emergencies. This increase has not been matched by a corresponding increase in staff and facilities. This imbalance is the main cause of growing frustration, dissatisfaction and discontent amongst staff and patients.

To make matters worse the Government commissions or borrows beds in subsidized or district hospitals for the transfer of chronic and post-surgery patients from the Government hospitals. These patients in the borrowed beds are not the responsibility of the medical staff of the subsidized hospitals, but are looked after by doctors from the Government hospitals. As the Government doctors are already overloaded with work, they can only attend to these patients twice or at the most, three times a week. Naturally the patients themselves are not satisfied, especially when complications arise. They in turn put the blame on the subsidized hospitals. The end result is that the subsidized hospitals get a bad name, and patients are reluctant to be admitted to these hospitals. This frustrates the very purpose of regionalization and prevents us from making the very best use of our resources.

I hope my friend the Director of Medical and Health Services would agree with me that there should be no difference in the quality of service between a district or subsidized hospital and a regional or Government hospital. They both cater for the treatment of acute illness and major surgeries, the only difference being that regional hospitals provide a more comprehensive range of services, including specialized fields such as nephrology, oncology, open heart surgery, etc.

If subsidized or district hospitals are better equipped and better staffed, it stands to reason that they will become better patronized by the public, who need no longer fight their way into the Government hospitals. The latter can then reduce their number of beds to a more manageable proportion. The end result should be a more efficient medical service.

It is hoped that the make-shift arrangement of borrowing beds from other hospitals would not be a permanent feature in our hospital service. This need should disappear when the subsidized hospitals are run well enough to receive referred patients for direct treatment.

As regards staff in district hospitals, their standards can be much improved if more of them have closer links with the clinical departments of the University's Medical Faculty, in the same manner as staff in Government regional hospitals. These links provide opportunities for teaching training and research, regular exchanges of staff and placement of interns in district hospitals. It is in the sort of climate that staff can be stimulated to keep abreast of developments in their chosen field and to improve the quality of their care.

On hospital equipment I wish to emphasize two basic points. First, it is important that all hospitals should have the necessary equipment and instruments. The choice of what equipment should be bought, particularly when there is financial constraint, must rest with the professional medical staff concerned. Second, every piece of equipment has a recommended life-span laid down by the manufacturers. Like motor cars they must not be expected to run forever. It is hoped that a system can be introduced to replace worn out equipment and instruments promptly. In the long run, it is false economy not to do this since breakdowns not only waste the time of trained personnel but result in delayed treatment of patients.

My final point is community involvement in hospitals. I very much hope that the use of volunteer workers in hospitals can be encouraged. This source of help is extensively tapped in other countries and in some of our district hospitals there is scope for greater development in Hong Kong, particularly in outlying areas. The public should be encouraged to take an active interest in the hospitals serving the region or district by volunteering their service, and hospital staff in time should go out into the community with programmes of health education and home care.

It is now just over two years since Your Excellency established the Rehabilitation Development Co-ordinating Committee and appointed me as its Chairman. Since its formation, RDCC has met almost monthly and has reviewed comprehensively the Rehabilitation Programme Plan during 1978, repeating this important exercise again earlier this year. The field of rehabilitation is expanding and becoming more complex in Hong Kong. Accordingly, RDCC has established six sub-committees in the areas of personnel, employment, access and transport, education, housing and sport and recreation. Each of these sub-committees is chaired by an unofficial member appointed by Your Excellency to the main RDCC. Each sub-committee also has three disabled members, representatives of the voluntary sector and relevant Government departments. These sub-committees have achieved significant progress thus far, though we would all agree that much remains to be done in order to achieve our objectives.

Two areas of particular concern are the shortage of trained manpower, to which you, Sir, have referred in your speech, and the need to gather and update information on the numbers of disabled in the community and their forms of disabilities through the establishment of a central registry. The

RDCC will be giving further attention to these and other issues in the coming year. I must, however, record my appreciation of the assistance given by the Commissioner of Census and Statistics and his staff for including the disabled in the 1981 Census and in the test run to be conducted next year. Although this will not obviate the need for a central registry, the information gathered from the Census will be invaluable in testing the adequacy of our planning targets.

My third issue is to speak on the points on public housing. From the statistics contained in the Annual Report of the Housing Authority more than 1.9 million people are now housed in public tenancy flats, with 150,000 households still on the waiting list. It is gratifying that the Government is continuing with its mammoth plans of building more than 35,000 housing units a year. Out of this target about a quarter are flats for the Home Ownership Scheme. By 1982/83 the ratio of the total number of Home Ownership Scheme flats to public housing tenancy flats will be in the region of 25,503:504,720; that is a ratio of about 1:20.

It is common knowledge that a good number of households in public tenancy flats have enjoyed substantial increase in their incomes over the years. The present tenancy contract does not make allowance for a second assessment of income once a tenant has moved into a public housing unit. In order to reduce our heavy public housing programme and to enable poorer families to benefit from subsidized accommodation, I suggest that the Housing Authority should reassess income at five yearly intervals. Those who are found to be earning in excess of the income limit should be required to move into a home ownership flat. This will make more public housing units available for the really needy people.

The Government's public housing programme remains a formidable one, with ever increasing pressure from the swelling numbers of immigrants from China. I doubt whether any other government has attempted to house such great numbers of its population in heavily subsidized rented accommodation, as we have done in Hong Kong. The Home Ownership Scheme has proved that there is a great demand for people to own their flats and I would suggest that the Government should review the present balance between such accommodation and rented public housing in order to reduce the ratio of 1:20 which I have just mentioned. The quicker that Government can satisfy the demand for home ownership, the greater is the contribution to social stability and community identity.

In the present spiralling cost of accommodation, I am sure we all share your concern over the difficulties faced by the middle income families who are ineligible for public housing or for home ownership flats and I am glad that their position will be examined by the Government. I look forward to hearing the Government's proposals in this respect.

With these remarks, Sir, I support the motion.

MR. LO:—Sir, no Unofficial, no matter how industrious he may be, can fully express his views on Government policies in this Council; for if we all did, our speeches would be so long that even the annual budget speech would sound like a mere elliptical summary.

Accordingly I avoid commenting on policies which I think are right, those in which I have a personal interest, those in which I simply haven't acquired an adequate working knowledge, those in respect of which I am bound to secrecy or finally those which I think are so firmly imbedded that the expression of a minority view would serve no useful purpose (*laughter*). Priorities are then allocated to what can be dealt with and an assessment is made as regards the time element and the patience of Members.

On this basis I would like to refer to paragraphs 163 and 164 of Your Excellency's address.

I accept Your Excellency's criticism that we in Hong Kong do at times tend to take for granted our relationship with the United Kingdom. The results are that on the one hand too few business decisions are made consciously to benefit Britain, and on the other hand too seldom do we draw the attention of the British public to the benefits arising from Britain's association with Hong Kong.

Exceptionally, I know there are those wise business leaders in Hong Kong with far sighted vision and perhaps memories of another time and another place who risk considerable personal fortunes as well as expend considerable personal energy to favour Britain and thus the U.K./Hong Kong relationship. At one time, against the background of simplistic colonial rule, Government policy required preferential treatment of British goods. In modern times, it is obviously no longer appropriate to impose rules of this kind. However, in its place, responsible members of the business community ought seriously to make an effort to buy British. It is obviously vital to the millions of our people for whom Hong Kong is their only home that the U.K./Hong Kong relationship should continuously be built up and strengthened.

To take this relationship for granted has led us into another equally serious mistake. We tend to forget the extent of our benefit and usefulness to Britain and we fail to assess it, we do not talk about it and so to a large extent the British public is totally unaware of it. All that we do publicize is the visible trade figures which show a balance in Hong Kong's favour. They are clearly misleading and don't represent the true position.

Amongst other things that these visible trade figures do not take into account are the astronomical value of U.K.'s monopoly in providing air service between Hong Kong and Britain; the sums remitted from Hong Kong to the U.K. arising from salaries, pensions, share dividends, consultancy fees and other investment benefits; the value of Hong Kong as the outpost of British firms through which they have been able to build up considerable

trade relations in Asia; and last, but not least, the value of Hong Kong in international politics.

The time has come for the Government to assess the economic as well as the commercial value of Hong Kong to Britain and with the help of our Hong Kong Office in London to publicize it. If in the assessment we are found wanting then we should of course take steps to remedy the position.

I support the motion.

MR. TIEN:—

*Supply of Raw Materials and Semi-Manufactures.*

Sir, in your address, you referred to the fact that our exports of textiles and clothing are now running very close to some of the limits imposed by quantitative restrictions and growth is being inhibited. I most heartily support your statement that the search for new markets and new products must therefore be unremitting.

I recall also that you have recently spoken about the growing shadow of protectionism over our trade and this prompts me to make a suggestion.

We are, of course, always going to be dependent upon imported raw materials and semi-manufactures with which to produce the finished goods for export. Part of Hong Kong's strength has always been that our industry operates in a free port. This means, on the one hand, that it has no artificial protection and must therefore be competitive by world standards simply to survive. It also means that our manufacturers have always been free to buy their raw materials and equipment wherever it best suits them.

One consequence of this has been that our bilateral trade with our main trading partners has rarely been anywhere near in balance. And indeed it would make no sense in the context of Hong Kong to attempt to strike a bilateral balance. Traders must always be able to buy and sell in the best markets if they are to earn the best rewards.

While we may be quite relaxed about the lack of balance in bilateral terms (although my honourable Friend the Financial Secretary has made it quite clear we have no cause to be too relaxed about the overall situation) there is little doubt that the same view is not always taken abroad. One does not have to sympathize with this view, and indeed I doubt if any of us would, but it is nevertheless a fact and must be recognized as such.

I would not dream of suggesting that we should deviate from our free trade philosophy or try to control the source of purchases of our raw materials, semi-manufactures and equipment. I do, however, think that the business community should be encouraged to take a fresh look at their present buying pattern to see whether they are in fact still buying from the most competitive sources.



I shall not attempt to go into detail, Sir, but I do believe that such factors as changes in parities and costs of raw materials have caused recent changes in comparative advantage. As a result, sources that were once priced out of our market now have a competitive edge. I believe that we could increase our purchases from some of these sources and thereby help to dull the edge of protectionist pressures.

I would like to suggest that the Government and the Trade Development Council do what they can to assist the business community in identifying the new opportunities which are available. I know that it is a seller's job to seek out his markets, but in our situation I believe that enlightened self interest argues in favour of us taking some of the initiative ourselves.

Sir, I support the motion.

REVD. JOYCE M. BENNETT:—Your Excellency, I am glad of this opportunity to speak in response to your speech on October 10 in this annual policy debate. Your address was wide-ranging over the whole of the Hong Kong scene, yet you concerned yourself too with finer details of policy, pointing out various areas where the government was proposing development and change. I wish to confine myself, in the main, to two of those areas—Kwun Tong and educational matters.

Sir, you have devoted much time to developing channels of communication between the Government and the governed. This is good and is much appreciated by the public. However this very interest in developing good communications fosters and stimulates the demand for the voice of the public to be heard even more. It was therefore with interest that I heard of plans for the administration of Kwun Tong to be strengthened and a greater attempt made to involve 'a wide cross-section of responsible leaders in the process of advising, warning and stimulating the Government' (paragraph 53 of your speech). Sir, this is desperately needed as the people of Kwun Tong have been suffering for the last 10 to 15 years from a remote administrative machinery whose top officials seldom come to the district and do not know the live situation. In my maiden speech in this Council I spoke on the inadequacy of the road system in and out of Kwun Tong. Three years have passed, but recent events have shown that the administrators at headquarters without site inspections and consultation at ground or hilltop level are still ignoring the plight of the masses who daily have to travel in and out of Kwun Tong. It is not so long ago that on a UMELCO visit to the Kowloon Bay Temporary Housing Area, the Housing Authority was not aware of the new road from Choi Hung across the Kowloon Bay reclamation to the Kwun Tong industrial area. In very recent months the same Housing Authority was unaware of the heavy traffic of vehicles and people up and down a road they first proposed to close in October of this year. They were unaware of the numbers of people using footpaths and steps to pass from one part of Kwun Tong to another. (I refer to the route

from Kung Lok Road to Upper Ngau Tau Kok Estate.) Clearly this lack of knowledge of the local situation by the administrators at the top breeds frustration and ill-will among the citizens in outlying urban areas. Already a greater attempt has been made in the New Territories to strengthen the District Offices by the creation of Management Committees. The people of Kwun Tong are hopeful that some greater understanding of their problems will now reach those central Government offices situated close to this Council Chamber and ten miles away from Kwun Tong.

I am hopeful because I have received from the Home Affairs Department considerable aid and assistance from those responsible for this new scheme as I prepared today's speech. It seems that the Home Affairs Department are aware of the need to treat our urban areas as individual entities and so develop in each a real sense of community. I am glad of this, because I see it as vital to Hong Kong's future development. A city of five million cannot be ruled or administered in the same way as a territory with a population of less than two million as I saw Hong Kong on my arrival here in 1949. It is essential therefore that this experiment in Kwun Tong receives the full support not only of the Home Affairs Department, but also of all the other departments in Government and the statutory bodies to which Your Excellency referred in paragraph 54. I note with some concern your words 'will not be allowed to encroach upon' the work of the latter 'including of course the Urban Council'. I consider a better and more constructive phrasing would be to stress the need to *co-operate with* these statutory bodies, such as the Housing Authority and including of course the Urban Council,

I mention particularly the Housing Authority because it has so much power in Kwun Tong. Of Kwun Tong's total population of about 670,000, approximately 500,000 people live in large housing estates built and administered by the Housing Authority. We can well picture how these thousands of people are crowded so closely together with very little open space. In the whole of Kwun Tong there are no parks, only playgrounds and rest gardens. It is not surprising that one of my senior teachers recently remarked to me, 'I hate Kwun Tong'.

New towns in the New Territories have been informed that they can each qualify for funds for a town hall, similar in size to the City Hall. The Tsuen Wan Town Hall is almost ready for opening and yet Kwun Tong is still without such. It is not surprising that the people of Kwun Tong feel neglected. They have to rely on school halls for functions, as the hall of the community centre run by the Social Welfare Department is such a miserable room. Of course I shall be told that Tsim Sha Tsui will have its cultural complex and Kwun Tong people can attend there. Let me assure you that the City Hall and the future cultural complex are a long way from the homes of the Kwun Tong people.

Yes, I look for this strengthening of the City District Office in Kwun Tong to do much for Kwun Tong people. It will be essential, too, to

consult the people who live there, not only those who have business interests there. Certain voluntary societies claim to belong to Kwun Tong, but they hold their meetings in the Peninsula Hotel or in offices in Tsim Sha Tsui or Central. It will be necessary for the members of the Home Affairs Department to continue in depth their studies on how to ensure quicker 'regional co-ordination of Government programmes, works and administration'. They will in the future do this with greater consultation of Kwun Tong people. Hong Kong can become a lively and fascinating place for the exercise of democracy without the old-style formal political parties and parliamentary bodies. These in so many countries throughout the world have too sadly degenerated into bitter wrangling and even bloodshed, without improving the lot of the poor and needy. Hong Kong has a splendid opportunity through this proposed machinery to encourage greater real participation in government at the local level. I hope the new machinery will not be just another talking-shop with no teeth in it, merely frustrating its members but will be a real part of our democratic machinery.

I turn now to my second topic, Education. Indeed, Sir, you would not expect me to conclude such a policy speech without any mention of educational matters. You have been criticized by some for the paucity of your references this year to education. I think that criticism is unfair to you and to the administration which has in the past few years devoted much time and money to develop secondary and tertiary education. I wish to thank you for agreeing to provide full aid to all the caput schools in the next few years and in future not to start any new such schools. It was therefore with delight that I heard you mention in paragraph 159 that consideration is to be given to the introduction of part-time university degree courses. I hope these will be actively pushed and finance provided. Then the many principals of the caput schools with non-Hong Kong, British or Commonwealth degree qualifications will be enabled to gain recognition. Much has been done in the last few years to test and provide registerable qualifications for our un-registerable medical doctors. We need to extend such facilities to members of other professions. My friend, who taught me much of school administration and was my vice-principal until she retired, was never allowed graduate status because she graduated from a Chinese University. She would have made an excellent school principal. What a loss, what a waste to our educational system that she and others like her have not yet been allowed to serve the Hong Kong people to the height of their ability. I hope the part-time degrees can help here and I ask what thought has been given to adapting the open university idea here.

Two subjects which should be among the first offered under the part-time/ open university programme are Music and Art and Design. The teaching profession has a great dearth of graduate teachers in these disciplines. Schools have to rely on the third year course of teacher training in music and in art for teaching the senior secondary courses up to 'O' and 'A' Levels. They do a grand job, but they would benefit from further study at

a deeper level and many of them would gladly undergo the part-time degree courses of study. The Music Administrator's Office has rapidly expanded its teaching programme. It too would benefit from the services of more graduate musicians. The Office's teaching programme is an important part of its work, so that I am somewhat alarmed to see its Office removed from the auspices of the Education Department. We need to watch that sufficient attention is paid in its scheme to raising the standards of the teaching of instrumental music. Our musicians and teachers of music in Hong Kong would benefit from university courses; clearly we cannot send them all overseas. But we can develop our part-time and open university degree courses. My remarks apply equally to our teachers of Art and Design.

Clearly your speech is pointing towards a future when greater attention can be paid to the quality of our education. You look, Sir, to an overall review of the educational system as a whole to 'be done about the beginning of 1981'. This will indeed be necessary, but forgive me if I mention here that many educators will doubt whether this in fact will begin so soon. Let me explain. You, Sir, in paragraph 160 said that the review of primary and pre-primary education which you mentioned last year was now nearing completion and you added that before the end of the year there will be published a green paper setting out their problems together with the proposals for dealing with them. Many people for many years have been concerned about what happens to the pre-school child. I have been active in this field for about 25 years and I have known that the Education Department is seriously understaffed in the section dealing with kindergartens and that it also is sadly lacking in expertise. Indeed, only 2 of its inspectorate staff are trained kindergarten teachers. We have for many many years had a very large population of children under the age of 6 and yet there are only these two trained kindergarten teachers among the staff of the Education Department. We have of course had to concentrate first on the education of children in primary and junior secondary schools. But the child psychologists will tell you that the care of and treatment given to the child from birth to six years old will deeply influence the development of the future primary and secondary school student.

Sir, you will know from questions I have asked in this Council in May 1977 and July 1978 and from speeches I have made in the policy debates in the autumns of 1977 and 1978, that I am deeply concerned at the slow rate of progress in these matters. Similar concern has been voiced by other Unofficial Members. I understand that an inter-departmental working party was set up in October 1976 between the Social Welfare Department and the Education Department to study the needs of the pre-primary child. I suspect that the slow rate of progress is partly caused by the problems of two departments working together. That is a bad sign in any administration, but can be only too true. I am particularly concerned as despite your mention that the work was 'nearing completion', it was not possible for me to obtain further information on this subject from the relevant Branch. This

lack of co-operation was in sharp contrast to the gracious assistance rendered to me by the Home Affairs Department as I was working on the earlier part of my speech.

This reluctance to disclose information can but alarm me—what is so secret in the care of the pre-primary child? I have earlier spoken in this Council that kindergartens should be children's gardens. Gardens signify a place of play—learning through play activities is the proper method for such tiny tots. I hope this Government will prohibit children entering kindergartens under the age of 5 and insist that three and four year olds attend play centres or nurseries. We must grasp this nettle firmly and prevent the continued exploitation of children and kindergarten teachers.

Before I leave the educational scene there are a few more issues I wish to raise. I have this autumn been surprised to learn That the schooling in our correctional institutions for juvenile delinquents is not yet under the auspices of the Education Department. These institutions, such as the Castle Peak Boys' Home, do not yet have teachers who received their training full-time. This is amazing in view of compulsory education and the number of redundant teachers, though perhaps it is again explained by the difficulty of two Government departments working together.

Finally I wish to raise one more matter which relates to aided schools and which was drawn to my attention by the Caput Schools Council. Under section 3.4 of the Rules and Conditions Governing the Phased Conversion of Per Caput Grant Schools into Aided Schools, it states that no supervisor is to be paid without the permission of the Education Department. I was fascinated by this suggestion that supervisors of schools could be paid and I asked the Caput Council members who would pay this money. No answer has yet reached me, but it could have very wide implications. At present in aided schools the principal takes the salary, but the supervisor, who is the responsible person to deal with Government, takes the knocks. I have long thought how bad it is to encourage such irresponsibility among our principals in schools where the principal is not also the supervisor. Such a system discourages responsibility and accountability. I shall be glad for this question to be considered. The Government for the last 25/30 years has developed very fast an educational system of which we are beginning to be proud. To do this we have had to rely on the voluntary sector. By doing so we have saved the Government millions of dollars in administrative costs. Now that many sponsoring bodies are stretched to the limit of their capabilities, the Government would do well to consider with them ways and means to pay the salary of an administrator of schools working for the larger sponsoring bodies.

Sir, with these remarks on the development of Kwun Tong and on our educational system, I am pleased to support the motion.

MR. CHEN:—Sir, in your review of Hong Kong's economy you said that prospects for 1980 would be uncertain. This, coupled with your statement that inflation is still running at an uncomfortable rate, may be taken as a hint that tough times may be ahead of us.

Similar warnings have also come from other quarters. At the recent meetings of the World Bank and the International Monetary Fund in Belgrade, world financial leaders agreed that for a number of years, inflation has plagued many nations, rich and poor, developed and developing alike and that hard times would for some time be the order of the day if unacceptable inflation were to be beaten. Beating inflation is regarded by industrialized nations as their top priority. Whether we like it or not, restraint policies are being adopted by these countries to slow down their economic growth as a means of combatting inflation. This would undoubtedly result in a situation whereby developing countries will find it increasingly difficult to maintain their levels of export which are vital to their economy.

Hong Kong, with an economy highly susceptible to external factors, is no exception. Although the current growth of our total exports is faster than imports, thus happily reducing the trade deficit, there is neither cause for optimism nor complacency in view of the fact that our inflation is running, in your own words, Sir, at an uncomfortable rate. To combat inflation must therefore also be our top priority. I take comfort in the knowledge that our capable Financial Secretary is already vigorously addressing himself to this matter.

In this respect, Government has been quick in introducing fiscal and monetary measures since the beginning of the year. On public spending, Government has done its part in trimming the growth rate of consumption expenditure from 15% in 1978 to the present level of 9%, and in capital expenditure on building and construction from 43% to 4%. To discourage private sector demand, the banking sector has been urged to raise interest rates and to hold back on credit expansion while Government restricts its own reserves being used as a basis for credit creation. I understand that the banking sector is, in response to Government's guideline, restraining the growth of loans and advances. This, coupled with the fact that the trade gap is steadily narrowing, is a positive sign that Government's fiscal and monetary policies are taking effect. With Government's foresight and determination and Hong Kong's traditional attribute of adaptability, we can be justifiably confident of our continued economic stability and progress.

After a continuous three or possibly four years of rapid economic growth, a temporary slow-down following the general trend of the world economy may not necessarily be a bad thing. It would give our industry an opportunity to consolidate and to make necessary adjustments. Such adjustments should aim at upgrading production facilities and techniques and improving the quality and skills of the work force so that our industry would be in a

position to respond quickly to and to take advantage of renewed market demand once the economy of the industrialized countries picks up again.

These are costly but necessary commitments if we are to stay in the forefront and have a better future. I am sure that industry would be more than willing to play their part and expect Government to do likewise. Industry would invest in up-to-date machinery and equipment. Industry would also invest in training the manpower it needs, as clearly demonstrated by the clothing and construction industries.

Sir, I make no apology therefore in repeating my appeal in the Budget Debate earlier this year that Government should invest in developing Hong Kong's manpower resources and in building an efficient industrial infrastructure, both so vital to Hong Kong's future economic growth. Only with greater commitments on the part of both Government and the private sector can we hope to preserve what we have achieved and to strive for greater prosperity.

Sir, you also mentioned that the economic outlook of the world continues to be dominated by the oil situation. Because oil, hence energy, affects everyone in our community, it would not be inappropriate for me to spend a few moments on this vital subject.

Because we have to rely almost entirely on oil for our supply of energy, the problems arising from the recent uncertainty of oil supply have been more acute for Hong Kong than for most other countries. Hong Kong's import of fuel oil in 1978 was nearly 4 million metric tons at the cost of about \$1,452 million or in other words, approximately \$370 per metric ton. In 1978, our trade deficit was \$9,174 million. Had the oil been at today's price or approximately \$700 per metric ton, our trade gap would have been wider by a whopping \$1,300 million. The effect of fuel oil prices on inflation is quite obvious.

I highlight this situation because I have reason to suspect that Hong Kong is not getting a fair share of the available oil supply. By this I mean that the cut-back in our supply, in percentage terms, is considerably greater than the world shortage. As a result, we have no option but to make up the shortfall by buying from the spot market at a much higher price. This adds extra cost to our energy and what is more it further aggravates our balance of payment position. The Government may wish to investigate and consider what measures, if any, should be taken to safeguard our interests.

While we anticipate that from 1982 coal will be increasingly used for the production of electrical energy, thus progressively reducing our reliance on oil, a longer term solution to the vital question of energy has yet to be found. In 1975, under the auspices of the Government and the two power companies, a study was made on the possibility of construction a nuclear power station for Hong Kong. With the assistance of the International Atomic Energy Agency in Vienna, a report on the study was completed and presented

to Government in 1977 but the matter was put in abeyance partly due to environmental consideration and partly because it was considered that the economic size of commercially available reactors would have a capacity in excess of Hong Kong's need.

However, in the light of the excellent relation between China and Hong Kong and China's new economic policies, it may be possible to build a nuclear power plant to supply both Guangdong and Hong Kong. The combined demand of the two systems would be such as to make the scheme practicable. It would provide not only a viable long-term solution to Hong Kong's energy problem but also the assistance which China may need for her modernization and economic development. I believe that, with goodwill and co-operation, a scheme of this nature is not beyond the realms of reality. It would also provide investment opportunities for much of the money in Hong Kong that is presently being channelled into fuelling the already over-heated property casino. I would urge Government to give serious consideration to reactivating the discussion on the subject.

Finally, Sir, I would like to say a few words on development in the New Territories with particular reference to the new towns, I believe the basic concept which underlies the development of new towns in the New Territories is that they should be self-contained communities with sufficient job opportunities and adequate amenities such as schools, clinics and recreational facilities for their residents. In other words, as was pointed out by you, Sir, the new towns are not intended to be dormitories.

So while it is encouraging to see that up to the end of September this year no less than 748,000 square metres of factory space have been built in the new towns, it is important to know how much of this space has been taken up and at what rate it is being taken up, and whether there are sufficient incentives to encourage rapid occupation and full utilization as a means of bringing about employment opportunities for the residents. Failing this the residents would have to find employment elsewhere and this would mean creating an otherwise unnecessary problem concerning the movement of people as a result of which Government may ultimately have to spend huge sums of money in expanding the transport system. To avoid such unnecessary expenditure in the future, it is essential therefore that every effort be made to ensure full utilization of the factory space. Meanwhile, it would be prudent to make a reassessment of its supply and demand situation bearing in mind the original objective of the development of the new towns, so that corrective steps, if needed, could be taken at this crucial stage of the development.

Sir, I have much pleasure in supporting the motion.

MISS DUNN:—Sir, I agree with Your Excellency that Hong Kong does not often play a part in international affairs, but, it has become, nevertheless, a modern international city of significance: it is the home of at least 5 million



people; it has a developed, and fast developing, economic and social infrastructure; it is one of the largest trading entities in the world; it is an entrepot for the region and now also, again, for China; it is a major tourist centre; and it is an important regional and international financial centre.

Such is modern Hong Kong and, in this the last year of this decade, we should take stock of our situation as we move into the *next* decade, the decade of the 1980s. We should do this because, in the midst of the welter of activity which has characterized these past 10 years or so and which is reflected in the wide ranging scope of Your Excellency's annual addresses to this Council, I wonder whether we accord sufficient and proper attention to really top priority problems and tasks; and I certainly wonder whether we tend to spread our relatively scarce administrative and financial resources too thinly in order to progress on a number of fronts simultaneously.

I accept that the demands of a modern city on both the public and the private sectors are manifold. I accept also that private sector decisions must be largely dictated by considerations of profitability, and that public sector decisions cannot be determined wholly by rational considerations for very often, very many socio-political cross pressures have to be reconciled. Nevertheless, as we move into the 1980s, I think it is important for the Government and Unofficials to reach at least a measure of agreement on the problems and tasks to be accorded top priority attention in theory, if not always in practice.

I would suggest that there are four such top priority problems and tasks which should be our constant preoccupation during the next few years, namely:

the pursuit of economic growth with stability;

containment of population growth and the maintenance of law, order and security;

continuous adaptation and modernization of the institutions and practices of Government;

an acceptable settlement to secure our future.

1. *Economic growth with stability*

By economic growth with stability I mean, of course, growth with gently rising prices only and a reasonably stable Hong Kong Dollar.

There are clear signs around the world that the economic principles which we have always adopted, and which have attracted unflattering comment from time to time, are becoming much more fashionable than they were in the heyday of Keynesianism. It was, indeed, refreshing to read of the British Chancellor of the Exchequer's speech at the recent meeting of the IMF in Belgrade. He is reported to have said that the basis of the new Government's policy 'to set the British economy on to a better path' was a belief in 'the philosophy which allows the maximum freedom the develop

economic potential'; and he is said to have argued that 'higher expenditure on public services should follow and not precede, and thus prevent, growth in the private sector'.

These are precisely the principles which have guided our approach for many years: the result has been sustained growth, with only brief interruptions due to factors beyond our control (e.g. the oil crisis in 1974-75). At the present time growth seems to be inseparable from inflationary pressures, but we should never lose faith in the concept of economic freedom particularly as it is a concept peculiarly suited to the Chinese people of Hong Kong. Certainly, in the future, as in the past, we must avoid policy decisions of an interventionist kind simply because we pass through deflationary and inflationary periods from time to time, or because we are politically reluctant to keep the public sector under control.

As the Director of Home Affairs said in a speech recently, 'Whoever governs Hong Kong may be forgiven by the people for failing to fulfil social ideals, but they will never ever be forgiven for adopting policies that put the economy and the standard of living at risk.' At the present time, dismayed and unsettled by inflationary pressures, coupled though they are with improving living standards and negligible unemployment, there are some who would favour a greater degree of Government intervention. I say 'greater degree' for even the Hong Kong economy is only a relatively free, not completely free, economy and I favour intervention when market forces are working imperfectly for one reason or another. So I am not a doctrinaire opponent of intervention and, at this point, would ask the Government for a definitive statement of its views on the present highly dangerous situation in the real estate market and, in particular, I would like to be assured that the arguments against some form of extension of rent control really are compelling.

But let us not forget that, in 1974-75, Hong Kong survived the most serious international economic crisis experienced since the war, without visible injury, by relying on swift acting market forces. The Government wisely resisted the temptation to try to protect the economy from the five-fold increase in oil prices by subsidies and other devices and the 1975-76 budget helped the economy to deflate. Since then we have enjoyed four years of unprecedented prosperity, coupled with a rapid expansion of the public services and vast public works programmes. It is not surprising that we are now experiencing a high rate of inflation and no one would deny that this is a cause for concern. But we survived 1974-75 and our present circumstances are much less unfavourable and the economy does now seem to be adjusting. I trust, therefore, the Financial Secretary will not waver from his staunch advocacy of an approach based on what he once described as 'a judicious admixture of liberal economic policies and conservative fiscal policies'.

## 2. *Containment of population growth*

The importance of containing the growth of our population is obvious: our ability to increase our standard of living in the 1960s and 1970s was partly due to the speed of acceptance of family planning and the low levels of net immigration. For ten and more years up to 1977, the growth of our population was contained to under 2% p.a. If the rate of legal and illegal immigration from China we have experienced in the past couple of years continues, and it certainly seems to be at the moment, our population will be growing at about 6% per annum. Even assuming the Government's estimate of our present population is correct—and it could be on the low side—a population growth rate of 6% means an extra 300,000 people and more every year of which only about one fifth would be due to natural increase.

In the short-term, immigrants may have been of benefit to us. They have enlarged our productive capacity, thereby helping to keep wage rates in our over-heated economy from rising excessively fast and damaging the competitiveness of our export-oriented industries. But, if there is a recession, and if the present rate of immigration continues, the inevitable downward pressure on wage rates will be greater and increased unemployment could last longer. The result could be social unrest.

Hong Kong has had to absorb massive influxes of immigrants before, but that was in another economic and social day and age. Furthermore, to the extent that wage levels are depressed, or increase more slowly than would be the case without the arrival of immigrants, industrialists have less incentive to move into high technology, capital intensive industries generating higher value added. Yet that should be the development path of our economy in the 1980s if we are to sustain a growth rate which is credible, that is to say, consistent with the *raison d'être* of our very existence which is to be able to afford the largest possible balance of payments deficit with China.

Hong Kong already has one of the highest population densities in the world and simply cannot absorb more than the natural increase arising from the difference between births and deaths. As a community we have been sensible: as I just said, family planning is now widely accepted and it is grossly unfair for our living standards to be threatened and our public services diluted by waves of immigrants. If we are not to revert to the status of a low wage economy, with all the unpredictable economic, and even political implications of that status, and if we are not to put our social progress at risk, we *must* contain the flows of legal and illegal immigrants from China. We must do this by continuing to seek the co-operation of the Chinese authorities and by strengthening our defences whatever the costs; and here I would like to pay a tribute to the untiring efforts of H.M. Forces stationed in Hong Kong.

Linked to this particular top priority, the containment of population growth, there is the associated priority of the maintenance of law and order and

security. Hong Kong in the 1980s will be a city of 5 million people and more, a community of rising expectations, beset by modern pressures, influenced by changing social mores and vast developments in the New Territories. Obviously, Hong Kong in the 1980s must have a Police Force capable of a flexible response. This means it must be highly trained and properly motivated and provided with modern technology.

### 3. *Adaptation of the institutions of Government*

My next top priority task for the 1980s is the adaptation and modernization, on a continuing basis, of the institutions and practices of Government so that they will match Hong Kong's status as a modern international city that has a reputation of being 'A City that Works'.

I have the highest respect for our civil service as such and, incidentally, I think the number of noisy disputes on pay and conditions of service obscures the fact that the civil service as a whole is conscientiously going about its business. I hope, therefore, that the Government, having committed itself to the concept of a standing commission, will take a really firm stand against group pressure tactics. But it is one thing to respect the civil service; it is another to be satisfied that the organization of Government's internal administration is tailored to present day needs. I welcome the experiential application of the regional concept to Kwun Tong, and I know that the internal organization of many departments is being modernized all the time. But in my view, it is time for an indepth study of the Government's top management structure, with Unofficials, perhaps, being associated with it for we are, in a very real sense, part of the Government, if not of the executive Administration.

I also doubt—and I have said this before—I also doubt whether effective use is made of unofficials by the Administration and I am using the term unofficials here to include all who serve in an advisory capacity and not just members of Executive and Legislative Councils. As we prepare to enter the 1980s, I think we should take a long, hard look at our network of boards and committees at least with a view to satisfying ourselves that no adjustments are needed.

Needless to say, we Unofficials, on our part, must be ever conscious of our obligations to the consultative system and to UMELCO. The fact that we are nominated by the Governor and not elected places upon us a very special obligation to give freely of our advice and, as a corollary to this, the Administration, at all senior levels, should respect our position and actively *seek* our individual and collective advice.

I am labouring this particular top priority task, perhaps, but the fact is that, Hong Kong in the 1980s must be seen to be a self-confident place. Hong Kong in the 1980s will see a generation of young people with a will of its own and one that has neither inherited the same traditional values of its parents, nor experienced the hardships of national disorder. They know no

home other than Hong Kong and, whilst they are not, and will not be, insensitive to the geo-political realities which determine the way Hong Kong is governed, they will wish to be meaningfully—and I stress meaningfully— associated with the governing process. So there will be demands—legitimate demands in my view—for a widening of, and improvements to, our consultative system. If the generation of which I speak *is* meaningfully associated with the governing process, then the Administration will be better placed to predict group dissatisfaction and probably will become more tolerant of, and sympathetic towards the causes of dissent.

#### 4. *The Future*

I turn to my last top priority task, namely, the seeking of an acceptable settlement to secure our future. This is a delicate subject, but not one to be avoided and so I feel bound to say this: emphasis on the tripartite relationship between China, Hong Kong and Britain, sometimes tends to overlook that it is the future of this community of 5 million people and more which is at stake. Of course, Hong Kong's future is dependent, in diplomatic and legal terms, on the China/Britain relationship and this is true no matter how mutually beneficial may be the China/Hong Kong relationship. Your Excellency laid stress on the importance of developing a mutually beneficial commercial relationship between Hong Kong and Britain. I agree with this, but let us not forget that H.M.G. *does* have, in view of Britain's constitutional responsibility for Hong Kong, an *obligation* to this city no matter in whose favour is the balance of trade.

Sir, we are about to enter a new decade: Hong Kong people are patient and, in their own way, politically sensitive and sensible. But anxiety—and I am not just referring to the anxiety of investors—anxiety will become apparent if a solution to our political future is not sought and agreed within the next few years. Neither H.M.G. nor our own Government should forget that, for the vast majority of the people of Hong Kong, this is a matter of their very existence.

Sir, I support the motion.

MR. LEUNG:—Sir, may I also associate myself with the previous speakers in thanking Your Excellency for your address at the opening session of this Council earlier this month. Among the multiplicity of items of special interest to the community dealt with in the address, Your Excellency has spoken eloquently on and reminded us effectively of the 9 pieces of labour legislation which have been improved upon to provide increased protection to both the manual and non-manual workers of Hong Kong.

As a further step towards providing such welcomed protection to the working population, I wish to put forth my suggestion for a five-day working week in Hong Kong, in the hope that Government will conduct a feasibility study with a view to implementation in due course.

A five-day working week has long been the practice in most developed countries such as the U.K. and U.S.A., where most workers, both office and industrial, work 40 hours or less a week. At the present stage of economic development in Hong Kong, we cannot afford to emulate them in working fewer hours, in particular in the industrial sector where there is still a widespread shortage of workers. However, there seems to be no good reason why we should not start experimenting by adopting a five-day working week for our office workers.

The loss of 4 working hours on Saturday each week would not necessarily lead to a reduction in productivity. After all, most department heads and office managers are only too familiar with the Saturday syndrome which afflicts most workers: like the clothes they wear on that day, the mood is casual and few would have their minds actually on work. An extra day off in the week would give office workers more leisure time. This would help to boost staff morale, improve staff relationships and thereby lead to increased productivity in normal working days, thus compensating for the loss on Saturdays.

If the management is still sceptical of the idea of losing 1/11th of its staffs' working hours by having a five-day working week, an extra hour can be added to each of the five normal working days to make up for the loss. Given the opportunity of having two days off each week, many office workers would not hesitate to work an extra hour a day. In any case, a worker is geared for a full day's work when he comes to office, so an extra hour would not make too much difference. In fact, the overall productivity will most probably be increased as work momentum can be gathered and sustained more easily on a 9-hour working day than on a 4-hour Saturday. Besides, given a five-day week, staff would have less tendency to leave work over until the following week, thus increasing their overall efficiency.

A five-day working week would also save electricity and other normal office maintenance expenses. It should cost less to leave the air-conditioning on for an extra hour each day than to provide air-conditioning on Saturdays. Taking into account the lower productivity on Saturdays, the unit operating cost on Saturdays is much higher than that in normal working days.

Productivity apart, a main argument for a non-working Saturday is the saving of the time, energy and money now being spent by many office workers on getting to and back from work on Saturdays. Not many of us have the good fortune to live close to work. A two-way journey to and from work may take as much as three hours, which may not be too unreasonable if you work eight hours, but would be a most inefficient use of time for a 4-hour working Saturday. How much better it would be to work an extra hour or so each day during the week, leaving two days of full, uninterrupted holiday at the end of the week to be totally away from work, to relax, engage in leisure activities or family gatherings, or even complete household chores left over from the week by working wives.

A five-day working week would also help towards a more even distribution in the use of leisure and recreation facilities. The frustration of swimming in overcrowded beaches, queuing at restaurants and cinemas, shopping in jammed stores and supermarkets, and waiting for six months to get a reservation in a family camp in the N.T. are all too familiar on Sundays. Having Saturdays off would help to avoid the over-concentration of recreation activities on Sundays.

I understand that many Government offices are already enjoying the benefit of having alternate Saturdays off. However, I hope the Government can further extend the benefit and take the lead to start a five-day week for its employees. Some offices will inevitably have to remain open on Saturdays, so they will have to retain the alternate short-week system. But for those with no real need to open on Saturdays, the five-day week scheme should be introduced to provide employees with more leisure time and effect the saving of energy. If this scheme proves to be practicable, it will no doubt be followed by the private sector. Sir, I believe that a five-day working week will further improve the quality of life in Hong Kong, and I hope the Government will give this proposal serious consideration.

With these remarks, Sir, I support the motion.

REVD. P.T. MCGOVERN:—Sir, as the Official Members have yet to give us a more detailed exposition of several points outlined in your speech, it would seem pointless for me to enter into a detailed analysis of these unknown details. My guesswork might very well differ from the details as they exist in the official mind. I will therefore save Member's time by not venturing into the unknown (*laughter*).

I will keep to the subject which is becoming the main problem in the minds of an increasing number of our people both rich and poor, namely, housing. Some of the facts are known even though they are confused and complex, and as three Members have today already done, I am sure other speakers will touch on some of the complexities such as immigration and how to turn salt water into dry land.

As Your Excellency pointed out, in spite of an over optimistic target which could not be achieved this year, what has been achieved in the public sector is still a very high level of production. But a problem still remains and is increasing every year.

The increasing problem in both the public and the private sectors is that of costs. A solution to that problem must be found and must be found quickly. If not, we will have a situation where the cost of housing will be so far beyond the pocket of the ordinary citizen, or even perhaps the extraordinary multinational citizen, that either the new houses will remain unoccupied, or wages or their equivalent in housing allowances or subsidies will have to be increased to such an extent that we will be into a self-defeating spiral of inflation.

It has sometimes been assumed, in my opinion too easily, that the high cost of housing is due to factors beyond our control, such as the high cost of imported building materials. While this is partly true, there are some factors which are internal to Hong Kong and which it is within our power to control. One of them is greed, sometimes euphemistically called the profit motive.

I do not intend to attempt detailed proposals for solving the problem of the high cost of housing. It is a worldwide problem of long standing, suffered in Hong Kong in a more concentrated form. Many solutions have been tried elsewhere, and to a lesser extent here—building societies, co-operatives, home ownership schemes of many types. Whatever way the problem is tackled one thing seems clear. There will have to be, in some shape or form, much more Government interference with the private sector than Hong Kong has been willing to try up to now. The Holy Cow of Supply and Demand will have to be sacrificed. The beast is already dead anyhow (*laughter*) because it is now clear that the uncontrolled private sector (whatever it may claim in the past) is not able or willing to produce what we need at a price we can afford, and I stress the latter ‘at a price we can afford’. The situation cannot be allowed to continue in which speculators can buy and sell house property for large profits, sometimes two or three times over, before the building of the property has even begun. The result of this speculation is that the end user, whether tenant or owner, pays much more than is necessary or reasonable or just. That is one removable cause of inflationary high property prices.

If Government interference with that part of private enterprise has the effect of frightening off certain types of developers—or more accurately perhaps, speculators who have entered into some sort of, shall we say relationship with developers—my contention is that they would be no loss to the industry. Their withdrawal would be a gain for both the community and for honest developers. (Usually unreliable sources, by the way, inform me that in using the term honest developers I am not using a contradiction in terms.) I would also for fairness sake like to inform Members that since I last spoke on the subject of rent control, (and will speak again, I sit today happily with the prospect of a possible new ally) but since that time I have myself personally come across one non-profiteering landlord.

I propose a final thought for consideration and development by more expert minds than mine. At the base of the high-price property spiral is the high price of land. Seeing that Government has expressed the desire of taking the heat out of the construction industry, one way of doing so might be to offer land at a fair price as opposed to the overheated market price. This could be done by agreement with specified contractors who in turn would contract to build houses for direct sale to first owner occupiers at a correspondingly fair price. I suppose you could call it a private sector home ownership scheme.



I cannot see that honest developers would have any objection to this proposals as a fair profit would be included in the fair price. Nor can I see Finance Branch objecting to this proposal either since we have been assured that any relationship between the high price of land and the gain to revenue is entirely accidental (*laughter*). In the interests of safety I am sure the Finance Branch would be the first to welcome the avoidance of accidents and would favour sticking to the safe and narrow path of economic orthodoxy which deals with economically measurable estimates. Some of course might say that not charging the maximum price for land would be the equivalent of giving a subsidy to the construction industry. I would not look on it that way. I think it would be fair to describe such a policy as Government putting into practice the advice which Your Excellency gave to the private sector in paragraph 100 of your speech where as a remedy for inflation you advocated moderation even though 'this involves foregoing some short-term profit for the sake of long-term stability'.

However, the implications of such a proposal by which Government would give a good example of moderation to the private sector, could better be left over to budget time rather than discussed on this more pleasant occasion of supporting a vote of thanks (*laughter*).

### **Suspension of sitting**

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

*Suspended accordingly at half past four o'clock.*