

OFFICIAL REPORT OF PROCEEDINGS**Thursday, 1 November 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

Government business

Motion

Address of Thanks to His Excellency the Governor

Resumption of debate on motion (31 October 1979)

MR. PETER C. WONG:—Your Excellency, I shall be making two pleas this afternoon—one for the people of Hong Kong and one for the refugees in Hong Kong. For the people of Hong Kong I will plead for the early expansion of the new free legal assistance service, and for the refugees their speedy resettlement.

Legal Advice and Assistance Schemes

The legal advice and assistance schemes administered by the Law Society working closely with the Bar Association have proved very popular and are providing a much needed and long overdue service at a very low cost sub-vented by Government. A corps of some 170 voluntary lawyers provides free services in the case of legal advice and receive a very low fee from scheme funds in the case of legal assistance in court. Both schemes are imaginative and innovative, and are tailored for the needs of Hong Kong. There is no 'means test' and no 'merit test'.

The first of these schemes, a Free Legal Advice Scheme on civil matters, commenced in November 1978 when the Home Affairs Department, the New Territories Administration and some 80 voluntary agencies agreed to act as referral agencies for 2 Legal Advice Bureaus, one at Eastern City District Office and one at Mong Kok.

The scheme has dealt with applications for advice from over 1,500 people since January. The main areas of advice offered are:

- (1) Matrimonial—separation, divorce, maintenance, guardianship of children.
- (2) Landlord and tenant—protected tenancies, eviction for redevelopment, increases in rents, etc.
- (3) Contract disputes—simple breach of contracts involving small businesses, partnership break-ups, misrepresentation, employment, etc.
- (4) Inheritance and probate matters.
- (5) Compensation cases—accidents at work or involving road traffic, etc.
- (6) Enquiries as to legal obligations—tax provisions, noise pollution, etc.
- (7) Occasional enquiries from defendants in criminal cases not covered by the scheme.
- (8) Miscellaneous matters.

At present 5 lawyers per week attend Mong Kok and 3 attend Eastern. The lawyers at the advice centres do not receive any remuneration at all. This month the scheme will open a third bureau in Wong Tai Sin City

District Office utilizing the service of 3 more lawyers. In fact, this bureau, Your Excellency, will open on schedule tonight. This is to meet the increasing demand in East Kowloon. It is felt that there is a need for 2 more centres on the Island and 3 in Kowloon and the New Territories.

The scheme is entirely flexible with the minimum of formalities. Emergency cases are dealt with by the Administrator who is legally qualified. In all cases some follow up action is available and if further appointments are necessary they are arranged.

The second scheme, started in January, is for limited free legal assistance in Magistrates' Courts, where legal assistance from the Legal Aid Department is not available. The concept is quite different from the criminal legal aid scheme administered by the Director of Legal Aid. This new scheme, served by about 100 practising lawyers, operates at 3 Magistracies, Causeway Bay, San Po Kong and North Kowloon.

It covers the following offences which are referred to as scheduled offences:

- (1) Membership of, professing to be or acting as a member of an unlawful society—(section 20(2) of Societies Ordinance.)
- (2) Loitering—(section 160(1)(2)(3) of Crimes Ordinance.)
- (3) Unlawful possession—(section 30 of Summary Offences Ordinance.)
- (4) Going equipped for stealing—(section 27 of Theft Ordinance.)
- (5) Obstructing police officer and resisting arrest—(section 36(b) of Offences against the Person Ordinance.)
- (6) Possession of Dangerous Drugs—(section 8 of Dangerous Drugs Ordinance.)

Assistance is offered to all defendants charged with scheduled offences in the 3 Magistracies. Up to the end of September, the scheme has dealt with 2,821 cases involving 3,036 defendants. An examination of the latest facts and figures reveals the following:

- (1) Average cost per defendant \$440.
- (2) Average cost per case \$474.
- (3) 2,821 cases handled involving 3,036 defendants on 3,367 charges.
- (4) 'Possession of dangerous drugs' and 'loitering' headed the list of charges (44% and 24% respectively).
- (5) The high acquittal rate (54%).
- (6) 374 defendants declined assistance (11%).

Demand for free legal service is steadily growing. The principal aim is to establish a legal advice bureau in every major area of population concentration and to offer legal representation in the remaining 5 Magistracies, Western, South Kowloon, Tsuen Wan, Kwun Tong and Fanling. It is a move that will be welcomed by all sections of the community.

The service is cheap to run, efficient and has considerable human resources in the form of 170 trained legal minds at the public's disposal. The cost of running the 2 schemes is 3.2 million dollars a year. It is estimated that with

a further 2.8 million dollars, it would be possible to meet the expansion envisaged. In other words, for 6 million dollars at current prices, it would be possible to run 8 legal advice bureaus and offer legal representation in all the 8 Magistracies in Hong Kong to all people arrested and charged with scheduled offences. Manpower is available and the Administrator is confident that he has sufficient human resources at his disposal to cope with the proposed expansion.

Priority should be given to geographical expansion, but at a later stage, consideration should be given to broadening the range of legal advice and increasing the list of scheduled offences. All offences of dishonesty and all offences against the person tried in Magistracies should be brought within the ambit of the scheme, and only then will Government be able to claim the provision of an independent and comprehensive legal assistance service for serious offences in the Magistracies. The significance of this service becomes more apparent when one realizes that more than 90% of our criminal cases are tried in the Magistrates' Courts, which are empowered to order custodial sentences of up to 3 years. And the people tried in these courts are the ones least able to afford legal representation.

Your Excellency, without your personal interest the 2 schemes would not have materialized so quickly. It is most reassuring to note from paragraph 62 of Your Excellency's Address that the question of expansion will be reviewed at the end of this year. The demand for free legal service is growing and will continue to grow. We look forward to Your Excellency's continued support and guidance.

Refugees

I now turn to the subject of refugees. I make no apologies for bringing up this subject as the exigency of the situation calls for constant attention.

In September this year, I attended as an observer from Hong Kong, the 15th Australasian Regional Conference of the Commonwealth Parliamentary Association held at Perth. At the conclusion of the Conference on Friday, September 7, a motion was put forward to congratulate the Hong Kong Government on the magnificent humanitarian job it is doing in assisting Vietnamese boat people. During the debate on this motion I said that of the 70,000 refugees who had arrived in Hong Kong this year, only about 8,000 had been resettled elsewhere, and that Australia had taken 268 refugees from us. This motion was unanimously supported by all delegates to the Conference.

While we are pleased to receive such congratulations, the main requirement for Hong Kong is an increase in resettlement places. Hong Kong has now the largest number of boat refugees in the whole of Southeast Asia, whilst its rate of resettlement is still amongst the lowest. Up to October 15, 72,853 refugees had arrived while only 14,431 refugees had been resettled. The great majority of those resettled went to the U.S.A., the next largest groups

went to Canada, U.K. and West Germany and of the remaining countries only Australia and Ireland have reached three figures. Since October 15, the Netherlands have also reached three figures.

Departures from Hong Kong as a percentage of arrivals in 1979 is 18% yet in the case of Malaysia for example, it is 100%. I appreciate that in quoting statistics one can use them to prove almost anything. I also appreciate that one must take account of the number of boat people in individual countries in the region at the beginning of this year. Then Malaysia had 50,000 boat people and Hong Kong had 5,400 but even if one takes those totals and adds arrivals for 1979, departures in 1979 show that only 17% of the total have departed from Hong Kong compared with 54% in Malaysia and 36% in the Philippines.

So Hong Kong's need is for a rapid build up in resettlement outflow. This was emphasized by Your Excellency in paragraph 12 of your Address. I therefore call upon developed countries, and in this category I appeal especially to Commonwealth countries, that in addition to congratulating Hong Kong on its humanitarian efforts, they should also offer more places for resettlement in their countries. The refugee problem can only be solved by international effort. Hong Kong has done, and is doing, all it can and we hope that the international community, in particular the Commonwealth countries, will do the same.

The plight of the refugees and our own excruciating dilemma were high-lighted by Your Excellency at the Geneva Conference on July 21 this year. World leaders must accept that the refugee problem is a world problem and not just Hong Kong's and accept responsibility for their speedy resettlement. It is the accepting of this responsibility that will give credence to their professed concern. If they did, and indeed they must, it would go down in history as one of the finest manifestations of humanity.

Sir, I support the motion with pleasure.

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

督憲閣下：有關閣下之施政報告，本人欲集中討論市區行政及房屋問題。

在市區行政方面，閣下清楚說明政府「必須經常蒐集民意，參考建設性的批評，然後才能制訂出政策和計劃。在探求和預測一般民意方面，政府已花費許多心思和作出很大努力。」政府採取這種態度，實在是令人感到欣喜的；而事實上，政府亦在行動上，表現這種決心。正如民政署長在最近的公開演說中所臚列，在政府的努力下，市民可透過不下十多種方法或安排，表達意見。表面上看來，政府已盡了很大努力，也可以因此感到自豪。不過，必須指出的是政府的各項安排，在極大程度上都是被動式的，要倚賴市民採取主動去投訴或表示意見，只有極小程度上是主動走向一般市民（尤其是沉默的大多數）徵詢意見；即使有所主動徵詢，也是環繞政府某一措施或計劃而進行。姑且撇開統計學上的嚴格要求不論，這些徵詢最多只能獲得部份勇於發言市民對某些專題的意見，而未能使政府充份知悉或進而瞭解極大部份市民在某一時間內所真正關注的問題及意見。坦白而言，本人認為在主動蒐集民意方面，政府在實際行動上，仍然大有改善的餘地，距離可以自滿之境，相當遙遠。

Director of Home Affairs pointed out in a recent public speech, through the efforts of the Government, members of the public can now make their views known through more than ten channels. On the face of it, the Government has done a great deal in getting in touch with public opinion and can be proud of its achievements. I must point out, however, that the Government's arrangements are, to a very large extent, passive and dependent on the people taking the initiative to lodge complaints or express their views. Only to a very small extent does the Government take active steps to solicit views from the general public (the silent majority in particular); and even when this is done it is generally issue or programme orientated. Even leaving aside the strict statistical requirements that are generally associated with public opinion surveys, such surveys will, at most, bring forth only the opinion of some outspoken people on certain topics. They will not, however, enable the Government to know or fully appreciate the real concerns and views of the great majority at a given time. Frankly speaking, I think that as far as taking the initiative to actively solicit public opinion is concerned, the Government's present performance still leaves much to be desired, and is quite a far cry from the state that merits complacency.

With regard to the proposal of creating Management Committees in City District Offices, I have no objection to the idea but I do believe that serious problems will arise in its actual implementation. There are of course advantages in the regionalization of administrative staff of some Government departments, for naturally they will gain a better understanding of local problems, have more intimate feelings of local needs, and exhibit deeper sympathy and greater sincerity for seeking solutions to those problems. However, there is a good number of problems associated with regionalization, particularly with regard to human, financial and other resources. For example: which rank of departmental officers should be transferred to head the various districts? If the rank is too low, the officers concerned may know too little about their own departments and the overall Government machinery, they will also have insufficient authority to deal with problems. On the other hand, the deployment of too senior officers to a district may easily lead to a waste of manpower and is analogous to the Chinese saying of 'using rather unnecessarily an ox-cleaver to kill a chicken'. Moreover, on account of the officers' high position, Parkinson's Law will soon come into effect in that more and more assistants will be required, thus building up a pyramid of redundant staff that unnecessarily increases administrative expenses. To look at the matter from another angle, if the posts of departmental district heads are taken up by senior officers, naturally the co-ordination from the Home Affairs Department have to be an officer of an even higher rank. This is a matter that requires serious consideration. I am of the opinion that the key to success in co-ordinating work lies in mutual understanding and the sincere co-operation of staff from various departments, and not in subserviance of less senior officers to a co-ordinator of a higher rank, especially when he is not their direct superior. I think, therefore, that the

appointment of a high-ranking officer as a co-ordinator does not necessarily guarantee the success of co-ordination.

Nevertheless, I fully support Your Excellency's view that the Government should achieve the involvement of 'a wide cross-section of responsible leaders in the process of advising, warning and stimulating the Government about administration in their own area'. It is hoped that the Government will review the consultative system now in force in the various districts, extend the spectrum of representation, and vest the consultative machinery with a certain degree of authority, even in financial matters if necessary. By so doing the people involved will realize better the significance of their responsibility and the importance the Government attaches to their views. Such a situation will definitely enhance the effectiveness of urban administration.

In the field of housing, I am very glad to know that the Government is looking for ways to assist families with an income of more than \$5,000 a month. However, I am quite disappointed at the Government's decision to reduce the annual production of public housing units. Of course, it is quite understandable that the Government adopts the measure with a view to cooling down Hong Kong's over-heated economy and curbing inflation. However, as everyone knows, housing is one of the most serious problems confronting the people of Hong Kong. Though problems in the fields of transport, social welfare, education and so on are significant, most of them are being adequately dealt with. The housing problem, however, is continuously disturbing a vast number of people. Many of them have to spend half of their monthly income on housing. Such a ratio is inordinately high whether by Asian or world standards. To better the lot of the people of Hong Kong, it is essential that the Government should give top priority to tackling the housing problem. Several years ago, the Government started the construction of the MTR with great courage and perseverance. I hope that in handling the housing problem, which is more serious than the transport problem, the Government will show still greater courage and perseverance. Many valuable suggestions in this connection have been made, such as selling more Crown land and stepping up Government intervention in the real estate market to check profiteering activities. All these suggestions deserve careful consideration by the Government. In my opinion the Government should not lower the target of public housing units to be produced. If possible, the Government should review all public construction programmes and postpone the less important ones so as to redirect manpower and resources to public housing projects. This will more in accord with the wishes of the people and will understandably have their support.

Finally, I would like to mention briefly the question of improving personnel management in the civil service. The establishment of the Standing Commission on Civil Service Salaries and Conditions of Service is, in my opinion, a positive and very significant step in this direction. That the Commission has completed two important reports within so short a time deserves to be congratulated.

I look forward to reading soon the Commission's recommendations on ways of improving communication and solving other problems between the Government and its employees. When talking about problems in the civil service, both the Government and the public are prone to have the misconception that an upward revision of salaries is the panacea for all the problems. In fact, my personal contacts with some civil servants suggest something different. Very often, discontent among civil servants are caused by mismanagement on the part of high-ranking officers, lack of communication and understanding between the upper and lower echelons, or the bias or unfriendly attitude of some senior officers. All these, I hope, will eventually be rectified through the efforts of the Standing Commission on Civil Service Salaries and Conditions of Service and the Government departments concerned.

Sir, I support the motion.

DR. HUANG:—Sir, in congratulating you on your annual policy address, may I say how heartening it was to hear of the progress made over the past year in so many aspects of the work of Government. I would cite the introduction of the legal aid and advice schemes, for which my colleague Mr. Peter WONG spoke, most persuasively, a few moments ago, the increased provision for cultural and leisure activities, especially with young people in mind, and the amendments to the Labour Ordinance.

I was particularly heartened, Sir, by the emphasis you placed on the increasingly comprehensive network which is being established of advisory and consultative bodies and of avenues of approach to Government. This is a matter to which I ventured to draw the attention of this Council this time last year as warranting closer scrutiny and development. You have said that Government must be constantly looking for ways of improving the system and constantly reassuring the public that their views are taken into account when policies are formulated and when actions are decided upon. We have all welcomed the creation of information-gathering agencies and consultative bodies, and the gradual introduction of machinery for the airing of grievances and complaints. The Hong Kong population in general is much better educated than it was, a phenomenon in itself brought about partly by Government's policy in recent times to make education more available, and, as a result, an increasing number of people are concerned with community problems and rightly expect to be informed and consulted on general issues which affect them. It is a community which is increasingly looking ahead to the future and is attempting to be constructive in its approach. It welcomes planning, as it regards the future as both controllable and in need of control, and it sees itself as part of that future. This sense of responsibility in turn derives encouragement from the responsiveness of Government and from a shared understanding of the issues which confront us.

A climate of trust between Government and the community can only be engendered when the dialogue is both ways and when both Government

decisions and Government decision-making processes alike are open to public scrutiny. Government should not only listen to the advice it receives but should also give its reasons when it does not take that advice. If it feels that there are compelling reasons for adopting an alternative course of action it should explain what these are, and if it is forced by circumstances to cut back on any of its programmes it should explore other methods of tackling the problems which these programmes were designed to alleviate. If it neglects to do this an impression will be left that, though a channel of communication exists, it stops at the walls of Government.

The past few years, which have brought rises in oil prices, an economic recession and an influx of refugees and illegal immigrants, have not been easy for the ordinary citizens of Hong Kong. To their patience, forbearance and sheer hard work our present relative, and perhaps a little precarious, prosperity is attributable. The brunt of any reduction, however necessary, in the pace of social progress is borne by the ordinary worker and he is entitled to know as fully as possible the reasons for delays.

Some start has been made in bringing about a climate of trust in the field of education and I think it is true to say that as a result of the more open forum in this area the public recognizes some of the problems which Government faces and has some sympathy for them. The Green Papers referred to in your address, Sir, have proved to be a valuable means by which we receive information on Government thinking before decisions are made, and views expressed during the decision-making process have been seen to affect the outcome. But, even with regard to education, this process has not gone far enough. Once made, decisions tend to be followed through with too little consultation about the methods of implementing them and too little dialogue about consequential developments. The people of Hong Kong, for example, would undoubtedly welcome a review of the educational system in its entirety, rather than on a piecemeal basis, and now, rather than when we have been overtaken by events. They would like to be in a position themselves to relate cause to effect throughout the entire spectrum of the educational network and to think through with Government the various opportunities and openings which their children will have over the next decade or so. Unless they can do this, they will continue to be vexed by doubts and uncertainties about the future. Thus, for instance, the question of teacher training is of direct relevance to education in general; the curriculum for any one year or group inter-relates the pyramidal school structure with the curricula for other years; the provision of facilities for mentally handicapped children is the reverse of the coin of opportunities for the very bright; our public examinations system guides, in fact to a large extent determines, the future and the educational opportunities for our young people, channelling them into a variety of career structures: all these are related issues in the general theme of education and should not be separated into watertight compartments.

Elsewhere in the field of education, Government is to be commended for the recognition and support which have been accorded to the post-secondary colleges which, as a result of extensive public consultation and open discussion, have now been brought within our main educational stream. The colleges have now been provided with a sound financial basis and will afford more opportunities for fifth and sixth form leavers who wish to further their education and have the ability to benefit from it. What is needed at this stage is the establishment of a system of periodic review of registration: to scrutinize standards, to ensure that they are consistently maintained by colleges already registered, and possibly also to examine the claims which other institutions might make from time to time for similar recognition.

This new scheme for the post-secondary colleges also provides, according to the White Paper on Senior Secondary and Tertiary Education, that they may offer for their most able students up to five years of full-time education beyond the O-level stage. This, together with the likelihood of the Polytechnic's mounting a limited degree programme in areas not already covered in Hong Kong, will mean an expansion in the opportunities for tertiary education up to degree level.

All these steps are welcome and have been brought about as a response to public expectations and to meet the needs of an expanding economy. However, this is merely the first step and must be followed through. Students who are thinking of availing themselves of the opportunities afforded through these institutions should be able to count on standards being maintained and on full recognition of the level they have attained. By the same token, the potential employers of these graduates will want to have assurance of the standard of their education. Again consideration of these matters may well have been taking place within Government but little has been made public so far on the introduction of a system of validation for the courses and on the mechanism by which degrees may be conferred. This may indeed form part of the function of any independent body which is ultimately set up to review the registration of post-secondary colleges, but whether or not this is the case, the competence, integrity and independence of the validating body must be guaranteed.

In your address, Sir, you have reviewed the economic situation of Hong Kong and adumbrated future developments. Little public consultation seems to take place on many of the economic issues which affect us all and the public is all too often left with the impression that, in Government's eyes, the economic plight of the individual is subservient in the long run to the prosperity of large companies and corporate institutions. You have mentioned measures taken in this year's budget to restrict public expenditure and to reduce money supply and demand. These steps are welcome and necessary but the public should be assured that economic policies adopted are carefully devised and well-founded. With the increasing Government intervention in the economy, it is important that more open contact be established between

Government and avenues of informed opinion such as the Universities so that the effectiveness of alternative economic policies can be evaluated as thoroughly as possible.

In this connection, I should like to draw attention to a comparatively neglected area of economic policy within the scope of manpower planning. The Government has in the past few years taken welcome measures to improve the welfare of workers. The time is now ripe to do something about improving the quality, flexibility and utilization of our labour force. At present, there appears to be no overall manpower policy aimed at balancing the demand for and the supply of different types of labour at a given time. For example, training centres are established only after a severe shortage of a particular kind of labour has created an emergency situation. Better utilization of manpower can often be achieved by training in advance those workers likely to be in great demand.

Finally, I should like to reinforce the points made by a number of my Colleagues, including my Friend Mr. WONG Lam just before me, on a question of vital importance to everyone, that of housing. This has now become a matter of the gravest concern, a problem of fearsome dimensions and one which the Government should seek to resolve by immediate as well as long-term measures. While there is little doubt that the Government has achieved considerable success in the provision of public housing, it is disappointing that over the next few years the production of Government housing will have to be reduced from the original target of 45,000. Moreover, the expectation that the private sector will maintain over the coming years its present level of about 30,000 flats a year is unlikely to be fulfilled, for land and construction costs have been rising steeply while the purchasing power of flats must sooner or later fall. There will thus be a decreasing stimulus to the private sector production of housing on the one hand and an increasing demand for accommodation on the other. Rents will thus continue to rocket in the immediate future and the disturbing phenomenon of housing passing more and more into the hands of speculators will worsen. It is essential that every possible measure be taken now to bring this matter under control.

One such measure open to us is, of course, the control of rents. The extension for a further three years of the present rent increases control legislation is welcomed as it will certainly reduce the hardship of many people. Yet no housing completed after 15 December 1973, is subject to control. This might have been a sensible formula at the time the present legislature was first drawn up in 1973 as it encouraged new housing development in the private sector. Unfortunately this concession over controls appears to have been abused by speculators, and prices have reached levels which can only be termed ridiculous when compared with the purchasing capacity of would be owner-occupiers. If it is not possible to reconsider this concession I would urge that consideration be now given to extending the coverage of

protection step by step. Specifically, the present regulation could be extended as from next January to all housing completed between December 1973 and December 1974, and as from January 1981 to all housing completed between December 1974 and December 1975, and so on. This would at least have the effect of increasing the number of tenants under protection and at the same time fulfil the Government's promise that all new housing would have five years of freedom from any rent controls. To further enlarge the circle of tenants to be protected Government might also explore the possibility of extending the present rent controls to fresh-letting, although admittedly this might prove difficult to administer. It must be emphasized, however, that rent control can only be a temporary measure to combat the problems at hand. For the long-term there is no alternative solution to an increased production of housing and to this Government must without delay address itself.

With these observations, Sir, I support the motion.

MR. YEUNG:—Sir, the cautious optimism expressed in your address and your assurance of Government's determination to continue the long-term goal in respect of our economic and social development are most encouraging at a time of such world-wide economic uncertainty. It is not only warmly welcomed by the people but also serves to reassure those who invest here and those who trade with us. Subsequent to your address, Sir, the certainty of Hong Kong's political and economic future has been openly re-affirmed and the important role Hong Kong will, and is expected to, play in the future has gained undisputed recognition.

Hong Kong has been faring very well in the past, but we must not be complacent. For the purpose of sustaining our prosperity and usefulness internationally, it is imperative that we must arrange our internal affairs and mould our young generation to meet the new challenges and to satisfy the demands of our future trading partners.

In this context, I would like to take this opportunity to raise the subject about the future use and development of languages in Hong Kong.

At present English is the dominant language used here as the medium of communication by both the commercial and public sectors, and particularly in trading with the outside world. Since English is the second commonest language in the world used by 10% or more of the world population in 34 sovereign countries, if Hong Kong is to play its international role efficiently and effectively, the standard of English of our young people should not only be maintained but should be improved.

On the other hand, the use of Chinese should not be slighted either. Basically Hong Kong is a Chinese community. The Chinese as a race take up one fifth of the world population and China as a country is the third largest in the world.

Consequently it is beyond any doubt that for the future of Hong Kong the use of the Chinese language must be promoted in parallel with the use of English so that Hong Kong can continue to offer its secondary and tertiary industries and services as well as serving successfully as a bridge between China and other countries. This factor has gained particular importance now that China has launched herself into the full spectrum of world activities and will remain in all probability as a prominent figure in the world scene.

The written Chinese language has two versions, (namely, the literary version and the new version) and two forms of characters (namely, the old characters and the simplified characters). Presently the most commonly used and accepted form of written Chinese in Hong Kong is the new version with the old characters whilst the simplified form of characters is used, and in the process of further development, in China. However, we must not forget that language besides acting as a medium of communication also serves as a means for the preservation of culture. One cannot appreciate Chinese culture without mastering the literary version of written Chinese.

With spoken Chinese the same intricacy exists. There are many Chinese dialects but Cantonese is most commonly used by the Chinese community here. Not so many people in Hong Kong know how to speak Mandarin properly, including myself, and its teaching has so far not been promoted. But according to the Guinness Book of Records the most common language in the world is Mandarin, being used by about one seventh of the world population.

From here where shall we go. It is obvious we must set our aim and make our choice regarding both our spoken and written Chinese at the right time. Now is the right time, Sir. In setting our aims we must be far-sighted, rational and unbiased and our choice must be bold and practical. The future of Hong Kong and our young generation must outweigh all other considerations.

My personal view is that the choice must be the promotion of the use of Mandarin as a spoken language, the new version with simplified characters for written Chinese.

Sir, it is my pleasure to support the motion.

DR. HO:—Sir, from your wide-ranging annual review, I was particularly pleased to learn that the bulk of our social development programmes are on target, in spite of the various anti-inflationary measures taken last year. On this occasion, I would like to address myself on two points of policy interest.

Welfare Class Review

Your Excellency referred to the shortage of trained manpower for social welfare services in your address, and left it to the Director of Social Welfare to explain later in the debate what would be done about it. I would, however, like to point out that before any manpower measure can begin to take effect in turning out more trained social workers, it is absolutely essential to retain

all existing qualified personnel in the service. According to the 1979 man-power study conducted jointly by the Social Welfare Department and the Hong Kong Council of Social Service, the staff turnover rate in the Social Welfare Department was 5.3%, in the voluntary sector 19.3% and nearly 25% of the social workers who have graduated over the last nine years have left the welfare field altogether.

I understand that the Social Welfare Department has restructured the welfare class with effect from 1 April 1979, so as to re-grade and improve the conditions of service of certain posts in the Department. A two-year cadetship training scheme is about to be implemented for the purpose of enhancing the career structure of holders of the Social Work Diploma awarded by the recognized post-secondary colleges. However, all these measures apply only to the civil service employees in the Social Welfare Department.

The ramifications of the changes in the Government could have disturbing effects on the voluntary sector which currently engages almost 66% of the social welfare work force. Both future and present Social Work Diploma holders from recognized post-secondary colleges will inevitably be attracted to join the public service in view of the advantages arising from the cadetship training scheme. The voluntary agencies will therefore, be unable to recruit these Diploma holders. Because of salary disparities there is likely to be an outflow of social workers from the voluntary sector to the Social Welfare Department. For those social workers who are unable to switch over, they will be unhappy about the pay differences. Consequently, their morale will suffer and their efficiency will be affected. Ultimately, there is likely to be a disproportionate distribution of trained manpower between the public and the voluntary sectors, thus jeopardizing the complementary role of the latter as a partner in the provision of services. I therefore urge the Government to consider extending the provisions of the welfare class review to the voluntary sector.

Elderly as Providers of Services

I now turn to my second topic. The White Paper on Social Welfare indicated that among other areas of concern, the Government has given due recognition to the urgent needs of old people aged 60 and over, who constitute 10% of our present population. To promote their well-being, the Government has formulated a package of programmes designed to ease the financial hardship of the elderly by means of various social security schemes; to enable them to continue to live with their families or to remain in the community through the provision of a wide range of community support services, such as community nursing, home help and multi-service social centres; and finally to provide institutional, residential care for those senior citizens who cannot, for health or other reasons, live with their families or on their own.

No doubt, these services are essential for keeping our old folk in the community. But they all have the same effect of reducing our senior citizens

into passive recipients of services, consumers of resources and dependents of our social systems. In order to truly integrate the retired, elderly persons into our community, they must be made to feel that they have a place in our society; that they participate in productive and meaningful activities; and that they have something to give, not just to take.

In Hong Kong, a good proportion of our elderly people are physically and mentally alert, and are willing and eager to take part in organized volunteer services. Voluntary activities undertaken by senior citizens, however, have not as yet received much attention here. I therefore urge the Government to take the initiative in promoting this in the social welfare sector for there are many opportunities in which our elderly citizens can participate. I offer some examples.

They can work with children in a variety of institutions. They can attend to children in day care centres, comfort the sick in the paediatric wards, teach children with speech defects to speak and help the blind children walk with canes. They can also help to feed the physically handicapped, bathe and dress the mentally retarded and tell stories to the abandoned and neglected. The function of the volunteer workers is to provide additional parental care, concern and affection.

Secondly, these volunteers could run a variety of errands for other adults who are incapable of doing some chores for themselves. For instance, they could take an active part in the meals-on-wheels service for the elderly crippled, go shopping for their ailing counterparts, sew and mend, read and write letters for the illiterate, or assist young mothers to take care of their new-born babies. In short, these volunteer helpers could act as auxiliary attendants to meet the needs of other people for certain concrete services, so that they can make the lives of less fortunate persons more comfortable and cheerful.

Thirdly, they could visit the sick in hospitals and homes, cheer up the depressed, encourage the introverted to socialize or simply provide companionship to the elderly, detached persons. In so doing they will brighten up the lives of these people.

The benefits that accrue to the elderly volunteers themselves are multiple. They acquire a new sense of independence and satisfaction, thus fostering the development of self-confidence and self-esteem, and gain insight into the aging process as a result of helping others to overcome their problems. More important they attain a feeling of social usefulness and personal worth. The very fact that they provide a useful and much-needed service to the community is the most potent instrument there is to shatter the prejudice that they are a burden rather than a resource to the society.

To tap this large pool of voluntary participation it would be necessary to establish some form of machinery to recruit these volunteers; provide them with some basic skill and knowledge; match the particular assignment in

accordance with the aptitude of the volunteer; and provide supervision wherever necessary.

Elderly people do not subsist on bread and shelter alone; they want to be recognized as useful members of the community. Voluntary activity is a practical form of social participation ensuring self-fulfilment and satisfaction for the volunteer. Modern medicine adds years to life; but a caring government adds life to years. I, therefore, call upon Government to seriously consider enlisting the assistance of our elderly citizens in the fields that I have mentioned so as to turn these elderly citizens into providers of service and promote their independence. As the Chinese saying goes, ‘To be aged, and yet to be useful (老當益壯)’.

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

MR. ALLEN LEE:—Your Excellency, my Unofficial Colleagues have already expounded on a number of subjects; my particular interest lies in labour, housing and the economy.

LABOUR

Legislation

Hong Kong industrialists accept and welcome legislation to protect workers and improve their working conditions. Employers value highly the well-being of their workers. Indeed, without skilled labour, the development of industry would be impeded. It is, however, worth remembering that labour legislation must be considered in the light of the special conditions of Hong Kong to ensure the continued viability of its industry, and that the process of consultation so well applied by Government should be continued.

Industrial Training

To keep pace with and, indeed, to make up for ground lost due to growing competition from neighbouring countries, it is imperative that a comprehensive industrial training scheme be implemented rapidly. At this point in time, it cannot be emphasized strongly enough that we must raise the skill level of our industrial workers quickly, if we are to remain competitive in the years to come. Low-end products will be out in the near future. We have, on the one hand, growing competition from countries such as Indonesia, Philippines, Malaysia and Singapore, on the other, competitors such as Taiwan and South Korea whose export performances have outstripped ours in the recent years. In addition, the modernization of China, although involving partnerships in many spheres, also represents intense competition for our low-end products in the near future. If the manufacturing sector is to remain viable and competitive we must have a highly trained labour force in order that industry can keep pace with advances in technology. I therefore await with much interest the views of the Advisory Committee on Diversification on how to finance a

comprehensive training scheme which again must be implemented as soon as possible.

ECONOMY

Exports

I am delighted to see the positive measures taken by Government to reduce internal demand, with the exception of housing on which I will speak later, and shift the distribution of resources back to the manufacturing sector. The export sector is grateful and, although statistics show a marked rise in its performance, it is difficult to quantify how much this rise is due to the monetary measures taken, and how much to the fact that this is traditionally a high season. Nevertheless, it cannot be denied that the sharp increase in export performance has been due partly at least to the Government's measures. We must, however, remain vigilant and take quick action if necessary.

Inflation

There is a definite need to curb inflation, both imported and domestic, which is currently running at about 11 per cent. It is difficult to control imported inflation due to accelerating world prices. A strong Hong Kong Dollar should, however, help and this can only be achieved through increased export-earnings to further reduce our trade deficit. It is gratifying to see that this is indeed happening. Similarly with the help of the community, domestic inflation could be eased by discouraging speculation.

Oil

The oil situation will play a dominant role in our economy through the 1980s and I urge the Government to consider seriously formulating an energy policy for Hong Kong with the following priorities:

- (1) the use of oil by public utilities
- (2) the use of oil by industry
- (3) the use of oil (electricity) by domestic households.

Energy saving through education, efficient electrical appliances, proper building insulation, expanding oil storage facilities to hedge against shortages and price escalation, etc., are all possible measures which the Government could introduce through an energy policy committee, working in consultation with relevant established institutes.

World Economy

We have to be prepared for the expected significant decline of growth rate in our world markets, and I completely agree that the strategy lies in trading up by manufacturing new and better products, and seeking new markets. Government subvented trade and industrial organizations could conduct industrial market research, improve product design and promotions and introduce new technologies.

HOUSING

Before I close, I must express my opinion on the Government's housing policy. A subject many of my Colleagues spoke before me. I was greatly disappointed to hear that in 1979, Government's production of flats will be only 35,000 units and not the planned 45,000. Regardless of the reasons for this reduction, it is the less-privileged families who will now suffer longer. Although the private sector production of flats is 30,000 units for the year, it is aimed at middle and high income earners. The Government should expand the Home Ownership Scheme, which has proved both necessary and popular with relatively fast recovery of capital. The Government should also consider raising the income limit for qualification from HK\$5,000 to HK\$8,000 per family, as it is extremely difficult for families to purchase their own flat 600 to 700 sq. feet as the current market price is between HK\$400,000 and HK\$500,000. I regard housing as one of our most critical domestic problems and it certainly deserves further consideration.

With these remarks, Sir, I support the motion.

MR. NEWBIGGING:—Sir, your opening address provides Hong Kong with grounds both for satisfaction regarding the progress that has been made in a difficult year and also, in general, optimism about our future.

However I would like to start by making three brief comments on the economic sphere.

First, *inflation* remains our 'public enemy No. 1'—an expression I used in the debate on the budget speech on 29 March this year. I believe this applies with relatively greater force today because the importance of some of our other 'enemies' appears to have receded since then, while inflation has intensified—much of this being imported. I have no alternative strategies to offer to those being implemented by the Financial Secretary, which I consider offer Hong Kong the best chance of winning this battle. But, if the last decade is anything to go by, any society with inflation of 10% or more is a society at risk and we must not forget this.

Secondly, Hong Kong's *Exports* and re-exports, which have performed magnificiently this year and are playing an important role in bringing our economy round, are now faced with uncertain prospects in their major market—the United States. The pioneering and development of other markets has so far more than offset a lack of growth in the U.S. market, but the depth and duration of the recession being predicted for the U.S. and its impact on other economies important to Hong Kong can only be guessed at. Having said this, however, I would only comment that many of the problems which the U.S. appears to face could be described as psychological—which create a lack of confidence—whereas their own balance of payments has in fact improved quite significantly this year.

Thirdly, there is the question of our *invisible* trade. You, Sir, referred to the growing sophistication of Hong Kong's economy. Consistent with this

trend is the growing importance of those service sectors of our economy whose activities generate our invisible trade. I say 'growing importance' because there is circumstantial evidence to suggest this but, unfortunately, in overall statistical terms, we still do not really know. I consider—and I have mentioned this twice over the past year in this Council—that this knowledge gap concerning what is probably a large sector of Hong Kong's economy to be a weakness of Government. With regret, therefore, I must record my concern at the apparent lack of progress being made towards filling it, despite assurances to the contrary.

I believe that a number of the developments of recent months—particularly in our external relationships—have made an important contribution in terms of Hong Kong's prospects for future stability. Without attempting an exhaustive list I would single out the excellent triangular relationship between London, Hong Kong and Peking and also, Sir, the extension of your own term as Governor. These and other developments suggest that we should take a longer term view of Hong Kong's future than has been possible in the past.

The implications of taking this longer view are important as much for today as for ten years from now. Despite many daunting problems, I suggest that Hong Kong will achieve its massive social objectives, particularly in housing and the creation of new towns, while continuing to make economic and industrial progress. To achieve this, however, we cannot be faced with periodic and unpredictable population explosions outside our control, and you emphasized this in your address.

In considering Hong Kong's future we must also consider what kind of Hong Kong we want to see once these primary, basic objectives have been achieved. In particular we must consider the quality of life that the people of Hong Kong will then be able to enjoy without, hopefully, destroying their will to work.

For the massive effort involved in 'lifting the life of Hong Kong on to a plateau', to quote the words you, Sir, used in last year's opening address, will have been to little avail if that life is one of industrial squalor and pollution.

Given foreseeable population pressures and the economic imperatives affecting Hong Kong, the noisy, dirty, and crowded conditions which affect so much population today could seem like paradise by comparison with the situation in ten years time, unless vigorous policies are implemented soon.

The problem is of course highly complex. On the one hand we must be careful to avoid the environmental red tape that has rendered sensible industrial development in many parts of the world virtually impossible: on the other hand we should enable the authorities to come down sharply on the mindless abuse to which so much of our beaches, surrounding waters and country parks—which as you reminded us occupy some 40% of Hong Kong's

land area—are subjected. This abuse would appear to reflect a here-today- gone-tomorrow mentality which is quite inconsistent with the constructive view of Hong Kong's long-term future which I feel all strata of our population should be encouraged to adopt.

There have of course been marked improvement in some aspects of our environment in recent years. However, while recognizing the many difficulties confronting Government in this field, I suggest that faster progress is possible even without the commitment of substantial additional resources. In particular I believe that, in our efforts to encourage civic-mindedness, we have relied too much on the carrot in the form of advertising campaigns (the effects of which have been limited and ephemeral) and too little on the stick in the form of stiffer fines and other sanctions which could be administered with minimum involvement of the courts. Singapore has achieved markedly better results than Hong Kong in this field and we should perhaps learn from their experience.

The economic development and dynamism of Hong Kong is the envy of much of the free world: certainly we must be careful to avoid social and environmental policies that could undermine the health of the goose that lays our golden eggs. This surely is the perspective in which we should see the development of Hong Kong into a high wage, high technology economy and the accompanying process of trading up (both of which you referred to in your address) together with all that this implies for education and technical training. This process will involve the gradual replacement of our basic, traditional industries with generally cleaner 'knowledge-intensive' undertakings, and also the freeing-up of valuable resources by so doing. Furthermore, we can expect, in time, a migration of some of this 'second generation' industrial activity from Hong Kong to China thus further enhancing the economic interdependence which has proved so mutually beneficial.

Sir, these are challenging, exciting times for Hong Kong. The extent and pace of change that we can look forward to in the decade we are about to enter are likely to exceed even what we have experienced in the 1970s. We are also likely to encounter difficult new problems to add to those with which we presently grapple. Nevertheless it is in a spirit of constructive optimism regarding Hong Kong's long-term prospects that I support the motion before this Council.

MR. SO delivered his speech in Cantonese:—

督憲閣下：越來越多的市民，除了尋求合理而穩定的生活水平外，還需要獲得可以發揮自己才能的機會，而且對社會有所貢獻。閣下本年度的施政報告，正可以增加這個機會。

閣下為改善香港工人的工作環境質素，已盡了很大的努力。不過，無論如何改善，一旦工人和其家庭在經濟上遭遇困難，便不能盡心工作。經濟困難可能由於生活費用不斷上升，或因家庭內賺取入息的成員去世、失去工作能力、或失業而引起；或只是金錢運用很不當也可導致經濟困難。一般的家庭，大部份都可能不時遭遇到某種經濟危機，但這些危機如果發生在收入僅足糊口的家庭中，便會迫使他們向一些無孔不入的放高利貸者或放款人求援；他們一旦踏足其中，便很

難自拔。據統計這些放高利貸者和放款人，在本港不但沒有減少，還逐漸地擴展他們的活動。在一九七八年四月一日至七九年三月三十一日期間，已註冊的數目已達七百與以前相同的宗。九十五警方指出，在本財政年度最初六個月內，辦理週年註冊的數目已達七百與以前相同的手法，收取同樣極高的利息。有時貸出一千元，每月利息竟達一百元之高。同時，據低級公務員和專利商業機構的職員都是這些大耳窿主要的目標。

閣下，十五年前，香港已有一個機構設立，特別用以幫助低收入的人士。免受高利貸的剝削。這機構就是儲蓄互助社，並經由一九六八年在本地通過的「儲蓄互助社條例」，獲得合法地位。當時的律政司在提出這法案時候，曾經作出以下的聲明：

「「儲蓄互助社」本質上是一個自助的機構，其基本原則是一個社內的成員將自己的積蓄以低息彼此借貸予其他成員，除了借款人的良好品德品格之外，別無其他抵押品。

我們希望儲蓄互助社在本港設立，可為那些除非付出高利率否則難以借得款項的低薪工人，隨時提供方便的貸款。

初入社會賺取獨立入息的青年人應該可得益特別多，因為儲蓄互助社其中一個主要目的，就是培養青年的節儉美德，而且教導他們善用金錢。

雖然社會上較富裕的人士如果你喜歡的話也可以組織儲蓄互助社，儲蓄互助社是特別設計來幫助社會中需要借款以支付不可預見費用，因而要向放款人求助的人，這些放款人甚至借出小額的貸款，也要收取駭人的高利息。」

閣下，香港目前共有五十一個儲蓄互助社，社員合共一萬二千人，他們來自各階層，包括公務員，公共屋邨住戶，公司職員，傷殘人士，醫院職工和小型工廠東主。他們自動自發地儲蓄了總數共一千二百萬元港幣，以幫助有困難的社員。他們沒有向政府要求任何津貼，也沒有獲得政府任何資助，貸給社員的每一分錢，都來自他們自發的儲蓄。借款人只須按照貸款餘額付一釐的利息或更少的低額利息。利息部份作為經常費用，其餘則於年終分派給社員。由於一切服務都是義務性質，故此經常費用能保持低廉。事實上這是說，香港約有九百名社員犧牲了工餘的時間和精力，為其他的社員服務。

香港政府不斷表示鼓勵市民組織各種自助計劃，如果一個組織甚至管理費用也不須政府補助的話，政府當然更樂於鼓勵。但是香港的稅務局除了向五十一個儲蓄互助社追收今年持這樣做，所獲的利息稅外，更追討自一儲蓄互助社成立以來，所有儲蓄互助社在籌備儲蓄互助社時，所儲蓄的錢，或剛遷入仍未有儲蓄互助社設立的新的市鎮居民。更不必提在他們的都將被迫再度投入大耳窿的手中。如果情況真是這樣，現在的一萬二千名社員和他們的家人，還有很多其他的人，對政府不表示鼓勵，自助計劃的誠意，社會存疑。他們會問：「正當懷疑香港很多富人正在不斷千方百計去逃避納稅的當兒，稅務局為何不捨地緊迫一群低收入的人。」

剛才本人已說過儲蓄互助社可能要清盤，這極可能會引起一陣惶恐。

在世界上很多國家，如澳洲、美國和愛爾蘭等，儲蓄互助社是不用繳稅的。今年五月，英國通過了新的「儲蓄互助社法案」，其中第廿五條忝 T 規定英國的儲蓄互助社不必繳納利息稅。為何香港的儲蓄互助社卻要遭受不同的待遇呢？

閣下，本人了解稅務局長有責任根據他執行的稅務條例行使職權。假若他認為條例除了要他這樣做而別無他法時，本人請求本局緊急考慮修訂稅務條例，使儲蓄互助社得以豁免利息稅。同時頒發命令暫緩現時向儲蓄互助社徵收稅項。

本人必須指出，本人是香港儲蓄互助社運動發起人之一，到現在仍積極參與這項運動，所以實與此事有利害關係。

督憲閣下，本人謹此陳詞支持本動議。

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

Sir, in addition to seeking a reasonable and reasonably secure standard of living, an increasing number of people in Hong Kong are searching for opportunities to develop themselves and to contribute to society. Your annual policy statement enhances these opportunities.

You have, Sir, put much effort in improving the quality of working life in Hong Kong. But no matter how much improvement is made, no worker could give of his best if he and his family are beset by financial worries. They may arise from the steady increase in the cost of living, the death or incapacity or loss of employment of one of the wage-earners of the family, or simply unwise use of money. Most average families are faced with some sort of financial crisis from time to time. But when this occurs to families living on a marginal income the result is that they are often driven into the hands of the ubiquitous loan-sharks or money lenders and once they fall into that net it becomes almost impossible to extricate themselves. Statistics show that these loan-sharks and money lenders, far from decreasing in Hong Kong, are steadily expanding their activities. Between 1 April 1978 and 31 March 1979, the total number of registered money lenders was 1,295. In the first six months of this financial year, the number of annual registrations has already reached 765. According to the Police, many of the recently registered money lenders are in fact loan-sharks, using the same methods as before and charging similar high rates of interest, sometimes as much as \$100 per month for a \$1,000 loan. It has also been reported that junior civil servants and employees of franchised companies are the chief targets of the loan-sharks.

Sir, there is in Hong Kong an organization which was founded 15 years ago especially to help people with marginal incomes and to keep them out of the hands of loan-sharks. It is the Credit Union, which was given legal status by this Council when it passed the Credit Unions Ordinance in 1968. When introducing the Bill, the then Attorney General made the following statement:

‘A credit union is essentially a self-help organization . . . It is based upon the principle that members of a group should lend their savings to other members at a low rate of interest, without security other than that of the good character of the borrower.

It is hoped that the organization of credit unions in Hong Kong will provide a ready source of credit, *with a minimum of inconvenience*, for the low salaried worker who finds it difficult or even impossible to borrow otherwise than at very high rates of interest.

Younger members of the community, who are earning an independent income for the first time, should be especially benefitted, since one of the main aims of the credit union is to inculcate thrift and to teach members the wise use of money.

Although the more prosperous members of the community may form credit unions if they wish, these unions are particularly designed to help those members of the community who have been dependent, when they require loans to cover unexpected expenses, on the services of money lenders, who often exact exorbitant rates of interest even for small loans.'

Sir, in Hong Kong today, there are 51 credit unions with a total membership of nearly 12,000 drawn from different walks of life. Membership includes civil servants, residents in housing estates, company employees, handicapped people, hospital staff and small factory owners. They have freely and voluntarily saved a total of \$12,000,000 to help their fellow members in need. They do not ask for or receive any subsidy from Government. Every cent which they lend to their members comes from their own voluntary savings. A small interest of 1% or less on the reducing balance of the loan is charged to the borrowers. This helps to defray the running cost and the balance is distributed to the members at the end of the year. Running costs are kept low because all the services are provided on a voluntary basis. This means, in fact, that there are approximately 900 members sacrificing their time and energy after work to cater for the needs of their fellow-members.

The Hong Kong Government has repeatedly stated its intention to encourage self-help projects organized by the citizens of Hong Kong. It should be all the more willing to do so in the case of an organization which does not depend on any public subsidy, even for its administration expenses. Yet the Inland Revenue Department is now demanding immediate payment of interest tax by all the 51 credit unions, not for this year only, but dating back to 1973. I am sorry to have to tell you that, if the Inland Revenue Department insists upon this, all the 51 credit unions might have to go into liquidation, and the 12,000 members will no longer find the 'source of ready credit, with the minimum of inconvenience' as emphasized by the Attorney General when credit unions were initiated, not to mention the others who are preparing to establish credit unions and all those who are now settling in the new towns where there is as yet no credit union. Indeed, they will be thrown back into the hands of the loan-sharks. If this should happen, the 12,000 existing members and their families, and many others will have second thoughts about the Government's sincerity in its repeated statements about encouraging self-help projects. They will also ask why is it that the Inland Revenue Department is spending so much energy in hounding a low income group when all the world suspects that many rich people in Hong Kong are constantly trying to evade tax in one form or another.

I have said that the credit unions might have to go into liquidation. This is likely to cause panic.

In most countries throughout the world, including Australia, the United States of America and Ireland, credit unions are exempted from taxation, and section 25 of the new Credit Unions Act, passed in the United Kingdom last

May explicitly exempts credit unions in the United Kingdom from interest tax. Why should Hong Kong credit unions be treated differently?

Sir, I understand that the Commissioner for Inland Revenue has a duty to perform according to the Ordinance which he administers. If he feels that the Ordinance leaves him no option but to pursue this course, then I would request that immediate and urgent consideration be given to amending the Inland Revenue Ordinance to exempt credit unions from interest tax and that, in the meantime, a moratorium be placed on the present demand for such tax.

I should make it clear that I do have an interest in this matter because I was one of the founder of the Hong Kong credit union movement and I am still very much involved in it.

Sir, with these remarks, I support the motion.

MR. HU:—Sir, your address at the opening session of the Legislative Council a fortnight ago has inspired confidence in the future of Hong Kong. It is particularly heartening to see that the prospects of achieving within the next few years a better economic and social life in Hong Kong should be enhanced as a result of the Government's emphasis on the need for flexibility in implementing Hong Kong's long-term programmes.

I wish to comment on two aspects:—

HOUSING

Housing is of prime importance to the general public, not only the low income group, but also the medium and high income groups. It requires the joint efforts of Government and private developers to pursue a realistic programme aimed at solving the housing problem before the end of the 80s. In the present circumstances, we have to accept the annual target of 35,000 units in the public sector, including both rented and home ownership accommodation, in order to avoid overheating the construction industry.

Should there be any sign of a slow down in the private sector, Government must take the initiative to increase the public sector target so as to maintain a constant housing production.

Judging from the ratio of rented and home ownership accommodation in the public housing sector of neighbouring Asian countries, and the fact that 70% of the new flats purchased in the private sector in Hong Kong are for owner-occupation, it is evident that we should aim at a higher ratio of home ownership in the public sector. This should be increased gradually year by year from 15% at present to 50% or even 70% in future.

Undoubtedly, the general public will enjoy more benefits in public sector housing. Within the target of total housing production per year, Government should aim at increasing public housing stock through encouraging private developers to participate more actively in the private sector participation

scheme of the Home Ownership Scheme. More sites should be released for tender by the private sector for this purpose. Emphasis must be placed on solving the housing problem rather than financial gain or loss on the tender premium.

Government has allocated a certain proportion of available land in different zones of the New Territories to dispose of its Letter B exchange commitment. It is worthwhile to consider increasing the proportion to clear this commitment at an earlier date. The additional sites to be made available from the increased proportion should have the condition that a certain percentage of the flats to be constructed should be sold on the same terms as the private sector participation scheme. I feel that such a combination of the private sector participation scheme and the Letter B exchange scheme will increase the public housing stock and help to increase the percentage of home ownership.

Government must ensure maximum utilization of available land due to its scarcity. There are many sizeable sites allocated to various Government departments requiring usage of the ground floor only. Consideration should be given to utilizing the space above these sites for public housing projects.

CULTURE AND RECREATION

Government has paid more attention to promoting culture and recreation in recent years. It is a good move that the Secretary for Home Affairs, who is already responsible for Government's overall policy on the development of culture in Hong Kong, will take into his Branch executive control of both the Recreation and Sports Services and the Music Administrator's Office. I am confident that this will result in better overall co-ordination.

As the Urban Council plays a major role in promoting cultural activities in the urban areas, closer co-ordination between Government and the Urban Council is necessary to achieve effective results in promoting and training potential talents at the school and grass roots levels; to encourage voluntary involvement and sponsorship; to promote appreciation of and to increase accessibility to the public of the performing arts; to provide venues for the performing arts; and to encourage and assist local talents in the promotion of the arts. In this connection, direct contact and discussion is necessary to ensure better co-ordination, understanding and maximum utilization of public funds without undue duplication of efforts.

In my view, short-term and part-time scholarships are only of limited use. It is desirable to provide long-term and full-time scholarships aimed at training outstanding local talent in the fields of music, dance and drama in major conservatories in the world. This is an effective way to cultivate first-rate performers and artists who will reflect well on Hong Kong and enhance its image.

Emphasis has been placed on the promotion of music up to now. Other performing arts should also be developed at the same time. Consideration

should be given to set up a department of drama and theatre at the University of Hong Kong or the Chinese University of Hong Kong. This could eventually lead to the possible establishment of a theatre conservatory in Hong Kong.

We should encourage voluntary organizations to be more involved in the promotion of art. Their efforts should be supported financially and administratively by Government. The initial formation of amateur groups will sooner or later lead to professional groups. This is one area where Government must exert control, if financial support is required, in order to ensure that the purpose, organization and details will fit into an overall development plan.

Government has already started a scheme to offer financial assistance to a number of governing sport bodies in engaging secretaries and meeting limited office expenses. This is a worthwhile scheme and should be further expanded to offer more assistance and to include other governing sport bodies. Initially free office accommodation could be offered to those bodies not receiving any financial assistance at present. Consideration should be given to establishing a central secretariat to serve the smaller bodies which do not require a full-time secretary for their needs. However, Government must take care not to interfere with the running of their business as their independence must be maintained and respected. Recreation and Sports Services require the co-operation and support of well managed governing sport bodies to improve and raise the standard of the relevant sports since the present emphasis of the Recreation and Sports Services appears to be on mass participation rather than quality.

The provision of recreational facilities in the New Territories is still lagging behind the urban areas. Every effort should therefore be made to enable the New Territories to catch up. As public expenditure on these items tends to be limited at present, consideration should be given to encouraging private non-profit making organizations to undertake development of these facilities, subject to satisfactory arrangements being made for them to be made available to the public.

With these remarks, I support the motion.

MR. WONG PO-YAN:—Your Excellency, I am greatly honoured to be appointed to this Council and to have the opportunity to speak for the first time here in support of this motion. I would like to join my Colleagues in congratulating you for leading Hong Kong through another year of progress and achievements, despite international economic uncertainties and our own grossly overheated economy. This afternoon, I am going to speak on export promotion, factory ownership and energy supply.

EXPORT PROMOTION

Sir, I agree that the economic situation of Hong Kong can be described as uncertain in the near future. There are indeed problems to overcome.

However, we should not be over pessimistic as we are still in a sound position to cope with the overall situation.

Our main economic problem at the moment is one of imports growing faster than export. The trade deficit during the first nine months of this year amounted to HK\$7,006 million. This is 16% and 167% over that of the same period in 1978 and 1977 respectively. Although the rate of increase in our trade deficit has slowed down, it should in no way make us feel complacent as the 16% increase is based on an exceptionally large deficit in 1978, which means that the absolute increase still amounts to a considerable sum of HK\$991 million. All the measures taken by the Government so far show that the administration is aware of its responsibility and is trying hard to solve the problem. However, it is my personal opinion that the overall approach adopted by the Government is too passive. Although measures have been taken to cool down the economy and hence indirectly reduce overall imports, I would like to see more direct and effective measures introduced to enhance our export capability.

The unfavourable world economic situation in general and the unstable economic situation in our major export markets in particular seem to make it impossible for a favourable forecast to be made of our export growth. However, our experience in business tells us that the economic performance of an individual country or area is not necessarily bound by the international economic trend. When we are saying that world trade has grown by only 3%, some countries may have increased their exports by 13%, while others may have decreased. Judging from our past endeavours, and with the very encouraging socio-political climate now prevailing in Hong Kong, I am confident that both the people and the Government are determined and devoted to working even harder not only to solve our present problems but also to achieve greater success for the further enrichment of our life. We should not therefore be deterred by the general stagnancy in the world market. Instead, we should always aim to further improve our export performance so as to out-perform the general trend. Lest I be accused of being dramatic or unrealistic, I wish to point out that some of our neighbouring competitors have adopted aggressive and highly successful measures to increase their exports, often at the expense of our own exports. We must constantly bear this situation in mind or some day we may find ourselves left behind by our competitors.

Therefore, when taking measures to cool down our economy and reduce our overall demands, we should always be careful to avoid damaging our manufacturing sector. While trying to bring down the overall growth rate in bank loans and advances, we must not overdo it to the extent of deterring investment to expand or modernize our industry. In this regard, the initiative taken by some of our banks in offering concessionary interest rates for the import of machinery and raw materials for the manufacturing sector deserves to be commended.

No doubt we can rightly be proud of our trade promotion work, its result is well reflected in our export achievements. Now that competition is even keener than before, and in the face of increasing protectionism and less active demand, it is absolutely vital to reinforce our export promotion efforts by injecting additional resources into our trade promotion agencies such as the Trade Development Council. I think, Sir, the contribution of the Hong Kong General Chamber of Commerce and the Chinese Manufacturers' Association, despite their limited resources, in promoting trade with many new markets and secondary areas of the existing markets should also be properly recognized and encouraged. Their ability and potential in trade promotion could and should be more effectively deployed by reinforcement and co-ordination. It may be interesting to note that while the Trade Development Council will open its 18th overseas office in Panama soon, South Korea's KOTRA—their trade promotion organization, already has more than 70 overseas offices.

FACTORY OWNERSHIP SCHEME

Whilst we need a reinforced and more concerted effort in promoting our exports, we must at the same time make more rational use of our local resources to help the manufacturing sector. The shift in the distribution of resources in favour of the manufacturing sector is so far limited, as I can see, to a moderate improvement in manpower supply and the provision of more industrial land. However, as a result of widespread speculation, both land and factory units have been pushed to such a high price that it becomes prohibitive to many of the actual users in the manufacturing sector.

The small manufacturers are in particular the victims of this speculative spiral. Although many of them would like to increase their productivity by renewing and expanding their plant and equipment, and move into modern industrial premises, they can hardly afford to do so these days. Not only do they find it difficult to get factory units of the right size as most industrial buildings are developed with medium to large factories in mind, but they are also inevitably shouldered out of the market by land speculators. Sir, I think it is unwise to allow small manufacturers, being essential contributors to the economic well-being of Hong Kong, to fall prey to reckless speculators, and to be deprived of any opportunity to increase their productivity. Obviously, something urgent should be done for them.

What I would like to suggest here is a factory ownership scheme for the small manufacturers with broad concepts similar to those of the Home Ownership Scheme. Sir, I understand that Mr. S. L. CHEN has touched on this subject before in the 1978 Budget Debate. But what I am going to propose and elaborate here is a scheme with the emphasis on flexibility and self-reliance on the part of the small manufacturers. The Government should sell industrial land assessed at fair market value direct to the users i.e. the small manufacturers, with specifications that the land cannot be

resold and that the buyers must be the users. Conditions of sale should also specify the maximum permissible floor area of each factory unit and the minimum number of units to be built, having regard to the conditions of the site concerned. This is to ensure that the sites are to be used by small industries only. It can be further specified that the factory units cannot be resold to any party other than the Government within five years of completion so as to avoid speculation.

The main difference from the Home Ownership Scheme is that the design and development of the sites should be left to the manufacturers themselves. This will not only relieve the Government of the administrative burdens involved, but also give small manufacturers the necessary flexibility to design the factory premises according to their own needs.

Small manufacturers should be encouraged to form themselves into statutory co-operatives, preferably by trade, to bid for the industrial sites offered under the scheme. If there are more than one group bidding, the site can be offered to the highest bidder through a restricted tender procedure, subject to a minimum premium set by the Government. If there is only one bidding group, the site should be granted to the group at fair market value. All groups who join in the bidding should be vetted by the Government beforehand to ensure that they are genuine small manufacturers. The scheme is mutually beneficial in that the Government can provide industrial land on a non-subsidy basis for the industrial sector to enhance their ability to export, and small manufacturers can be protected from speculative forces. Furthermore, by erecting their own factory buildings, those small manufacturers will not have to purchase units from developers, the price of which includes a considerable profit element. There are of course a lot of detailed administrative problems to be ironed out before the scheme can be put into practice, but I think, Sir, that the above proposal deserves to be given serious consideration if Hong Kong is not to lose out in the competition with its neighbours for a larger share of the world markets.

ENERGY SUPPLY

I now turn to the problem of energy supply for Hong Kong. We have a population of almost five million and energy is a decisive factor in our economic well-being. As such, it should be accorded top priority by the Government.

It appears ridiculous to me that Hong Kong, with its population and scale of economic activity, should have not a single petroleum refinery. As the price of petroleum and its related products is raised as many as five to six times a year, electricity charges are changed every month, there is no way in which we can predict or fix our production costs, even within a reasonably short period. We have to import all our petroleum requirements and are charged in many cases, according to the spot market rates. Because there is no refinery here in Hong Kong to process crude

oil purchased in advance at a fixed price, we are unable to enjoy relatively stable prices in our petroleum imports. The excessive price we are paying for the present situation could in the long run turn out to be many times the cost of constructing a refinery. This is not to mention the many other benefits that may be derived from developing our own downstream petrochemical industries, so vital to our clothing, textile and plastic industries.

Sir, I do not propose to elaborate in detail on the feasibility of this idea. However, I wish to point out that our demand for petroleum even at this moment already provides sufficient justification for the establishment of a refinery with the capacity to meet our needs. Of course demand is still growing and will continue to do so. The financial and administrative ability of Hong Kong to handle such a project has already been well demonstrated in the Mass Transit System, and it is unnecessary for me to make comment further on this score. Pollution is not an insurmountable problem under present technology. As regards the finding of a suitable site for the refinery, the area around Tap Shek Kok is a possibility. An expert from a Japanese consulting firm who visited the area a few months ago has commented that the site appeared suitable for the siting of a petrochemical complex. His comments were of course based on a brief tour of the site with no details of other related conditions such as the depth of the seabed and neighbouring developments. However, it does serve to provide some food for thought.

Sir, the recent oil find in front of our door step can be a considerable, and indeed decisive, influence in the consideration of such an idea. The modernization plans of China may also create possibilities for the joint development of related petrochemical industries. Under such circumstances, I suggest we can hardly ignore such a great opportunity.

Your Excellency, with these remarks, I support the motion.

Question put and agreed to.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT:—In accordance with Standing Order I now adjourn the Council until 2.30 p.m. on Wednesday, 14 November 1979.

Adjourned accordingly at seventeen minutes past four o'clock.