

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 24 March 1982****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
SIR CHARLES PHILIP HADDON-CAVE, K.B.E., C.M.G., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY
MR. JOHN HENRY BREMRIDGE, O.B.E.

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

THE HONOURABLE THE SECRETARY FOR HOME AFFAIRS
MR. DENIS CAMPBELL BRAY, C.M.G., C.V.O., J.P.

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

THE HONOURABLE DAVID WYLIE McDONALD, C.M.G., J.P.
SECRETARY FOR LANDS AND WORKS

THE HONOURABLE KENNETH WALLIS JOSEPH TOPLEY, C.M.G., J.P.
SECRETARY FOR EDUCATION

THE HONOURABLE ALAN JAMES SCOTT, C.B.E., J.P.
SECRETARY FOR TRANSPORT

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

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

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

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

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

THE HONOURABLE JOHN MORRISON RIDDELL-SWAN, O.B.E., J.P.
DIRECTOR OF AGRICULTURE AND FISHERIES

THE HONOURABLE DONALD LIAO POON-HUAI, O.B.E., J.P.
SECRETARY FOR HOUSING

THE HONOURABLE GRAHAM BARNES, J.P.
REGIONAL SECRETARY (HONG KONG AND KOWLOON), CITY AND NEW TERRITORIES
ADMINISTRATION

THE HONOURABLE SELWYN EUGENE ALLEYNE, J.P.
DIRECTOR OF SOCIAL WELFARE

THE HONOURABLE COLVYN HUGH HAYE, J.P.
DIRECTOR OF EDUCATION

THE HONOURABLE IAN FRANCIS CLUNY MACPHERSON, J.P.
REGIONAL SECRETARY (NEW TERRITORIES). CITY AND NEW TERRITORIES ADMINISTRATION

DR. THE HONOURABLE JAMES WILLIAM HAYES, J.P.
COMMISSIONER FOR LABOUR (*Acting*)

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

DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, J.P.

THE HONOURABLE ANDREW SO KWOK-WING, J.P.

THE HONOURABLE HU FA-KUANG, J.P.

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

THE HONOURABLE WILLIAM CHARLES LANGDON BROWN, J.P.

THE HONOURABLE CHAN KAM-CHUEN, J.P.

THE HONOURABLE JOHN JOSEPH SWAINE, O.B.E., Q.C., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, J.P.

THE HONOURABLE CHEUNG YAN-LUNG, M.B.E., J.P.

THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, J.P.

THE HONOURABLE MARIA TAM WAI-CHU

ABSENT

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

THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.
SECRETARY FOR ECONOMIC SERVICES

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

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

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

THE HONOURABLE DAVID KENNEDY NEWBIGGING, O.B.E., J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MRS. JENNIE CHOK PANG YUEN-YEE

Oath

DR. J. W. HAYES took the Oath of Allegiance and assumed his seat as a Member of the Council.

HIS EXCELLENCY THE PRESIDENT:—I should like to welcome DR. HAYES to this Council.

Papers

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

Subject *L.N. No.*

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No. 45—Government Minute in Response to the Report of the Public Accounts Committee dated December 1981.	

Statement

Government minute in response to the Report of the Public Accounts Committee dated December 1981

THE CHIEF SECRETARY:—Sir, laid on the table today is the Government Minute in response to the fourth report of the Public Accounts Committee which was laid on the table in this Council on 6 January last. This completes the cycle in respect of the financial transactions of the Government for 1980-81 which began with the submission of the accounts by the Director of Accounting

Services to the Director of Audit under section 11 of the Audit Ordinance. The Director of Audit then reported to the Governor as President of the Legislative Council on those accounts and that report was in turn examined by the Public Accounts Committee. So the Legislative Council, as the body responsible for the voting of funds, is associated, in a practical way, with the Director of Audit's enquiries into the general accuracy and propriety of the Government's financial transactions. That is to say, they are enabled to inquire more closely into any irregularities or shortcomings revealed by the Director of Audit and make recommendations for procedural improvements where these are indicated.

The purpose of the Government Minute is twofold: to *comment* as appropriate on the conclusions and recommendations of the Public Accounts Committee; and to *indicate* what action the Administration has taken, or proposes to take, to remedy irregularities and to improve procedures and, if necessary, to explain why it intends to take no action.

The Government attaches importance to the part played by this sequence of events in the prudent and effective management of the public finances; and I trust that Members will agree with me that the Government Minute represents a positive response to the Public Accounts Committee's report.

As regards the actual content of the Government Minute, I wish to comment specifically on only one issue, and that arises from the observations made by the Director of Audit and the Public Accounts Committee on the control of expenditure in the Medical and Health Department. I know the Director of Medical and Health Services would not wish me to be too defensive, but I think it is only fair to point out that the management of the finances of the Medical and Health Department, which is responsible for a complex of services subject to many and varied and frequently unexpected pressures, administering a large number of separate institutions, demands financial information and control systems which enable the Controlling Officer to define and allocate responsibilities appropriately and to measure performance accurately and speedily. However, it has become apparent that the systems presently operated have not kept pace with the rapid growth of services in recent years, in both quantitative and qualitative terms. I would point out, for instance, that expenditure under the control of the Director has increased by more than six times over the past ten years. Improvements that have already been introduced by the Director are mentioned in paragraph 6.6 of the Public Accounts Committee's report. For the longer term, a comprehensive review of the department's budgetting and accounting procedures is being undertaken by a team of Treasury accountants as explained in paragraph 7 of the Government Minute. It is hoped, Sir, that by 1 April 1983 a computerized on-line financial information system will be in operation and this will provide the Director with the data and analyses he needs to exercise effective control over expenditure.

Government business

Motion

ROAD TRAFFIC ORDINANCE

THE SECRETARY FOR TRANSPORT moved the following motion:—That the period for which there remains in force the limit on the number of vehicles which may be registered as public light buses, specified in the Public Light Buses (Limitation on Number) Notice 1980 published as Legal Notice No. 283 of 1980, be extended to 10 April 1984.

He said:—Sir, I rise to move the motion standing in my name on the Order Paper. Under section 7E(3) of the Road Traffic Ordinance (Chapter 220), a period is specified during which the number of vehicles which may be licensed as public light buses, is limited. This motion proposes that the period be extended for two years, up to the 10 April 1984.

The total permissible number of vehicles which may be registered and licensed as public light buses will remain at 4350, as ordered by the Governor in Council on 8 October 1980.

Sir, I beg to move.

Question put and agreed to.

Second reading of bill

APPROPRIATION BILL 1982

Resumption of debate on second reading (24 February 1982)

Question proposed.

MR. LOBO:—Your Excellency, the Financial Secretary who has enjoyed general approval for his Budget must be wondering if the honeymoon is about to come to an end this afternoon as my Unofficial Colleagues go to work on it (*laughter*).

I do not propose, myself, to anticipate their remarks. Relatively brief though his address was, it covered many important aspects of public policy on which Members will undoubtedly have informed comments if not criticism.

I noted with interest the Financial Secretary's attempt, in his Budget address, to disarm his critics in advance by requiring those who seek, in his own words, to promote their own priorities to offer a balancing saving.

That, could best be described as a 'good try' but I doubt whether it will restrain my Unofficial Colleagues of this Council who feel that the priorities they promote are not so much their own as those of substantial sectors of the public.

For myself, I must confess, I have been disarmed by the Financial Secretary's acknowledgement of the burden which falls so heavily, and I think, unfairly, on those squeezed between the rich and the poor—the tax 'concessions' affecting them will certainly be appreciated.

I was flattered by my Friend, the Financial Secretary, when he made reference to 'Mr. LOBO's Sandwiched Society'. All the same, I venture to suggest that in the case of this particular class, at least, the word 'concession' is in itself misleading, in that the proposed measures in respect of tax thresholds and personal allowances only go some way towards abating the effects of inflation and only some way towards passing on some of the benefits of the buoyant economy which they have helped to build.

I do not mean to sound ungracious but we must always remember that it is not Government's money that we make concessions and appropriations with; it is the taxpayers' money—I am sure the Financial Secretary will not object to this observation nor will he disagree with me when I say: because we are a rich society with enough to spare, we should divert our resources and planned priorities—or give it all away. Indeed, our response to the needs must be relevant and the Finance Committee of this Council is well aware of this.

But we should be concerned about the extent to which we fulfill people's expectations—I am not referring to the recent immigrants nor to the over-stayers, we never promised them anything and we do not owe them anything.

Hong Kong continues to offer rewards to hard work and ingenuity and so, the great majority here have happy lives, free primary education for their children, live in reasonable comfort and enjoy opportunities for leisure. While we continue to achieve greater progress, we know we cannot now offer these to everyone—in fact no society can—this must be accepted and understood— Hong Kong is not a welfare state.

Nevertheless, we must not forget that our young people, those born here, and others who have worked here all their lives have aspirations and legitimate expectations of participation.

Regardless of the gap between the rich and the poor, people at present are not yet overly concerned by the gap nor the size of the challenge.

Hong Kong has always enjoyed good partnership and this sense of partnership must not be lost. We should all be able to work according to our own abilities and towards the same objectives—a better Hong Kong which means a better life for all.

We must get into thinking more of ourselves as one community with tasks before us as jobs we have to do together.

As we forge ahead into the 80s with faith and confidence in our ability to meet the challenges that lie ahead—we ought also to project our image not solely as that of diligence and enterprise but also that this is a dynamic place which offers opportunities, incentives and convenience equal to none.

Sir, our Financial Secretary presented a Budget notable for the clarity with which he defined the responsibilities of Government to entrepreneurs and industrialists on the one hand and to the individual citizen on the other.

His approach seems to me to be at the same time sensible and sensitive—and it has my full support.

With these remarks, I support the motion before Council.

MR. TIEN:—Sir, industry (in particular exporting industry) is the life-blood of Hong Kong. The Financial Secretary has properly recognized this fact in making certain concessions for initial depreciation allowances which will cost Government HK\$354 million in the fiscal year 1982-83.

Of course we are aware that the Financial Secretary believes that direct assistance to industry is undesirable. However I believe that some help should be given to small-scale industry. The small entrepreneur still exists here in Hong Kong, but all too often he is (to use the words of President Franklin ROOSEVELT) the forgotten man at the bottom of the economic pyramid. For all too often what is paradise for the big man is purgatory for the little man.

Sir, industrial undertakings in Hong Kong are largely small-scale. Given our way of doing things here—I might suggest that they are inevitably so. Small-scale does not mean small in importance. It is well said that often, 'small is beautiful'. I refer in particular to linkage or component industries without which we would be in critical difficulties. These include button manufacturers, die-casters and perhaps zipper-makers for which all our trousered men (if not women) are eternally thankful.

The humble button is in many ways the support of part of our textile and clothing system. Without these small scale concerns even highly sophisticated industries such as the computer industry cannot survive. Very often, subcontractors are the front-line troops of our battle to keep industry successful and profitable.

Let me suggest one way by which the Financial Secretary can uphold his integrity and sustain an important part of the economy. He might well borrow a lesson from the Home Ownership Scheme. Given the unfortunate uncertainties regarding tenure in accommodation as well as that of rents, many small factories face considerable difficulties. They have many anxieties. They may lack a sense of security, a sense of belonging and even a sense of ownership.

Without some indirect help, such component industries may well fall by the wayside. In that event Hong Kong would be the loser, for industry needs the small man just as much as the well-established large company. In no way are we asking the Financial Secretary to abandon his cherished principles of prudent housekeeping. Yet it should be possible for Government to sponsor the building of small factories on lines similar to that adopted for the Home Ownership Scheme.

Sir, I suggest that we button up our efforts, zip up our endeavours and brace ourselves. Small industries need our support. We should heed the call.

Sir, I support the motion.

REVD. JOYCE M. BENNETT:—Your Excellency, I should like to open my remarks today by congratulating our new Financial Secretary for confining the more abstruse matters relating to his Budget Speech to the footnotes and the appendices. Thus it has been easier this year for laymen in economic matters to understand Government policies. For this I should like to thank MR. BREMRIDGE. I should like to comment on remarks that he made in paragraphs 20 to 24 where he provided pointers to ‘the right share of the public sector in the economy, and of the imperative need to control its universally prolific and weed-like growth’.

Naturally, as a supporter over the years of demands for improved social services in our community, I note his desire to analyse the correct share of the public sector in the whole economy. I am concerned, however, lest his need to control its ‘weed-like growth’ will lead to constraints on the proper development in the educational, medical and health, and social welfare fields. Weeds inevitably will eventually choke and stifle the essential plants. Our expenditure in the social services fields are essential plants that need to be nurtured and fertilized, so that our community as a whole reaps the benefits which accrue from this necessary expenditure. I see these benefits shown in a community where a better educational system and improved medical and social services stimulate the citizens to enjoy to their full the improved standards of living in service to one another. Am I being too idealistic? I think not, it is the community with a fine vision of a future worth striving for that will work together happily and productively. We in Hong Kong recognize the value of incentive to the individual in his factory. So too, in society, Government must recognize the value of incentive in relation to the part played by voluntary agencies in the total social services scene.

The importance of incentive must not be overlooked by Government officials as they analyse the public expenditure to subvented bodies. The share of the subvented bodies in the public sector in education is tremendous—\$3,912.8 million or 82.22% of the whole expenditure on education.*⁽¹⁾ Naturally

*⁽¹⁾ Footnote: The 1982-83 Budget Speech by the Financial Secretary, Appendix C, paragraph 49.

Government may well demand some control of these vast amounts of money and rightly so. No voluntary agency should be given any opportunity to waste or misuse the vast sums of money they spend on Government's behalf. The big issue is how much further control Government should exercise over these subvented agencies. Many of the Finance Committee papers of this Council refer to 'the degree of control' exercised by Government over the sponsoring bodies that provide these social services to the public. It is to this degree of control that I want us to pay attention this afternoon, because I see a great danger emerging that Government is trying to extend this control from one of a degree of control to that of complete control.

I shall illustrate this from the educational field, since this is the one with which I am most familiar. Over many years Government has controlled the schools through the Codes of Aid, first with the grant schools, then with the subsidized schools and now with the aided schools. These Codes of Aid, together with the Codes of Aid for Special Schools, are currently under review. But before these are finalized, already new regulations are imposed on the sponsors, who run these schools. And it is these new regulations and controls that are beginning to alarm the sponsors, so much so that one well-known sponsoring body has already told the Education Department that it would not run one of the new schools as requested as the conditions that Government wished to impose were unacceptable. Voluntary bodies accept reasonable controls and supervision. The proper auditing of the accounts of Aided Schools, and indeed of all aided bodies, is reasonable, indeed essential and no voluntary agency would wish it otherwise. I would go further and fully accept and support Government's demand that they should at any time allow Government authorized officials to effect an internal audit of the aided institutions. This can include not only the accounts, but also the management of the school to ensure that the school's administration correctly follows the regulations laid down by the Education Ordinance and the relevant Code of Aid. Such auditing is essential for sound management and I think Government has been foolish and inefficient to be so slow to effect this in earlier years. However, Government should not alter unilaterally the Codes of Aid and regulations for the running of the schools. Of course we know that he who 'pays the piper calls the tune'. But if the piper does not like the conditions imposed by the one offering him the job, the piper will refuse to play.

Recently, sponsoring bodies have been alarmed by Government indicating they intended to abandon the old pattern of their partnership with the voluntary agencies in the running of schools. This previous pattern of partnership was based on trust. Government trusted the sponsoring body or school management committee to appoint a suitable Principal and to run the school satisfactorily. Now it seems the Education Department wishes to control more completely the appointment of Principals. The Department is demanding the right to draw up a shortlist of candidates, to which the management committee may only add names and from which the Department will choose the Principal Government

considers most suitable. If Government insists on these new conditions showing it fears that the sponsoring bodies will appoint as School Principals men and women whose background, basic attitudes and priorities are completely unsuitable for the school, I shall have to urge our sponsors to withdraw from the management of schools. The sponsoring bodies must have the right to choose their own Principals and staff, subject of course to the approval of the Education Department as in earlier years. If Government cannot trust the aided bodies, they must run all the schools, the hospitals and the social welfare agencies themselves. Let Government turn to its adding machines and computers and assess whether this complete control will be financially acceptable to the Finance Branch when it prepares next year's estimates and budget. I am quite sure the added burden of all the fringe benefits of all the staff working in all the subvented bodies would bring considerable alarm to our Financial Secretary. The Hong Kong Government by virtue of its historical development is getting its social services on the cheap. Yes, the staff in aided schools and hospitals on deficiency grants have salaries comparable to the equivalent staff in Government institutions. But what would the total be when you add in the costs of pensions (as opposed to the present provident fund scheme in the voluntary agencies); medical, dental and maternity expenses; educational and housing allowances—to mention but some of the fringe benefits enjoyed by our civil servants?

Our present Government is rightly concerned to improve our social services. They are trying to tighten controls, because they know there are weaknesses in some institutions. Of course there are—none of us is perfect—and there is no guarantee that Government institutions where the control can be complete are free of the defects some see in the voluntary agencies.

Sir, I believe one of the strengths of our Hong Kong society is the cooperation in trust and mutual dependence between Government and voluntary agencies. Beware lest those in power desire to extend their authority and control to too great an extent so that the sponsoring bodies withdraw from this partnership, since having no freedom they are unable to initiate and to develop new projects to benefit the people. I deplore the recent attempt by Government to extend its authority by demanding the right to inspect all the accounts of the sponsoring bodies whether or not they relate to any project aided by the Government.

I believe that the officials in the Education and other Departments have sufficient to do without attempting to destroy the independence of the voluntary agencies and sponsoring bodies. Let the Education Department shoulder its responsibilities to ensure high standards of education. Despite my previous pleas, the Advisory Inspectorate is still understaffed and unable to cope with the demands of the eighties and its new educational methods. It will be remembered that I asked earlier this year in this Council when the Guidelines regarding the remedial teachers would be issued. I was promised them by the end of February.

Yes, I received them by then, but they do little to assist the schools in setting up their remedial classes. Surely, this is where it is essential for Government to exercise control. Vast sums of public money are to be spent on extra staff; criteria for their use are laid down. But the Advisory Inspectorate for the two languages, Chinese and English, does not seem to have any guidance to give to the schools on how the teachers are to tackle teaching the students in need of remedial tuition nor do I consider that the letter on behalf of the Director of Education to the Editor of the South China Morning Post published this morning answers the schools' basic criticisms of these guidelines.

Are we waiting for the report by the foreign advisers on our educational system before we make any changes? I can suggest two changes that have a direct connection with the expenditure on education. On the 10 February this year during the debate on the Vocational Training Council Bill, I referred to the need to unify the four Government Colleges of Education at present responsible for teacher-training. I promised then to elaborate on this theme. I believe that these four Colleges should be fully amalgamated, so that the costs could be streamlined and their financing be more clearly defined. Teacher-training is an important aspect of our educational system and it deserves a U.P.G.C. type of budgeting so that long term plans can be made and carried out. Staff in the Colleges should be appointed for their real interest in teacher-training, their desire to conduct research and to publish books. These Colleges have been hampered by lack of long-term planning.

I believe that those in responsible positions in our teacher-training should contribute to debates on educational matters. At the moment I consider they ought to be providing useful and valuable comments on the Junior Secondary Education Assessment system and the questions relating to the promotion of students from Form III to IV. College staff are well-paid now. They ought to speak on these issues; they should not be civil servants but academics with freedom to contribute to the current discussions on vital educational policies.

We are spending a great deal of money on this J.S.E.A. method of filling our Form IV places—\$3.84 million was spent in 1981-82 and a similar sum is budgeted for 1982-83. But is it the best, the most efficient and the most cost-effective of systems? I have been given the statistics of vacant seats in Government and aided schools in Form IV (and Middle IV) in September 1981—140 in Government schools or 3½ classes and 295 or 7 classes in aided schools. It would be interesting to know the figures for the end of March 1982 in the second term. My guess is that there would be still more vacancies now as the J.S.E.A. has promoted students into schools and classes that are unsuitable for them. To allow schools to promote their own students and have a central allocation system by one entrance examination for those students unable to gain a seat in their own school seems to me a much better and more economical method. In that way there should be no empty seats in the public sector. The public has the right to insist that the Government and the aided schools fill all

their seats. At the moment this is clearly not being done since 435 of the seats in Form IV (and Middle IV) were vacant last September.

Sir, Hong Kong can be rightly proud of its progress in the social services field over the last ten years. But the success of our improved educational system is now giving us a population that demands more from the public sector and the public purse. So far, our Financial Secretaries have been able to hold down our taxation, because our expenditure in the social services has been limited by the shortage of trained and qualified personnel to run additional services. However, with the expansion of our Universities, more graduates will be available for further developments and improvements in our social services. It is therefore important that the size of our public sector expenditure should not be incapable of adjustment to changed circumstances.

With these remarks, Sir, I support the motion.

MR. S. L. CHEN:—Sir, I would like to begin by congratulating the Financial Secretary on the brief but succinct presentation of his first Budget. It is a generous budget that both benefits the man in the street and provides some measure of incentive to encourage investment in capital equipment in industry and commerce. It deserved the generous response in the media.

Whilst many would welcome his \$1.37 billion tax concession package, no mean feat at a time of growing public expenditure, few would disagree with him that the growth rate of public expenditure should be brought more into line with the growth rate of the G.D.P. It is evident from his statement, and I quote, ‘the total size of civil service has increased substantially in recent years and none of us is satisfied that the most effective use is being made of available staff resources’, that the Financial Secretary is obviously worried about the twin but related problems of seemingly unrestrained growth of the civil service and the cost effectiveness in the use of available staff resources.

A cursory reference to Table (5) of the printed version of the Financial Secretary’s speech shows that Government expenditure in personal emolument has grown from just over \$1,000 million in 1972-73 to \$6,000 million (revised estimate) in 1981-82, almost six times in ten years. In the same period, the number employed in the Civil Service increased from 98 459 to 151 809. For 1982-83 there will be a further increase of 16 500 posts. One can therefore hardly be blamed for questioning (1) whether the Civil Service is cost-effective or that the taxpayers are getting value for money, and (2) whether Civil Service staff resources are properly deployed or used in an effective manner.

Productivity in Government is something which has often been mentioned in speeches in this Council and other public forums but has never been seriously challenged, simply because people tend to take the view that it is difficult, if not impossible, to measure work output of Government services. Whilst this may be true in respect of some services such as social welfare and law and order, it

cannot be true in respect of public works, Government schools, Government hospitals, etc., because they can in the main be measured and compared with their counterparts in the private sector.

Addressing myself to the above questions, I have researched into the workings of some of the Public Works departments purely because public works share the biggest slice of the public expenditure and are in a field with which I am reasonably acquainted.

In the Appendix of the printed version of my speech I have shown the results of an expenditure analysis in respect of the Architectural Office for the past five years from 1977-78 to 1981-82. The annual expenditure in personal emolument in any particular year is shown as a percentage i.e. (ratio B/A) of expenditure on building works done during the year. It can be seen, for example, that in the year 1977-78 the expenditure in personal emolument amounted to 16.2% of the expenditure on work done during that year. It should be noted, however, that the figure in A includes also expenditure on work done by consultants which should have been deducted from the calculations but was not because I was interested in only a broad indication rather than precise figures. Had this been taken into account in the calculation, the effect would be that the ratios B/A would become somewhat higher.

The percentage figures as shown do compare very unfavourably with those for work done by the private sector. In the private sector, consultancy fees rarely exceed 10% of the total cost of a project except for very small projects. For large projects, it may be a great deal less. But what one has to bear in mind when making the comparison is that from their fees earned, consultants would have to pay not only the personal emolument of their staff but also staff fringe benefits, all office overheads such as rents, rates, electricity, telephone charges, etc. Over and above these the consultants will have to make a profit in order to survive in business.

Then a question may well be asked whether there is any point in keeping the work in-house when it could be done more economically by consultants in the private sector, that is whether Government departments should remain in operation unless their productivity is comparable to that of their counterparts in the private sector. Here the principle of the survival of the fittest, which the Financial Secretary advocates and which I whole-heartedly support, should apply just as much in public services as in the private sector.

I shall now deal with the next question whether Government staff resources are properly deployed or used in an effective manner.

In Hong Kong, the Buildings Ordinance by virtue of the requirement of registration does not permit an unauthorized person to undertake building work. Yet ironically, plans prepared by an *authorized person* who is by statute recognized as competent to provide the service should be subject to scrutiny and approval of the Buildings Ordinance Office by a fellow professional on the

Government staff who more often than not may be less experienced than himself. Such unnecessary duplication of effort is certainly not an effective use of manpower in the context of Hong Kong as a whole.

Equally important, this duplication has resulted in many complaints against the Buildings Ordinance Office over delays in granting approval of building plans and the issuing of occupation permits. Major projects are often held up for months because of arguments between architects and Government officials often over procedural matters or differences in the interpretations of the law. In view of the rather unsatisfactory situation, my Unofficial Colleague Miss DUNN had found it necessary to make a plea in this Council on 28 October 1981 for improved and simplified procedures in the administration of the Buildings Ordinance, drawing the Council's attention to the many complaints voiced about the time taken for building plans to be approved and occupation permits issued.

But why is a complicated plan-approval procedure necessary in the first place? To the best of my knowledge, the procedure is much simpler in the United Kingdom and in many other developed countries, where the work is undertaken by qualified professionals who would ensure that requirements of law are met. Why can't the architectural, engineering and related professions in the building industry in Hong Kong be trusted as are members of other professions such as the medical, accounting and legal professions?

Therefore I support strongly the proposal put forward by the Hong Kong Institute of Architects for the establishment of a new Ordinance under which architects, engineers, surveyors and all professionals practising in the building industry shall be registered and which would impose upon them a statutory obligation to carry the technical and legal responsibilities for the professional work in their respective fields. The new Ordinance should also include a provision for the establishment of a disciplinary body which would be empowered to regulate the professional conduct of members of the relevant professions and ensure that those who abuse their privilege would be appropriately penalized which may in certain cases include de-registration.

If the professionals are given their rightful responsibilities and are required to fulfill these responsibilities by law, then the Buildings Ordinance Office can be relieved considerably of its plan-approval burden and some of the staff currently employed on this particular task can be re-deployed to areas where additional manpower is needed. For example, I am given to understand that in recent years because of shortage in technical manpower, surveillance operations against unauthorized building works could only be mounted on a limited scale. As a result, many illegal buildings and structures escape proper attention and proliferate all over Hong Kong. Perhaps this is an area to which appropriate staff resources could be deployed.

Following the Financial Secretary's statement I quoted earlier on the substantial growth of the civil service, he went on to say, and again I quote, that

‘this is one area that will require particular attention during the coming year’. Sir, I sincerely hope these words will be translated into action. But so far there are few signs that this is happening. For example, only recently I challenged the proposal for setting up a new department to service the Vocational Training Council. A more prudent approach, in my opinion, would have been to service the Vocational Training Council with existing facilities and decide later in the light of experience whether a new department is required. But a new department we will have.

Sir, I have I am sure touched perhaps only the surface of the problem of efficiency and productivity, or the lack of them, of the Government machinery. I have shown examples that would indicate that the problem is not a myth. What we need now is an in-depth review of the whole machinery to see where the defects lie and whether some gears and wheels are redundant and others overburdened. In view of the particularly rapid growth of the civil service in the past couple of years, such a review must include the new procedure for creating posts that was introduced in 1980. Only then will we be in a position to decide what corrective action or control is needed, for in the Financial Secretary’s own words ‘control there must be’ if we are to see an effective curbing of the unrestrained growth in both the civil service and public expenditure.

Sir, with these remarks I support the motion.

APPENDIX

EXPENDITURE OF ARCHITECTURAL OFFICE (\$ MILLION)

	77-78	78-79	79-80	80-81	81-82
Public works non-recurrent—Building	170	272	771	334	465(R)
Building works in New Territories and Public Housing (other than Housing Authority)*	135	199	223	290	491(R)
Public works recurrent (AO)	<u>60</u>	<u>76</u>	<u>89</u>	<u>122</u>	<u>154</u> (R)
TOTAL A	365	547	1,083	746	1,110
Personal Emolument B	59	69	80	103	132(R)
(AO)					
Ratio $\frac{B}{A} \times 100\%$	16.2	12.6	7.4	13.8	11.9

(R) Revised estimate.

* This refers to all building works included under the Head of Expenditure entitled Public Works Non- Recurrent: New Towns and Public Housing (Other than Housing Authority).

MISS DUNN:—Sir, I shall confine myself in this debate to three subjects: the growth rate of public expenditure; the problem of financing capital expenditure in future years; and the size and management of the Civil Service.

Control of Public Expenditure

Whether one looks at public expenditure in money terms or in real terms, in relation to the General Revenue Account or to the Consolidated Account, it is self-evident that the growth rate of public expenditure in recent years is most worrying. In the five years ending 1981-82, the average annual growth rate of public expenditure on Consolidated Account in real terms was 16.5%, whilst that of the G.D.P. was only 10.7%. For the year just ending, 1981-82, the budgetary intention was to hold the growth rate down to 12.8%, the forecast growth rate of the G.D.P. being 8%. But the revised estimates of expenditure (on Consolidated Account) reflect a growth rate of nearly 22%, or more than twice the now estimated growth rate of the G.D.P. of 10%.

In these circumstances, I would have expected to hear from the Financial Secretary that the central theme of budgetary strategy in 1982-83 was the control of public expenditure. Specifically, I would have expected the Financial Secretary to slow down the growth rate of public expenditure to the forecast growth rate of the G.D.P. (or below it, as was done in 1979-80). Instead, a growth rate of nearly 11% is budgeted for compared with a forecast growth rate of the G.D.P. of 8% only.

I have dilated on these relative growth rates at some length for this reason: according to Appendix A to the budget speech, the Government manages the public finances on the basis of four principles, the first of which is that the growth rate of public expenditure should have regard to the growth rate of the economy. Yet there appears to be a dearth of evidence that the Government is anxious to put this principle into practice. In fact, the Financial Secretary expressed some doubt in paragraph 28 and footnote 18 of his speech that he would be able to hold expenditure on General Revenue Account even to the \$33 billion sought. And \$33 billion, incidentally, is a staggering increase of \$6 billion on the revised estimates of expenditure (on Revenue Account) for 1981-82, or an increase of \$8.4 billion on the approved estimates for 1981-82.

I think the Financial Secretary must agree that these are alarming figures, especially as Hong Kong is continuing to suffer double digit inflation. Naturally, I accept and welcome his confirmation of the first principle of management I have just mentioned: specifically, in paragraph 25 of his speech, he said his aim was to 'keep (the) growth rate in public expenditure down to the growth rate of the G.D.P. and, ... if this is not feasible or appropriate every year, the trend should be clearly this way inclined'. But this question, Sir, must be asked: can he fulfill this aim? I hope so but, for two reasons, I am somewhat sceptical.

In the first place, the approved estimates for 1981-82 have been exceeded: instead of an intended easing back in the growth rate of public expenditure in

real terms there was a sharp increase. When I expressed the hope this time last year that the growth rate of public expenditure *would* be contained within the approved estimates, the then Financial Secretary argued that 'administration, like politics ... is the art of the possible'. It seems to me, Sir, as events have borne out, it is more like the art of the impossible!

Secondly, while I agree with what the Financial Secretary said in paragraph 26 of his speech, namely, that 'the lesson is ... more important than excuses', I really do doubt whether we have, at long last, learned 'the lesson'. Consider, Sir, the record: in three of the last five years, the growth rate of public expenditure on Consolidated Account in real terms has been twice the growth rate of the G.D.P., in one year it was 50% higher and only in one year was it lower. As a result the relative size of the public sector is now half as large again as it was five years ago; and *yet* it is due to go *even higher* in 1982-83 for the growth rate of public expenditure is *again* forecast to exceed the growth rate of the economy.

I can almost hear the Government's response being formulated: of course, we are anxious to contain the growth rate of public expenditure, but a failure to hold the growth rate down to the growth rate of the economy, or at least to ensure that the approved estimates are not exceeded, is as much the fault of Unofficials as the Government's. So, in the debate on the Governor's Address in November last year, the then Chief Secretary said that it would be helpful if specific suggestions were made as to the areas where savings in public expenditure could be made. The Financial Secretary made a similar plea in paragraph 30 of his budget speech, although in a different and more constructive context.

Such a response, Sir, will not do at all: it is the Government's responsibility to manage the public finances and so it is the Government's responsibility to determine expenditure limits and priorities. The Financial Secretary himself admitted in paragraph 23 of his speech that '(What) constitute essential activities (in the public sector) have been (the subject of debate) since time immemorial'. Unofficials provide that debate. But they cannot, and should not, be expected to provide solutions too. That is, and must remain, the responsibility of the Government.

It is also unfair and misleading, to argue, as the then Chief Secretary did during the same debate in November last year, that applications for supplementary provision to cover expected excesses in expenditure are submitted to, and approved by, the Finance Committee of this Council throughout the financial year. This is true and each applications may be justified in its own right, but no attempt is made to assess the cumulative effect of all applications on total expenditure over and above the approved estimates or of their economic implications. Members of Finance Committee have no option but to *assume* that the Government, in putting forward these applications, has already assessed their financial and economic implications; and to *assume*, should they be approved, that this will not mean, at the end of the day, that the public undertakings and assurances given to this Council about the management of the

public finances will be breached. In other words, Finance Committee approves applications for supplementary provision in good faith. I would suggest that, in future, unless offset by equivalent savings elsewhere, all applications for supplementary provision should be accompanied by an assessment of their implications for the Government's budgetary strategy in both financial and economic terms and I would suggest to my colleagues on Finance Committee that they should only be approved if the assessment is found to be acceptable.

Financing of Capital Expenditure

One aspect of the growth rate of public expenditure which has worrying implications for the future is the decline in the proportion of total expenditure financed by recurrent revenue: according to Table 6 in the Statistical Appendix to the budget speech, from being around 100% or more throughout the 1970s, the proportion fell to 90% in 1981-82 and is estimated to be only 77% in 1982-83. To put this point another way: in the last five years the financing of capital expenditure has been much less dependent on recurrent revenue than in the past. In the five years ending 1976-77 capital revenue financed, on average, about 40% of capital expenditure, the balance being financed by recurrent revenue. In the three years ending 1979-80, capital revenue financed 65% of capital expenditure. In the following two years capital expenditure was entirely financed by capital revenue and the budget envisages that it will be so in 1982-83 as well.

How long this state of affairs will persist is difficult to say. But should land sales falter, and remember that revenue from land sales now accounts for over 95% of total capital revenue, and should yield from our system of taxes and charges decline as a result of a possibly sluggish world economy, then I foresee real difficulties ahead in financing our recurrent services and our capital works programmes. The Financial Secretary might then have no option but to raise tax rates, at a time when that might be most unwise, or to draw down our reserves, perhaps substantially.

The Civil Service

Having said that it is the Government's responsibility to determine how the public finances should be managed and expressed my concern about the dangers of a growth rate of public expenditure which is inconsistent with economic growth and stability and which may not be within our financial resources indefinitely, I would suggest that a major source of possible savings is the Civil Service.

With an approved establishment of 138 000 posts (plus another 28 000 employed by the U.S.D. and the Housing Authority) the Civil Service is now a significant influence in the labour market. Personal emoluments in 1982-83, before allowing for any revisions in salaries, amount to \$6.7 billion or 35% of recurrent expenditure on General Revenue Account.

Now, the Financial Secretary admitted, on the one hand, in paragraph 48 of his budget speech that 'none of us is satisfied that the most effective use is being made of available staff resources' and yet, on the other hand, he has made financial provision for a further increase of 16 500 posts in 1982-83. And I would point out, whilst accepting that not all these posts will necessarily be created, the likelihood is that for the third year running the establishment of the Civil Service will increase by around 8%.

I welcome the Financial Secretary's statement, in paragraph 48 of his speech, that 'this is one area that will require particular attention this year', but I should like to know precisely what will be done. I ask this because, over the years, many of us as Mr. S. L. CHEN just pointed out, in this Council have called for a more critical look at the size of the Civil Service, its productivity and management structure and various assurances have been given, usually along the lines that in-house studies were being carried out. And yet, despite the Financial Secretary's forthright declaration in paragraph 24 of his speech that 'less government tends to be more efficient government', the Draft Estimates provide for the Civil Service to continue to grow at an alarming rate.

The Secretary for the Civil Service said during the policy debate in November last year that it was not practicable to make savings in staff when departments were required to expand into new activities, to extend geographical coverage and to embark on new projects. And yet he agreed that the Government needs to monitor staff usage more closely and to exert more pressure on heads of departments to achieve improved productivity. Surely improved productivity implies staff savings and, therefore, a slower rate of expansion of the Civil Service than increased commitments might otherwise suggest. He further went on to say that increased productivity should be the *aim* at all times and not merely in response to expensive pay adjustments, but he stopped short of saying whether, in fact, this aim is *pursued* 'at all times'. He also assured us that his branch and the Finance Branch were conscious of the need to control the growth of departmental establishments and said that specialist resources were to be acquired by the Finance Branch to assist in this task. I should like to know the progress of this exercise.

With a total establishment of 138 000, I question whether the present management structure of the Civil Service is still appropriate. In particular, I question whether the central Government Secretariat concept remains relevant. When I raised this in the last budget debate, the then Chief Secretary agreed that 'the time (had) come for another look at the overall organization of the Central Government' and he said that he had given 'instructions that a reappraisal ... be undertaken by the Administration Branch'. Although I doubt whether the Administration Branch is the appropriate body to carry out such a major task, I would, nevertheless, like to know the outcome of their deliberations.

Let me say, Sir, my concern about the present and projected size of the Civil Service is not just because of its cost. As I have said before, I believe that we

have a Service which consists of hard working and dedicated men and women who have been responsible for much of Hong Kong's progress and achievements. But the growth of the Service is such that we need to pause, consolidate, and take stock of the system. I would add that the underlying cause of public frustration is not so much a lack of participation in the decision making processes of Government, but the procedural maze and delays with which they are so often faced. The growth of the Civil Service in recent years reflects the way in which even Hong Kong is in danger of being over-regulated and overgoverned by a sprawling bureaucracy. Unless we are aware of the need regularly to review procedures, to take a dynamic view of management structures, to develop relevant skills and to modify outdated attitudes, I fear the growth of the Civil Service will continue unabated, all in the name of civic progress and community improvement.

Sir, I support the motion.

REVD. MCGOVERN:—Sir, in a Budget Debate it is quite natural that the main topics discussed should centre around money. And money is, the newspapers constantly tell us, what Hong Kong is all about. In such a context it may seem rash of me to suggest that there are other considerations, social and human considerations, which also have a bearing on our evaluation of the well-being of our community.

I will mention one such consideration which causes me and others some disquiet. In paragraph 93 of the Budget Speech it is proposed that the child allowance be increased for the first and second child. So far so good. What is disquieting is that no increase is proposed for the third and subsequent children. It is considered that the present levels remain appropriate. 'Appropriate' is a much used piece of Civil Service jargon which can mean anything, or nothing. In this case it cannot mean economically appropriate for parents. A third or fourth child while costing relatively less to rear than a first or second child, still costs money. In this inflationary age it costs more money this year than last year or the year before. It is also likely that it will cost still more next year and the year after. So, economically it would obviously be appropriate to give an increase in the allowance beyond the second child.

As that is not being done, 'appropriate' must mean something other than economically appropriate. I suggest it may mean socially. If so I further suggest that it may be, consciously or unconsciously, part of a trend by which Government is promoting a small family policy by the use of disincentives. Government will no doubt protest and assure us that there is no such trend or policy. That there would appear to be such a trend is indicated by the fact that in last year's budget also the child allowance was raised for the first two children but not for subsequent children. Furthermore, during the past year we had the Employment (Amendment) (No. 2) Bill which proposed to limit maternity benefits to two surviving children. Having admitted that there is no official two

children population policy in Hong Kong, Government eventually changed this Bill to three surviving children. But the trend towards the numbers game and financial disincentives remained, in spite of verbal assurances to the contrary.

I would like it to be noted carefully, and therefore not put up as a straw man, that I am not starting a debate on whether or not a two child family is a better thing than a larger family in the overcrowded living conditions of Hong Kong. Nor am I starting a debate on Socialist or other economic theories on whether or not the use to which public money should be put should be dictated by Government or by the taxpayers who provide the money. What I am bringing into the debate is the means by which a small family policy should be promoted. For brevity sake, following the Financial Secretary's good example, I will not give the many reasons for my contention, I will merely state that the consequences of population control by means of disincentives have been proved to be socially undesirable. Perhaps to make my meaning clearer to the official side I should say socially 'inappropriate'.

The proven sound and sane method which does not destroy respect for family life, is not disincentives, but a policy of promoting family life education including the concept of responsible parenthood. I must add in this permissive age, that this concept must be promoted before as well as during married life. As it would be overdramatic and an exaggeration to remind Members that this is 1982 and therefore only two years to George ORWELL's 1984, I will content myself with warning that the trend towards disincentives puts us on a very slippery slope.

For example, take housing. It would be quite a logical step to bar a three child family from public housing on the grounds that public housing is subsidized by public money. Or education. Is there honestly a parent among Members who would think it in keeping with his or her human dignity and freedom of choice if he or she had to appear before a school administrator with a numbered child clutched in one hand, and in the other a piece of paper certifying that the parent had been sterilized as a prerequisite for equal priority for this child in the school entrance queue? That is where Singapore has slipped to. It is all very logical, but it is the sort of logic that Hong Kong can do without, especially as the two child family is already the rule rather than the exception here.

I merely mention one other important topic. When listening to paragraph 94 of the Budget Speech my heart naturally bled at the prospect of our Financial Secretary ekeing out an existence, in his old age, in some attic, in penury, and neglected by an uncaring next generation. I am glad to hear that he is going to give some thought to this important social question. Could I suggest a further connected thought?

Since at least the 1960s there has been a lot of hot air but no concrete action on the ever growing social problem of workers in the private sector having no public scheme by which provision is made for the old age or premature

unemployment. Public Assistance is a pittance and was not designed to be a substitute for a wage or a pension. In the 60s it was pointed out that we had a young working population and a relatively small population of old people to support. It was pointed out that the time to start funding for old age was while workers were young and active. These young workers of the 60s are now twenty years older, twenty years nearer the day when it will be too late to put something aside from their earnings. We now have an increasing population of old people and will have a relatively decreasing population working to support them from taxation or any other means. The problem was urgent in the 60s. It is more urgent now. We need to devise a central provident fund or central pension scheme suitable for the present and future needs of Hong Kong workers. We need to do it now, without further dithering, and I suggest that the Financial Secretary bends his agile mind to this problem before he and I and the bulk of the population are not only dithering but doddering (*laughter*).

With these observations I support the motion.

MR. PETER C. WONG:—Sir, the merit of the Financial Secretary's first Budget speaks for itself. It is, indeed, most reassuring to find that the much cherished growth momentum of the HADDON-CAVE Decade is being sustained in the new BREMRIDGE Era.

I strongly endorse the Financial Secretary's call to strengthen the basic infrastructure that is needed to support our rapidly developing and changing economy. One of the channels for such endeavour is, of course, the tapping of our greatest resource—people—through an effective education system. This afternoon I propose to speak on the serious lack of university places and the need for a third university.

It is important to remind ourselves that educational aims at university level, indeed at any level, should be expressed in both qualitative and quantitative terms. Qualitatively, university education should contribute to individual satisfaction by developing a student's latent talents and also prepare him, whether mentally, morally or vocationally to meet the socio-economic and cultural requirements of society. Quantitatively, it should be a basic right rather than the privilege of the elite class. Stated simply, every student who has the ability should have the opportunity of university education.

Over the past decade we have witnessed a phenomenal expansion in the provision of primary and secondary education. Although Government attaches considerable importance to the development of university and polytechnic facilities, we are still a long way from attaining our objective. According to the results of 1981 Census, the proportion of the population with secondary or post-secondary education was 42%. However, the proportion educated at university—at 2.7%—is far from satisfactory. In this very important area, we are trailing far behind many countries. In Singapore, for instance, the figure is double that of ours.

Our two local universities, established in 1911 and 1963, are making an invaluable contribution to the community. Unfortunately, only 2% of the relevant age group are able to secure places in these institutions. In 1981, the number of undergraduates registered at the universities are: 4 785 at the Hong Kong University and 4 456 at the Chinese University, making a total of 9 241. Enquiry shows that over 10 000 leave Hong Kong each year to seek education abroad, and it is estimated that the number of students studying in overseas universities is roughly equal to the number we are educating locally. With the sharp increases in fees for overseas students (notably in the U.K.) and the increasing prohibition and restriction in many countries regarding overseas students' choice of disciplines, particularly in the fields of medicine and law, the social demand for local university education could only be expected to increase dramatically.

Undeniably, there is an acute shortage of university places. In 1981, 13 435 candidates sat for the Advanced Level Examination conducted by the Hong Kong Examinations Authority. 8 407 managed to attain the minimum entrance requirements of the Hong Kong University. Of these, 5 723 applied for places at the University, but only 1 483 were successful. The number admitted was therefore less than 26% which must be considered low by any standard. Similarly, the admission figure at the Chinese University was not at all encouraging. In 1981, 18 336 sat for the Higher Level Examination. Some 4 429 fulfilled the entrance requirements and 1 115 were admitted. The shortage of university trained personnel in both the public and the private sectors is no less acute. Unless the situation is substantially improved, Hong Kong will suffer in more ways than one.

In 1981, the overall shortage of university places was in the order of some 10 238. Out of 12 836 who passed the Advanced Level and Higher Level Examinations, only 2 598 were able to secure places at the universities. It is true that Government is actively considering the expansion of higher education and it is anticipated that in the next few years there will be a growth rate of some 4 per cent per annum in respect of the existing universities, and degree courses will be introduced in the Polytechnic and the Baptist College. However, these will not be adequate to cater for the long term needs of Hong Kong, taking into account the fact that there is a limit to which the existing universities may be expanded.

Government itself is in the process of de-centralization. To be consistent, the policy for higher education should be against federalization. Obviously, there is a strong case for a third university. I believe the time is ripe to set in motion the planning of such an institution. Since it will take not less than ten years to establish an institution of higher learning, may I suggest, Sir, that a preliminary planning committee be set up as a matter of urgency to study the proposal. The expenditure involved will be minimal in the context of our Budget.

It will never be easy for those of us who are fortunate enough to have the benefit of university education to fully appreciate the frustration of those who are deprived of it. I agree with the Financial Secretary that we should not let our hearts rule our heads. Fortunately, in the case of higher education, both sentiment and logic will argue for early expansion. Surely, the key to our future success rests heavily on the adequate supply of able and suitably qualified graduates. It would be in the public interest, and indeed in Government's own interest, to give this matter the highest priority.

Sir, I support the motion.

MR. WONG LAM delivered his speech in Cantonese:—

督憲閣下：

七〇年代夏鼎基爵士為本港的財政，苦心規劃，使本港經濟發展成績驕人。踏入八〇年代，由出身與經驗都頗為不同的彭勵治先生來擔任財政司，其表現同樣受到大家稱頌，相信一般市民都會感到欣慰。

對於財政司八二／八三年度的預算案，本人將先評論公共開支的增長率應否超越國民生產的增長率；繼而討論政府目前應優先處理的急務，及公務員整個編制急刻增長的問題。

財政司認為本港公共開支的增長率不應超越國民生產的增長率。這點部份人士可能並不同意，認為政府既然已有巨額的儲備金，在財政支出方面比較闊綽也無不當之處，所以凡有增加某項服務撥款的要求，總向儲備金打主意。本人認為本港既無特別資源，在國際貿易上又容易碰上種種不利的限制，作為有責任感的政府，必須時加警惕以提防不時之需，隨便動用儲備金或漫無節制地增加公共開支，皆非明智之舉。

既然公共開支應有節制，財政司所提的公共開支增長率不應超過國民生產率，顯然是謹慎和符合本港實際環境的做法，也是值得支持的做法。

公共開支的增長既然應有局限，政府在處理公共事務時，自然應有先後緩急之分。財政司在八二／八三年度的預算案中，認為目前應優先處理的是全力增關土地，加速交通工程和公屋建設。這見解本人頗為同意，因為這三項工作都是與急需二字拖上關係。八〇年代的香港，如果未能及早開闢更多土地以供工業及住宅之用，未能及早解決無日無之的交通擠塞問題以便利工商各業，未能為飽受居住問題困擾的部份港人提供住屋，則即使其他服務（如社會福利或社會保障等）如何圓滿，香港的繼續繁榮和民生安定肯定大受影響，所以財政司所提要優先處理的事情，看來相當符合本港的急切需要。

不過，本人認為還有一項值得政府加以優先考慮的急務，便是改善本港教育質素的問題。目前政府雖然已經達到提供九年免費教育的目標，但這九年免費教育的質素，仍未能盡如人意。有關小學教育（即前六年）的質素問題，本人與多位議員在本局討論「小學教育及學前服務」綠皮書時，經已詳細提及，認為大有改善之餘地。至於初中階段的三年免費教育，其質素也令人關注，政府有需要詳加檢討和改善。

正如部份教育工作者指出，目前的升中派位辦法，使程度非常參差的學生一同上課，教師根本沒法的因學生的水準而施教，形成初中（指中一至中三）教育的混亂。部份較有名望的學校，則將所收的中一新生另組班別上課，以免影響原有舊生的學習進度。這些新生，水準與舊生大有距離，而教師對他們的照顧也較困難。在這種情形下，不少學校的初中教育質素，令人極不滿意。同時，因為有了初中成績評核辦法的存在，初中教育很容易變成以應付考試為目的，無論在施教的方法和學習的態度上，都大受影響，使中學教育應有的目的無從達到。以目前情況看來，初中教育質素越遲加以改善，則積習越深，流弊也越多，受影響的學生數目也越大，將來對整個社會的影響也更大。相信大家都同意，教育質素

閣下，本人雖然對公務員數目的過份增加頗為憂慮，但對整個八二／八三年度的預算案大體上是相當滿意的，尤其是預算案中對中、下層市民的照顧，實在令人欣賞。四年前本人在七八／七九年的預算案辯論中，曾指出夾心階層人士無論在稅制或公共房屋分配方面，都處於非常不利的地位。經過四年的轉變，目前他們的處境較當時要好得多，實在值得大家欣慰。本人深信在各階層市民通力合作下，香港人一定能夠繼續享受閣下在過往十年間帶領港人所創造的繁榮、安定和增長。對閣下、前任財政司、現任財政司和所有為香港奠下穩固美好基礎的人士，相信市民心中都深存感激之意。

閣下，本人支持此項動議。

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

Sir, through Sir Philip's hard work and careful planning Hong Kong's economy was able to achieve remarkable success in the Seventies. With the setting in of the Eighties, MR. BREMRIDGE, who has a background and experience quite different from Sir Philip's, assumed the post of Financial Secretary. His performance has won similar favourable comments. I believe the general public is pleased to see this.

About the 1982-83 Budget presented by the Financial Secretary, I would like to comment first on whether the growth rate in public expenditure should be allowed to exceed that of the Gross Domestic Product, then on matters to which the Government should give priority and lastly on the drastic expansion of the entire civil service.

The Financial Secretary opines that the growth rate in public expenditure should be kept down to the growth rate of Gross Domestic Product. Some may disagree with this on grounds that since the Government holds so large a reserve it can afford to be more generous with its spending. So whenever there is a request for the appropriation of more funds for a certain service, reference is made to the reserve. As Hong Kong does not have any special resources and is vulnerable to all kinds of restrictions in international trade, I think the Hong Kong Government, as a responsible government should always remind itself to prepare for contingencies. Both indiscriminate use of the reserve and unrestrained increase in public expenditure are unwise.

As there should be some restraint on public expenditure, the Financial Secretary's suggestion that the growth rate in public expenditure should not exceed the growth rate of the Gross Domestic Product is clearly a cautious measure which suits Hong Kong's actual circumstances and is worthy of support.

Since it is necessary to keep the growth of public expenditure under restraint, the Government should set its priorities when dealing with public affairs. The Financial Secretary, when presenting his estimates of revenue and expenditure for 1982-83, pointed out that the priorities of the Government at present should be to produce more land with an all-out effort and to expedite transport projects and public housing. I quite agree with this view, for all those are urgent and essential matters. If, in the 80s, Hong Kong fails to produce more land for

industrial and residential purposes, fails to solve as soon as possible the ever-existing problem of traffic congestion so as to facilitate all trades, and fails to provide accommodation for those sectors of the public which have been unduly plagued by the housing problem, then, no matter how perfect the other services (such as social welfare and social security) are, the continued prosperity and social stability of our society will doubtlessly be jeopardized. The priorities set out by the Financial Secretary therefore seem to fit in with the urgent needs of Hong Kong.

However, I think there is one more pressing item to which the Government should give priority, namely, to improve the quality of education. Although the Government has already fulfilled the target of providing nine years' free education, the quality of these nine years of free education still leaves room for improvement. The quality of primary education (that is, the first six years) was discussed in detail by my Colleagues and myself when the Green Paper on Primary Education and Pre-primary Services was brought before this Council. We felt at the time that the situation left much to be desired. Similarly, the quality of the three years of free junior secondary education also calls for concern, and it is imperative that the Government conduct a detailed review on the subject and make improvements accordingly.

As have been pointed out by some educators, the existing Secondary School Places Allocation System which puts students of varying standards in the same class has made it impossible for teachers to teach according to the standard of the class and has thrown junior secondary education (i.e. Form one to Form three) in Hong Kong into confusion. What some of the more prestigious schools are doing is to put all the newly-enrolled Form one students in a separate class so as not to affect the progress of their own students. The standard of these new students falls far behind that of the old students. Teachers also find it more difficult to look after their needs. Under such circumstances, the quality of junior secondary education in many schools is not at all satisfactory. At the same time, with the Junior Secondary Education Assessment looming large over the horizon, junior secondary education easily becomes examination-oriented. Both the methods of teaching and the students' attitudes towards learning are greatly affected. As a result, our secondary education simply cannot achieve what it has set out to do. It is clear from the present situation that the more we drag our feet in improving the quality of education, the more deep-rooted will the problems become. The greater the abuses, the greater the number of students affected and the greater effect on the whole community. It is indisputable that improvement in the quality of education cannot be achieved overnight. Neither is there any short cut to it. Therefore, the Government should not overlook the urgency of this problem simply because the maladies have not yet surfaced. I do not intend to elaborate on the methods of improving the quality of education during this Budget Debate but I do believe that the Government ought to give priority to this matter and increase expenditure on education.

How are we going to cut down on other items of public expenditure so that the issue concerning the quality of education can be given a higher priority? The best solution, I think, is to take practical actions in slowing down the rapid expansion of the civil service. No doubt the speedy economic development, substantial growth of population as well as increasing public demand on Government services in recent years all added to the workload of the Government. Moreover, the establishment of district boards calls for a further increase in the number of civil servants in order to provide staff for the district boards. However, it is doubtful whether there is any actual need for such a rapid increase in the size of the civil service. The expansion of the civil service establishment (especially at the directorate level) in the past decade has indeed aroused much concern. The civil service establishment has increased from 94 417 posts in 1971-72 to 166 030 posts in 1982-83. Except for 1974-75 when the increase was slackened by economic recession, each year has witnessed a considerable expansion in the size of the civil service. For the past five years, there has been a 6% annual increase. In 1982-83, the rate of increase is as high as 9.4%. The expansion of the directorate is even more shocking. Except for the mid- and late 70s when economic recession resulted in smaller increases, the early years of both the 70s and 80s witnessed two-digit increases, especially in 1980-81 and the early part of 1982 when the rates went up to about 22% and 19% respectively. In other words, the expansion of the directorate has been far more rapid. Although at present the Government is still able to afford so large an establishment and such rapid expansion, in the long run, however, problems will surely arise.

There is a Chinese saying: 'One monk fetches his own bucket of water, two monks fetch their bucket of water jointly, but with three monks together, there is no water to drink at all.' (Every man's job is no man's job) (*laughter*). I have made a comparison between the present and the past performance of some of the civil servants and found that the so-called 'Parkinson Law' or 'Monk Theory' do sometimes apply. For instance in the mid-70s, Divisional Police Stations were headed by Superintendents, and later by Senior Superintendents, but now many are headed by Chief Superintendents. Similarly the subordinate posts are filled by staff of ranks far higher than in the past. I believe this does not happen only in the Police Force, but also in other disciplined services as well as civilian departments.

I do not deny that the Government is watching the issue closely and is trying its best to control the excessive growth of the civil service. For example, Departmental Establishment Committee has been set up in every department to give the head of department the discretion to dismiss supernumerary staff and re-deploy staff in the department to meet specific needs of changed circumstances. However, the number of civil servants has continued to grow drastically. I would therefore like to ask the Government the following questions: When the Establishment Committee and the head of a department put up a request for more staff, do they cut off all redundant staff in the department first? Can the

productivity and efficiency of the existing strength of the department concerned be raised through training or a more effective monitoring system? Are the posts being created of too high a rank? Has the department asked for professionals to fill posts of a clerical nature? Has the real need been overestimated when the department plans to increase its staff for the purpose of providing new services? Judging from the current state of affairs, I think that the entire establishment of the civil service and ranks of all posts have over inflated. On the other hand, the Establishment Committees in various departments have not functioned effectively.

Apart from setting up a Departmental Establishment Committee, each Government department should every now and then review its own efficiency and find out the causes if there has been a rise or fall in its efficiency. I discover that in the past few years, quite a large percentage of the big projects handled by the Public Works Department failed to meet the target date of completion, thus obliging the Government to shoulder more expenses or defer its services. This phenomenon contrasts sharply with the works of the Mass Transit Railway. Although this example just quoted may not reflect accurately the efficiency of the Public Works Department, and although there may be many reasons for the slow progress of projects, it is believed that by conducting periodical self-reviews on the efficiency of past and present performances, Government departments are more likely to improve their efficiency.

Besides, there should be better connexion and co-ordination among Government departments in order to save unnecessary expenses. Once, I learned from the same newspaper that different Government departments were organizing youth activities on the same day in the same district which means that different Government departments were competing for 'customers'. I have no objection whatsoever against youth activities, nor do I object to benign competition among Government departments. Yet, such policies which indicate poor co-ordination and a waste of public funds must be re-examined, so that work of different departments can be more efficiently done, expenditure can be cut down and worthwhile services can be provided.

I am glad to hear in the 1982-83 Budget Speech the Financial Secretary's candid remarks about the effectiveness of the civil service and its substantial expansion in recent years. What I fail to understand is why he still approves a significant increase of about 14 200 posts in the civil service establishment for 1982-83. As the Financial Secretary puts it —merely throwing money at problems solves nothing in the long run. I would like to add that merely increasing staff resources solves nothing in the long run either.

Sir, while I express concern over the undue expansion of the civil service, I am happy with the 1982-83 budget as a whole. What I appreciate particularly is the consideration shown for the middle and lower income groups in the Budget. In my speech during the 1978-79 budget debate four years ago, I drew attention to the plight of the sandwiched class who were placed at a disadvantage both in

taxation and the allocation of public housing. However, things have changed in the past four years. Their position today is much better than what it was four years ago. This is certainly something which we can take pride in. With the concerted effort of all sectors of the community, I am sure that the people in Hong Kong will continue to enjoy the prosperity, security and progress which we have achieved under your leadership in the past ten years. Our gratitude goes to Your Excellency, the former and present Financial Secretaries and all those who have helped to lay a sound foundation for the community of Hong Kong.

Sir, I support the motion before Council.

DR. HUANG:—Sir, those of us who are laymen in matters of high finance and economics should be grateful to the Financial Secretary for a budget speech which sets practical considerations within the clear framework of a philosophy of Government and at the same time renders intelligible to the ordinary listener the principles along which Government proposes to act and the practicalities which affect its method of operation.

He has shown himself to be aware of the practical issues which face all Financial Secretaries, of keeping a fair balance between *laissez-faire* and control, between the needs of industry and the community's social needs, between enterprise and welfare, and he has distinguished wisely and meticulously between need and clamour. In particular, I am heartened by the unequivocal way in which he has cut through these dilemmas by reminding us that the 'whole long term purpose of Government policy for the encouragement of the creation of wealth is not to enable the rich to get richer but rather to achieve an improved standard of life in all its aspects for the whole community' (para. 7).

His determination to improve the lot of the common man is to be seen in his obvious concern for equitable and acceptable levels of taxation. In welcoming the concessions that have been proposed I would suggest that a further step might properly be taken if their real purpose is to be achieved. At present the tax rate progresses through bands of taxable income of \$10,000 each, with each subsequent band attracting a higher rate of tax until the overall tax level of 15% is reached. Despite inflation it is some considerable time since the tax bands themselves were widened and, as a result, middle to lower-middle income taxpayers are being pushed into higher tax brackets when there has been no real increase in the purchasing value of their income.

I am pleased that the Financial Secretary's address gives more than a glimmer of future hope for the lot of working wives once temporary computerization difficulties have been overcome. The family is just as arbitrary a unit for taxation as the individual earner and has no in-built justification other than present expediency, and I am heartened that the Financial Secretary 'notes' rather than endorses the argument for this unit (para. 105). Separate taxation

for married women is more likely to benefit the lower-income group and would be in line with the Financial Secretary's emphasis on increasing the long-term production capability of our economy by encouraging the labour participation rate of married women. You will note, Sir, that the argument I have proffered is one based on practical grounds rather than in defence of 'women's lib', for I fully realize that for a cool and level-headed man like our Financial Secretary an appeal to the head is more likely to bring fruits than one directed at the heart (*laughter*).

Our long-term production capability is, of course, the keystone of our economic structure. In this regard, the Financial Secretary has rightly stressed the importance, at a time when it must be clearly seen that Hong Kong's real problems lie in the creation of resources rather than revenue, of keeping a tight rein on the growth of public expenditure. If this were to expand without the adequate support of real resources, the result would be mere wastage and a greater rate of inflation. As he says, 'merely throwing money at problems solves nothing in the long run' (para. 30).

Thus I readily accept the constraints on spending in the public sector, while taking up the Financial Secretary's own invitation for debate about 'the detailed means which we should use to achieve our civilized ends' (para. 7). We learn that the civil service will be expanded by another 16 500 posts in 1982-83, on top of the 12 000 posts created in 1981-82, even though the Financial Secretary himself concedes that 'none of us is satisfied that the most effective use is being made of available staff resources' (para. 48). It is to be hoped therefore that most of these posts will go into areas of real need where they will have a direct impact, such as medical and health services, education and social work. Nevertheless a substantial number is likely to seep through into those areas of the public sector which have less well justified their existence in terms of productivity or effectiveness. Freezing of any expansion in those areas would release resources into areas which warrant a higher degree of priority.

Here of course everyone expects me to mention education and so I will do so—briefly! While I can hardly fault the distinguished past Chairman of the University and Polytechnic Grants Committee on the improved provision he has made for the tertiary sector in the coming year, it behoves us to bear in mind the wide gap that still exists between supply and need in that sector. I carefully distinguish between supply and demand and supply and need. Nor do I have any quarrel with his provision for primary education which I do not feel requires any massive new injection of funds in view of our changing population structure. But the population bulge is now at secondary and technical institute level and the allocation for that sector is only 12.9% in money terms or 3.9% in real terms more than that for last year on the basis of the predicted 9% G.D.P. deflator. The quality of secondary school teaching needs to be improved and this of course means more qualified teachers among other things, and technical education and training needs to be expanded to cope with the considerable

industrial diversification which Hong Kong needs. This would certainly not be 'throwing money at a problem', but providing the wherewithal for a problem to be solved.

Of some concern also is our relatively modest provision for social welfare. The draft estimate of \$1,471 million for 1982-83, although 14.9% in money terms, is only 5.9% in real terms more than the revised estimate for 1981-82. Yet, the percentage of those who are aged 65 and over increased from 4.5% in 1971 to 6.6% in 1981 and is likely to continue increasing for some years until it reaches the norm for developed countries. This, together with the widening income inequality in Hong Kong which is indicated by the 1981 census, itself a disturbing factor, seems to suggest that such a modest increase in allocation for social welfare may well be inadequate. The declining caseload of public assistance could be taken to reflect the meagre allowances available rather than the real need of those of our number who cannot fend for themselves, and in this connexion I am gratified to note the timely and well justified increases in old age and disability allowances announced only last week. The loosening of family ties which has come about in recent times and which many of us deplore is yet another factor to be taken into account in making financial provision for the retirement years of our elderly people.

I have no quarrel with the Financial Secretary's graphic assessment of the strengths and weakness of our business community, based as it is undoubtedly on shrewd personal observation. I welcome the fiscal measures designed to encourage the upgrading of plant and the modernization of factory premises and hope these steps will go some way towards ensuring that our future industries are as efficient and adaptable as they have been in the past. The size of our G.D.P. puts us in the league of developed rather than developing countries, but I feel that some of our efforts should be directed at the maintenance of the technological expertise and adaptability needed to cope with the increasingly sophisticated market the future may bring. Obviously some measures have already been implemented in an awareness of the situation, notably the establishment of an Industrial Development Board and expansion of the Productivity Centre, as well as the proposed tax concessions to promote industrial investment. But too little energy and finance has yet been directed to the support of industrial research and development activities and we are behind other developed countries and indeed some developing countries in the extent to which we are prepared, in this matter of research, to commit a part of our present prosperity towards future returns. Research is too often looked upon as idealistic extravagance rather than practical insurance, but the establishment of research councils such as exist elsewhere to which industry could look for guidance and which could sponsor research into areas of vital community and industrial concern would be a means of ensuring that resources injected into this area are well spent.

With these observations, Sir, I support the motion before Council.

MR. YEUNG:—Sir, it is my pleasure in supporting the budget to associate myself with the wide acclaim which it has won both within this Chamber and outside.

I do not wish to gild the golden lily further but only to add that the wisdom and courage displayed by the Financial Secretary in the budgetary strategy will doubtless prove salutary to the economy. However it is due to his predecessor that the economic soil has been made fertile and the greenhouse constructed to enable the seed of Hong Kong's prosperity to grow despite changing circumstances and the world climate of recession.

Hong Kong has been faring remarkably well during these years of worldwide economic recession and the generosity of the proposed tax concessions will be a further stimulant to our industrial and economic growth and will contribute to the attainment of public aspirations. However its good effect may not be sustained for long without our exercising caution in our public sector expenditures, following the example of the United States of America and United Kingdom where the rate of expansion of public sector expenditure is being reduced as a means of correcting inflationary and recessionary trends.

It is perhaps less invidious to conduct a critical examination of Government expenditure while our society is basking in the warmth of relative economic success. Hopefully by putting our heads together we are able to achieve some viable solutions and improvements.

Despite the maze of literature and statistics relating to our public accounts, it is not hard to discover that around 80% of the total Government expenditure on capital account is on housing, roads and other public works programmes which we cannot do without. On recurrent account it would be ill-advised to cut down on the community, social and other essential services which directly affect the well being and welfare of our community. On the contrary the development of such services merits high priority.

The largest single component in recurrent expenditure (this year in the order of 36%) has been and will continue to be the personal emoluments of the civil service. When considering this major item of expenditure one notes with some alarm the rate of expansion of the Civil Service. Over the last three years its total size has increased by around 20% and its cost over the same period by over 100%, this is expected to further increase in the coming financial year.

While arguments may be advanced that the expansion is in line with the historical ratio and is necessary to cope with the greater sophistication of our society and economy, my view is that rapid expansion is usually accompanied by the under-utilization of resources and it is to this factor that we should turn our attention.

Two years ago a system was instituted under which heads of departments were given delegated powers to redeploy staff and to delete or create posts up to an approved establishment ceiling. The system has facilitated the redeployment

and where necessary the deletion of redundant posts and has led to a rationalization of manpower resources. However, this can only be regarded as the beginning and further critical review is required to ensure that before the service is further expanded, maximization of existing resources is achieved. In this context I suggest the heads of Departments be given positive directive and encouragement to look at the establishment critically with a view to improvement on productivity and efficiency and to curtailing or cutting the alarming increase we have in recent years. Before any increase of post the head of a Department has to be personally satisfied that there is no wastage or slug in his Department as he will be personally accountable, not his deputy or his Departmental Establishment Committee.

Another major factor contributing to the increasing cost of the civil service is the annual pay adjustment. This adjustment is given, of course, over and above incremental and promotion increases and judging from the size of this award each year, (this year the increases ranged from 18.3% at the bottom of the Master Pay Scale to 13.5% at the top of the Directorate Scale), an analytical review of the principles and methodology employed in the calculation of civil service remuneration is timely and necessary.

Another factor contributing to the escalation of costs is the policy of providing fringe benefits to senior local officers and all expatriate officers. While I wholeheartedly support the policy of localization and believe that preference and increased job opportunities should be given to local officers, I am concerned at the enormous cost which results from the payment of such benefits across the board.

My view is that the salary for an individual post should be competitive in itself in the open market both locally and overseas so that the right calibre of applicant is attracted but I do not believe that the provision of such a plethora of fringe benefits is a suitable way to encourage the best brains and talents both here and overseas to enter into our Civil Service.

When applying for a job overseas nobody from Hong Kong would expect to be given benefits over and above the conditions of service available to the local recruits. Similarly, I do not believe that expatriates here should expect to receive the extensive benefits currently offered. However, when staff are *posted* abroad it is only right that they should be compensated for the high costs of living abroad, for maintaining an additional residence, for returning home to renew family ties and for educating their children at home. Staff based in their home country should not receive or expect to receive such benefits, accepting the fact that overseas postings are exceptional circumstances requiring special treatment.

The continued payment of substantial fringe benefits across the board may prove hard for the Government to justify especially as they are funded from the public purse. While I admit that it is extremely difficult to reverse a trend once

set in motion, I believe that a sensible and mutually acceptable formula can be found in the context of a review of the function, recruitment, pay and conditions of service of our service—not so much a review of detail but rather a review of the principles, philosophies and criteria so that we can set the direction for the future. We must not lose the way. Many speakers here today have spoken on the same subject and no doubt many will come and speak more on it (but this is purely coincidental and there is no pre-arrangement) by virtue of which it signifies how Unofficials are concerned with this matter and this alone will warrant the Government to take heed of it.

With these words, I am pleased to support the motion.

DR. HO:—Sir, the Financial Secretary's 'mini-skirt' Budget proposals for 1982-83 were widely acclaimed for his pragmatic fiscal philosophy and for his tax concessions that reduce tax liability for salary-earners and induce investment in new industrial plants, equipment and buildings. His financial stewardship steered our economy to a surplus of \$7.7 billion for this year in the face of continuing uncertainties and rising protectionism in our major markets. Obviously, his Budget planning for the ensuing year aimed at creating a viable atmosphere for our economy to grow and expand. In this Debate, I wish to offer some observations on three areas of concern which may have implications on resource allocation, namely, protection of children, social welfare manpower, and housing for the sandwiched class.

Protection of Children

Children, especially those under ten years of age, are vulnerable to neglect and abuse by their parents or others responsible for their care. As there is no system here for detecting cruelty to children, statistics are not available to indicate the magnitude of the problem. However, observations from informed sources— such as magistrates, paediatricians, social workers, and the Police—tend to indicate that child maltreatment is much more serious and widespread than generally presumed. This has been amply borne out by the occasional reportings by the news media. Children are unable to defend themselves against violence inflicted by adults. It is therefore imperative that Government should do something to protect them.

Broadly speaking, child abuse can be traced to two groups of factors. Personality pathologies in the parents account for a high incidence of ill-treatment of children. The abusing parents are often found to have been suffering from severe emotional disturbances, varying degrees of mental disorder, immaturity and poor impulse control, or a gravely unhappy deprived childhood themselves. At the same time, these parents may be functioning under the strains of social and environmental conditions. Sub-standard housing, poor physical health, financial pressure arising from unemployment, or lack of social services or facilities to meet specific needs, may further impair the parents' inadequate capability of child-rearing.

To be effective, child protective measures have to be tailored in accordance with each family's individual background and characteristics. The foremost aim of these protective services is not to punish the abusing parents nor to divide the family. Instead, they should be directed to enhance the parents' ability to care for their children.

I understand that there is already an inter-departmental Child Abuse Co-ordinating Committee chaired by a Regional Social Welfare Officer of the Social Welfare Department. The Committee's terms of reference are to examine all cases of child abuse referred by the medical profession; to decide on the followup action other than prosecution; and to periodically review where necessary cases that had been notified to the Committee.

Since child protective services are of necessity complex in nature and wideranging in kind, I consider that the chairmanship of this very useful Committee should be high ranking enough to command the full co-operation of all departments concerned, and its terms of reference considerably expanded. The Committee should be vested with the responsibility of initiating and reviewing policies, co-ordinating planning, estimating financial and manpower requirements in both the public and private sectors, and monitoring programme effectiveness in safeguarding the welfare of battered children. The early establishment of a central registry of all child abuse victims and potential children at risk should be given serious consideration. Legislation may have to be enacted to make statutory reporting by doctors and teachers of suspected cases of child maltreatment.

Although a set of procedures have been drawn up for use in hospitals, welfare agencies and schools, I was often told that professionals in allied disciplines are still rather uncertain of how they should handle cases where a child is suspected of being the subject of abuse, and of the procedure in applying for a Care and Protection Order. Periodic seminars should be held in order to widely publicize these procedures to all personnel working in the child welfare field. The most crucial thing is to designate a Family Services social worker in each district, to be responsible for co-ordinating and following up action until parents concerned are considered fit to resume care of their child.

Voluntary bodies have been doing an excellent job in this child protection field. Their dedication and expertise should be fully exploited, and their contributions recognized and further expanded by way of increased subventions. Government's positive intervention and direct financial support are essential if the quality of life for our very young is to be uplifted to a higher level.

Social Welfare Manpower

The accumulative shortfall in trained social workers has reached crisis proportions, and the Working Party appointed by the Secretary for Social Services has recommended a package of measures to tackle the manpower problem. These proposed remedies can be grouped into two categories, namely, the first deals

with the increase in the supply of trained personnel; the other, the reduction of personnel wastage. I have also examined alternative manpower proposals made by various interested bodies. However, I consider that the Working Party's approach to this manpower issue, as an expedient measure, is the most practical of all, because the package would bring immediate relief to the shortage situation by an input of additional hands, and in the long run would augment the supply of trained personnel by way of expanding, with Government financial support, the various social work training programmes in the existing educational institutions. As the community in general, and the underprivileged in particular, have learned to accept social welfare services as an essential part of their life, it would be detrimental to both the profession and the society at large if the provision of such services is unnecessarily curtailed.

Nevertheless, I have a few suggestions to make to fine-tune the Working Party's proposals. On the supply side, the conventional method of field teaching in social work education severely restricts the output capacity of the training programme. Therefore, in making arrangements with the educational institutions to expand student enrolment, Government is advised to focus its deliberations, *inter alia*, on minimizing the effects of this training bottleneck. Moreover, Government must be prepared to provide the necessary financial assistance to these educational institutions in overcoming this training problem.

The Welfare Class Review is basically a grading exercise of social work posts and it has contributed towards a fuller use of trained personnel in accordance with their levels of training. However, I have good reasons to believe that a finer re-definition of the duties and responsibilities of certain social work posts may result in further releasing a number of graduate social workers for redeployment to other posts which genuinely require this level of academic qualification. For instance, the officers in charge of the Family Life Education Programme in each district and officers in other administrative posts may not necessarily have to be graduate social workers, because their responsibilities are predominantly planning and managerial. They may well be replaced by university graduates with a general baccalaureate degree. On the other hand, in order to induce graduate social workers to stay on to provide direct and specialist services, the creation of a new rank of Social Work Practitioner with a suitable salary scale should be considered. This would curb the drift of professional expertise into posts largely of an administrative nature in the course of promotion.

The loss of trained personnel at both the graduate and non-graduate levels through dropping out of the profession must be mitigated; otherwise the net annual gain of new members to the profession would be minimal. The wastage rate in the private sector is especially vexatious. Reasons frequently given by those trained social workers who have left the profession are as follows:

- migration to other countries,
- further studies abroad,
- low job satisfaction due to an excessive workload,

- poor career prospects,
- unattractive salary structure, and
- unsatisfactory conditions of work.

Counter-measures to stop this drain of trained personnel should receive immediate attention and involve a mix of short-term and long-term measures. Government is well advised to consider lengthening the salary scale of the Assistant Social Work Officer rank, expanding the promotion prospects of the rank, and improving the fringe benefits for practitioners in the voluntary sector, with a view to retaining experienced staff and boosting staff morale. An improved manning ratio, when the manpower situation permits, will definitely reduce the size of the workload, thus generating greater work satisfaction. Opportunities supported by financial assistance should be provided for selected officers in the Social Work Assistant and Welfare Worker ranks in the public and private sectors to attend the part-time, day-release courses in the local educational institutions, so that access to a higher rank in the social work grade is open. This will keep alive initiative and motivation in the workers.

Finally, Government must see to it that an acceptable level of service standards should be maintained for the recipients of welfare services. In this respect, certain safeguards should be exercised in the deployment of newly recruited university graduates without social work training into the A.S.W.O. rank. First, a maximum number of such graduates to be recruited each year must be so set that the proportion of untrained social workers at this level of responsibility to the total number of trained A.S.W.Os. is small enough to make close supervision practicable.

Secondly, an induction course on rudimentary social work principles, practices and skills should be provided to these recruits prior to their actual posting, followed by a part-time, day-release course leading to professional qualification.

And lastly, these recruits should as far as practicable, be initially assigned to those social work posts which do not normally require the incumbents to render direct, specialist services.

Housing for the Sandwiched Class

I now turn to my last topic. It is appreciated that Government fully recognizes its responsibility for providing decent, safe and self-contained shelter for its people. Apart from constructing public housing for rental for the low-income families, different schemes have been formulated to enable families with a larger income to own homes. In these schemes, the value of land is excluded from the calculation of the selling price of the flats. In the forthcoming fiscal year, Government plans to earmark \$4.0 billion for the construction of 36 500 flats. The building target for all types of permanent, subsidized public housing is over 170 000 units for the next four years, benefiting some 750 000 people.

However, those people with a monthly household income above \$6,500 are not eligible for buying subsidized flats under the Home Ownership Scheme. It is this group in the upper middle-income bracket that is also excluded from other forms of subsidized public services and benefits. The obvious examples are legal aid, fee assistance for nursery or kindergarten, remission of senior secondary school fees, medical treatment charges, and U.P.G.C. grants and loans. In a society where social services are provided mainly on a means-tested basis, this segment of the tax-paying upper middle-income class is often overlooked and treated with much less sympathy.

As a matter of fact, this segment of the sandwiched class has a singularly strong aspiration toward home ownership. We all agree that a contented, settled middle-income class constitutes a stabilizing influence in, and counteracts the drain of professional and technical expertise from, our community. It is therefore in the interest of the entire society to extend the concept of home ownership to the full range of the sandwiched class. One of the measures to this end is to provide tax relief for home mortgage payments for those genuine home seekers in the open property market. This tax exemption may cause some loss to general revenue. But as more people are induced to buy homes, this would mitigate the current sluggishness in the real estate market. Revenue losses may then be offset by increases in income from stamp duties and higher prices in land sales. To ensure that the benefits of the proposed tax relief will be restricted to *bona-fide* middle-income home owners, I suggest that the following eligibility criteria may be considered.

- (i) The beneficiary's household income must be such that it is beyond the eligibility limit for Home Ownership Scheme, but does not exceed, say, \$13,000 per month;
- (ii) The beneficiary must be buying a non-subsidized flat in the open market on commercial mortgage;
- (iii) The beneficiary must have lived in Hong Kong for, say, five years and must be a permanent resident;
- (iv) The beneficiary owns no property and he or she intends to purchase a domestic unit solely for self-occupation; and
- (v) Neither the beneficiary nor the spouse receives any forms of housing assistance from his or her employer.

Detailed regulations can be drawn up later once Government agrees to the proposal in principle. In the meantime, I earnestly urge Government to consider this proposed tax relief scheme in the context of using 'taxation as a supplementary means of achieving other policy ends'.

With these remarks, Sir, I have much pleasure to support the motion.

Suspension of sitting

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

Suspended accordingly at nine minutes to five o'clock.