

**OFFICIAL REPORT OF PROCEEDINGS****Thursday, 5 November 1987****The Council met at half-past Two o'clock****PRESENT**

HIS EXCELLENCY THE GOVERNOR (PRESIDENT)  
SIR DAVID CLIVE WILSON, K.C.M.G.  
THE HONOURABLE THE CHIEF SECRETARY  
MR. DAVID ROBERT FORD, L.V.O., O.B.E., J.P.  
THE HONOURABLE THE FINANCIAL SECRETARY  
MR. PIERS JACOBS, O.B.E., J.P.  
THE HONOURABLE THE ATTORNEY GENERAL  
MR. MICHAEL DAVID THOMAS, C.M.G., Q.C.  
THE HONOURABLE LYDIA DUNN, C.B.E., J.P.  
THE HONOURABLE PETER C. WONG, C.B.E., J.P.  
DR. THE HONOURABLE HO KAM-FAI, O.B.E., J.P.  
THE HONOURABLE ALLEN LEE PENG-FEI, O.B.E., J.P.  
THE HONOURABLE HU FA-KUANG, O.B.E., J.P.  
THE HONOURABLE WONG PO-YAN, C.B.E., J.P.  
THE HONOURABLE CHAN KAM-CHUEN, O.B.E., J.P.  
THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, O.B.E., J.P.  
THE HONOURABLE CHEUNG YAN-LUNG, O.B.E., J.P.  
THE HONOURABLE MRS. SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.  
THE HONOURABLE MARIA TAM WAI-CHU, O.B.E., J.P.  
DR. THE HONOURABLE HENRIETTA IP MAN-HING, O.B.E., J.P.  
THE HONOURABLE CHAN YING-LUN, J.P.  
THE HONOURABLE MRS. RITA FAN HSU LAI-TAI, J.P.  
THE HONOURABLE MRS. PAULINE NG CHOW MAY-LIN, J.P.  
THE HONOURABLE PETER POON WING-CHEUNG, M.B.E., J.P.  
THE HONOURABLE YEUNG PO-KWAN, C.P.M., J.P.  
THE HONOURABLE KIM CHAM YAU-SUM, J.P.  
THE HONOURABLE JOHN WALTER CHAMBERS, O.B.E., J.P.  
SECRETARY FOR HEALTH AND WELFARE  
THE HONOURABLE JACKIE CHAN CHAI-KEUNG  
THE HONOURABLE CHENG HON-KWAN, J.P.  
THE HONOURABLE HILTON CHEONG-LEEN, C.B.E., J.P.  
DR. THE HONOURABLE CHIU HIN-KWONG, J.P.  
THE HONOURABLE CHUNG PUI-LAM  
THE HONOURABLE THOMAS CLYDESDALE, J.P.  
THE HONOURABLE HO SAI-CHU, M.B.E., J.P.

THE HONOURABLE HUI YIN-FAT  
DR. THE HONOURABLE CONRAD LAM KUI-SHING  
THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.  
THE HONOURABLE DESMOND LEE YU-TAI  
THE HONOURABLE DAVID LI KWOK-PO, J.P.  
THE HONOURABLE LIU LIT-FOR, J.P.  
THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.  
THE HONOURABLE PANG CHUN-HOI, M.B.E.  
THE HONOURABLE POON CHI-FAI  
PROF. THE HONOURABLE POON CHUNG-KWONG  
THE HONOURABLE HELMUT SOHMEN  
THE HONOURABLE SZETO WAH  
THE HONOURABLE TAI CHIN-WAH  
THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING  
THE HONOURABLE TAM YIU-CHUNG  
DR. THE HONOURABLE DANIEL TSE, O.B.E., J.P.  
THE HONOURABLE ANDREW WONG WANG-FAT  
THE HONOURABLE LAU WONG-FAT, M.B.E., J.P.  
THE HONOURABLE GRAHAM BARNES, J.P.  
SECRETARY FOR LANDS AND WORKS  
THE HONOURABLE RONALD GEORGE BLACKER BRIDGE, O.B.E., J.P.  
SECRETARY FOR EDUCATION AND MANPOWER  
THE HONOURABLE DAVID GREGORY JEAFFRESON, C.B.E., J.P.  
SECRETARY FOR SECURITY  
THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.  
SECRETARY FOR TRANSPORT  
THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, J.P.  
SECRETARY FOR TRADE AND INDUSTRY  
THE HONOURABLE EDWARD HO SING-TIN, J.P.

**ABSENT**

THE HONOURABLE DONALD LIAO POON-HUAI, C.B.E., J.P.  
SECRETARY FOR DISTRICT ADMINISTRATION  
THE HONOURABLE JOHN JOSEPH SWAINE, C.B.E., Q.C., J.P.  
THE HONOURABLE RICHARD LAI SUNG-LUNG

**IN ATTENDANCE**

THE CLERK TO THE LEGISLATIVE COUNCIL  
MR. LAW KAM-SANG

## Government Business

### Motion

#### MOTION OF THANKS

##### Resumption of debate on motion (4 November 1987)

MR. CHAN KAM-CHUEN: Sir, I must congratulate you, Sir, on your first address to this Council which is so comprehensive and pragmatic.

The Hong Kong dollar link with the US dollar has again helped us to enjoy another good year in domestic exports which benefit both Hong Kong employers and employees. Re-exports may help to make Hong Kong the number one container port, but there is little labour content. Although the dark cloud of protectionism is still hanging on the horizon, a slump of the share markets around the world has already taken its toll and may lead to a depression in consumer spending. But Hong Kong has passed through many crisis and our people will be able to cope with them. If small investors in the share market do not take their profits by installment when prices go up, when script is short they will be unable to sell the shares quickly to minimise their loss. This is the cardinal rule, but greed always clouds wisdom (利令志昏). The four days stoppage of the share market reminds us of the important issue in my speech on 27 November 1985 and that is whether house rules are above the law of the land.

##### *Transport*

Although most of the densely populated areas of Hong Kong are, or will shortly be, served by some form of rapid air-conditioned and smooth-riding mass transit system, the public in East Kowloon has to wait for such a service. If one looks up a map of East Kowloon, one would find from the southern tip of Tsim Sha Tsui to the airport and beyond there are ferry terminals, cultural centres, hotels, restaurants, train terminals, airport and commercial centres frequented by tourists and local people as well as residential areas. No doubt the heavy capital involved is a major consideration. From experience systems on the ground or overhead is several times cheaper than an underground system. Modern low-noise systems are available and the Government should give this serious consideration. We, the Chinese, believe that the one with the ability should be given the position and job. I am pleased to hear that the majority of people living in Tsuen Wan now work there, so the transport requirement to Tsuen Wan is not so urgent. The KCRC took on the challenge to build the Light Rail System at the time when nobody wanted it, and linking it up with the KCRC network is therefore the right decision. Building a light rail on flat land is not only less-expensive, but has future potential when buildings are developed along the route. On the misunderstanding that the KCRC and MTRC are making huge profits and yet have increased fares I would like to remind these people to read the KCRC and MTRC Annual Reports and accounts carefully;

there are still heavy debts or interests which require repayment. On top of these obligations, there is the annual increase of pay, inflation for supplies and services. If one does not take these factors into serious consideration it will mean a diminishing annual return and sooner rather than later it would run into financial difficulties. If one wants it to run on a commercial basis, these are the hard facts of life. Although I am a member of the KCRC Board and have to declare my interests, I do not hold any shares.

#### *Vocational training*

Expenditure on education and vocational training is money well spent. It does not only turn people into knowledgeable and useful citizens, but also helps to break the invisible shackles and increase their ability to contribute to as well as sharing the wealth of the community. Sir, I would like to take this opportunity to thank you for highlighting in your wide-ranging speech the rapid progress made by the Vocational Training Council in technical education. Since its inception in 1982, the total number of places in technical institutes has been doubled, but equally impressive is the 18 000 or so places for skilled training which the council has brought into being in the training centres established. Having the ability to bring into existence additional training places is important, but what is more important in a rapidly changing economy in which the various sectors within the economy are changing at various rates is that the manpower training system must if it is to serve the economy have the flexibility to react quickly to the changes. I am glad to say that the Vocational Training Council has been endowed with this flexibility. By the way the Government has in its wisdom decided to finance it from the very outset.

#### *Nuclear Power Plant*

I am not shocked by the missing steel rods in the Daya Bay project. As I pointed out in my speech of 16 July 1986 that due to human errors, computer faults and unforeseen reasons, there is no absolute safety. To explain away this blunder it was said that similar incidents had happened before in such projects. Does this mean that one does not learn from past errors, but perpetuates them. If SHAKESPEARE lives to this day, he may have to rewrite Julius Caesar. For those that told the public that nuclear power is safe and yet BRUTUS says it is safe, and BRUTUS is an honourable man, so are they all, all honourable men. I can now only pray that no human errors and delayed advice are made in operations in the future.

#### *Telecommunications*

Reliable and efficient telecommunications services are essential for all sectors of our economy and the public. It is also one of the important deciding factors when foreign investors set up branches or Far East headquarters in Hong Kong. Since the extension of the submarine cable from Singapore to Hong Kong via Saigon in 1871, the Cable and Wireless Group under a former name has provided more than an efficient telecommunications services to Hong Kong for

over a century. These are further enhanced by the cross fertilisation of experience when the Hong Kong Telephone Company joined the group. Even as a director of the Hong Kong Telephone Company, and I hereby declare my interest, I still agree with you, Sir, that we must get the answer right in respect of cable television as mentioned in paragraphs 119 and 120 of your speech. The Hong Kong public will not receive kindly the services of a newcomer who cannot even render a bill correctly and has been out by as much as six figures in sterling.

With this observation, Sir, I support the motion.

MR. CHUNG (in Cantonese): Sir, as we debate on the Governor's policy address actions taken by the Government to save our stock and futures markets are still in progress. I believe we will survive this financial crisis brought about by the stock market debacle with the effective measures taken.

In emergencies we should treat the symptoms. I believe that when the stock market is undergoing a catastrophic plunge, closing the market and making use of the Exchange Fund to support the market were necessary contingency measures. The Government was reacting responsibly in protecting our overall economy from being affected by adverse knock-on effects. In saving the stock market the Government was in fact working to save Hong Kong. Even though with hindsight different views were expressed, nobody had the foresight and the ability to predict that this unprecedented plummet would not bring disaster to Hong Kong.

Of course, after the situation has stabilised and securities trading resumed Hong Kong will have to review the causes and effects of the incident. I agree with the statement made by OMELCO Members in support of the Government's rescue action. I feel that external factors are beyond Hong Kong's control. However, what made the crisis more serious was the futures market including a system structure operation supervision and also other human factors. We should start investigating into the situation to seek ways to improve things and find out who is responsible.

Sir, I have full confidence in Hong Kong's progress and prosperity. During this 10-year transitional period occasional trouble or difficulties will not change the very promising prospects.

In the policy address the section on Hong Kong's relations with China comes in the front and examples are cited to show that good relations are being further developed in the economic sphere. If we look at the address from another angle that is Hong Kong's relations with Britain and China, we will find that it is given equal importance.

A lot has been done to promote and support Hong Kong's prosperity and this shows that the relations between Hong Kong and China are important to Hong Kong's development and the life of its people, just like the assurances given by

the Joint Declaration and their influence on the present. I feel that since the formulating of all our policies is based on the actual situation of our relations with China and on the needs of Hong Kong people, this policy address can be treated as a confidence indicator for Hong Kong people and investors during the transitional period.

Now, Hong Kong's economy is growing rapidly and we have no unemployment. This is way above international standard. From the economic point of view, no country, not even the United States of America or other countries among the G7 can face external influences single-handedly—Hong Kong is no exception. However, Hong Kong enjoys a trading position and development potentials who are absent in other countries. Protectionism in western countries will be offset by the superior conditions in Hong Kong. Besides the reforms in China and the opening up of the country economically will have favourable consequences in Hong Kong. Hong Kong's international economic position and development prospects will definitely get better and better.

In the policy address, you have given priority to developing economy, improving the environment and enhancing the quality of life and strengthening education. For financial planning and overall arrangements, a more flexible system of resource allocation will also be set up. This is making use of the advantages brought about by our economic development and giving necessary financial support to social changes. However, we must take note of the following points.

Firstly, in the new resource allocation system we have to retain our very good tradition of low taxation. Secondly, emphasis should be placed on expanding land production and housing projects—however, it should be extended to other public sectors and subvention schemes. Thirdly, we should make it attractive for private developers to undertake projects or allow public projects to get listed and generate capital. However, it should not hinder the development of related trades.

The Government indicates that the development project in new towns are basically completed, and the next target will be to improve the over-crowded living conditions on the two sides of the harbour. It is anticipated that reclamation and urban renewal programmes will start in 1988.

Urban renewal will boost our confidence in and expectations of Hong Kong's development. It will not merely improve the housing and living conditions of our people. As a member of the provisional council of the Land Development Corporation, I hope that land development schemes will quickly be developed so that we will be able to help to redevelop our urban areas. However, I hope the Land Development Corporation will take fully into account the following three factors:

First, the right of the landlords and tenants should be protected so that all will receive fair and reasonable compensational rehousing. Second, it must not

give the wrong impression that the Government and the businessmen are joining forces in profiteering. However, developers who participate in joint ventures must be given a reasonable profit. Three, if there is a surplus the surplus should be used on urban renewal and the development of our community so that there will be no misunderstanding that the Government is making use of the Land Development Corporation to make money.

Multi-storey buildings have become the basic unit in the structure in our society. If buildings are well managed our community and our society will be well managed. It will also provide a blueprint for public aspirations, Government policies and political developments. In urban renewal areas in places where there are major housing projects, the Government should work to solve problems now posed by deeds of mutual covenant on building management. Regarding basic clauses, I would like to suggest the following:

First, we should use the existing guideline to deeds of mutual covenant as the basis and examine how the Multi-storey Buildings (Owners Corporation) Ordinance can be amended and certain standards clauses should be included so as to solve the existing problem between the developer, small owners and management companies. Second, government departments should be given the responsibility to enforce the legislation and they should set up teams to assist in building management. Third, a building management advisory committee should be set up to be specifically responsible for reflecting views regarding deeds of mutual covenant and building management and they should re-advise the relevant departments. Fourth, building management companies should be registered and be of a certain standard. Fifth, an independent building tribunal should be set up to be responsible for dealing with matters related to deeds of mutual covenant, owner corporations, building management rights and management problems related to management companies. The tribunal should have the right to impose injunctions and should have the right to interpret relevant legislation.

As we all know, in an industrial and commercial modern city with economic development potentials, environmental protection and prevention of pollutions become correspondingly very important. Hong Kong is now working very hard to achieve the goal. The Government proposes to increase allocations fourfold and have suitable people to undertake the programme. I fully support these proposals.

Now we should make changes in town planning. At least in densely populated and fully developed areas we should no longer have incinerators. I raised the question in this Council related to the pollution created by the incinerator in Lai Chi Kok. The Secretary for Health and Welfare assured me then that attempts would be made in 1987 to improve the situation. In fact this problem also exists in Kennedy Town and Shau Kei Wan.

In improving the environment and in preventing pollution the Government should first liaise with the people affected and achieve co-operation in taking

enforcement action. For instance in the demolition of illegal structure and the treatment of industrial and livestock waste the difficulties of people affected and their views should be taken fully into account.

Sir, we have to educate our people to rise to the changes and developments in our society. There was a suggestion I made during the last Legislative Council session. In the development of our higher education the Government is proposing the setting up of an open learning institution. I welcome this proposal.

I hope that this open learning institute will develop into an open university so that our young people faced with the lack of sufficient university places will have more opportunities to take degree courses. I feel that the open learning institute should place the emphasis on practical subjects which are needed. Besides, this institute should enjoy equal status with other universities and tertiary institutes in Hong Kong. Besides graduates of degree courses and certificate courses in a recognised institute should enjoy the same treatment as those in other tertiary institutes.

The address also touched on the question of social security: Expanding the Old Age Allowance by stages starting from next April and increasing the amount for Old Age Allowance are good proposals. However, even though people over 70 can enjoy the new allowance, all new applicants will have to make a simple income declaration. If this is to be implemented I fear that some elderly people might find it too troublesome and some perhaps will not want to disclose their personal financial position. They will therefore reluctantly give up their entitlement.

I feel that we should maintain the existing practice; the elderly people should be able to collect the allowance unconditionally—should this affect the Budget then the proposal can be slightly adjusted and we can have a compromise. The 65-to-74-year olds can go by the new proposal and applicants will have to make an income declaration and be given the allowance, though 75 and above will go by the existing methods and be given the allowance unconditionally. In this way the Government will be able to control its Budget and the elderly will be able to enjoy their entitlement and at the same time we are also showing our respect towards the elderly in our society.

Sir, your address has taken into account Hong Kong's actual situation and trends of our developments and has stated the major targets of our Government. Just like many other citizens of Hong Kong. I hope that priority will be given to policies which will help our economic development and there should be corresponding appropriate arrangements for the allocation of resources so that our policies will be effectively developed based on our existing foundations.



I believe that we must first have stability before we can have prosperity. With economic prosperity Hong Kong's political reforms as stated in the Joint Declaration and accepted by the people will be able to develop steadily with the passage of time.

Sir, I support the motion.

MR. POON CHI-FAI (in Cantonese): Sir, concerning your policy address for the year 1987-88 I have the following remarks to make. First of all, in the matter of finance and the economy. Sir, in your policy address you mentioned the fact that a sound economy was an essential factor to Hong Kong's success. I fully concur with your views. In fact, an unsound system or an unsound way of supervising a system has led in the past to banks failing and to the present crisis of the stock market and the futures market. All this has given rise to a lot of loss on the part of the people, especially in respect of a minority. Recently a lot of dissatisfaction has been voiced as a result of the use of the Exchange Fund. Although it is true that there are unavoidable, or unforeseeable changes in the financial market and that the Government could not help but to resort to the use of the Exchange Fund, I wonder whether the use of the Exchange Fund was the wisest choice? Was it the real solution to the problem? All these questions have been in my mind for some time. Undoubtedly, if the Government let the futures market collapse that might seriously affect Hong Kong's reputation as a world financial centre, but in this episode the faults and problems in the futures market in Hong Kong have already given rise to irreparable loss in Hong Kong's reputation as an international financial centre. Some people therefore say that the Government should as soon as possible map out a better system of management and supervision and to plug loopholes and resort to legislation and make the right changes rather than resort to the use of taxpayers hard-earned money to help a system that is in itself unsound. It is unreasonable that the Government should have spent so much money of the Exchange Fund to those who have short-sold futures contracts and to get all the profits that they can get and still have something to fall back on. This will only cause them to depress the market further; on the day of the crisis there was a lot of panic selling and a difference of several billion dollars only served to cause more jittery nerves. But on the other hand, because of the very satisfactory economic situation in Hong Kong and the good performance of a lot of listed companies which are supported by substantial net assets, when the value of stocks falls to an extent that they are undervalued, many people holding stocks and shares would not wish to sell their shares; and those who have short-sold futures contracts would have no incentive to depress the market further because it might cause a drop in the value of quality stocks and there is no guarantee for huge profits. So under such circumstances the Government could have spent money from the Exchange Fund to purchase quality stocks; that might have a difference.

In a free market economy investors and speculators should enter the market, especially the futures market, at their own risk. Legally, the Government does not have a responsibility to guarantee that they will have no risk or loss or 100 per cent recovery. Otherwise, to follow that logic, if a large financial institution in Hong Kong involving a lot of foreign investment became insolvent then will the Government under similar circumstances resort to the use of the Exchange Fund to help this private corporation to remain solvent in order that investors will continue to have confidence in Hong Kong and for Hong Kong to maintain its reputation. To follow the same logic further, in order for prosperity and security in the community to be maintained and in order to ensure that most people keep their jobs, is the Government willing to resort to the use of the Exchange Fund to help out any large company or factory that has gone insolvent and been unable to pay wages in arrears or severance pay to employees made redundant? Of course such scenarios are not acceptable but these are not unreasonable questions and therefore they merit careful thought and examination. Sir, in this incident involving the stock and futures markets we have seen an obvious lack of talent in the Government, especially in respect of managing finances. It was only at the last moment that the Government started digging wells when it has already become thirsty so to speak, by employing financial experts from the United Kingdom to solve the problem.

Sir, I am very pleased to know that the Government will forthwith set up a review committee on the stock market but in the long run I am still in favour of the setting up of an independent, permanent financial and economic advisory committee comprising financial, professional and academic experts to help Hong Kong stand on its feet again on a sound basis and help the Government in future to tackle problems that arise all of a sudden, and to advise Government on financial developments and supervision. This will go some way to help Hong Kong handle future financial storms or to cushion the impact of such.

Sir, one or two billion dollars is not a small sum; they represent the toil and sweat of the people of Hong Kong. The Government has therefore the responsibility to explain to the people the reasons and the results of the use of the Exchange Fund. The details of its use must be disclosed. The Government should not gloss over such details on the pretext that it involves commercial secrets. The Government can also consider this point, that some of the shareholders in the Guarantee Corporation may have wholly owned subsidiaries that have in this incident gained huge profits. The Government can consider asking these companies to fulfil a moral obligation to return some of that profit to the Exchange Fund.

Sir, only time will tell whether the use of the Exchange Fund was the correct choice. Nevertheless, I wish to express heartfelt thanks to the Chief Secretary and Financial Secretary and other officials for their tireless and round-the-clock efforts in solving the problem. It is also my wish to see the Financial Secretary keep up his good work and to complete the review report as soon as possible.

I wish to turn now to the matter of Vietnamese refugees. In the policy debate last year and in the adjournment debate held on 7 January this year on the matter of Vietnamese refugees, I fully expressed my concern and dissatisfaction concerning the saga of Vietnamese refugees. Quite disappointingly, however, you, Sir, in your report and the Minister of State for Foreign and Commonwealth Affairs, Lord GLENARTHUR, in his letter to the Legislative Council of 6 October, have indicated that resettlement countries receiving Vietnamese refugees are very choosy, resulting in many of these Vietnamese refugees being stranded in Hong Kong. As to the Vietnamese Government itself, it has indicated a reluctance to take back these refugees unless under very special circumstances. This would mean that Hong Kong will still have to wait very patiently ad infinitum for endless diplomatic approaches. Sir, I am very disappointed and dissatisfied; this is something that Hong Kong cannot accept.

In fact there is no legal responsibility on the part of Hong Kong to take care and protect Vietnamese refugees, but Hong Kong has for the past 12 years out of its generosity and humanity not turned any Vietnamese refugee away as their first place of asylum. But Hong Kong has finite resources and there are still numerous problems within the territory to be solved. In this age when foreign countries are reluctant to take Vietnamese refugees, Hong Kong cannot forever receive Vietnamese refugees; this would lead to a loss of resources and we cannot solve our own domestic problems. Taking care of Vietnamese refugees for the past 12 years is the limit of Hong Kong's ability. Hong Kong can no longer wag its tail at foreign countries hoping that they will help us to solve the problem. Neither can we rely on such promises that are high sounding but lacking in substance, such as that made by the United Kingdom Government. Rather we should be pragmatic and find our own solution and take the matter into our own hands. Furthermore, closed camps have proved no longer a deterrent to Vietnamese migrants. The only and best way to solve the problem is to refuse them in a determined way or by asking them to leave after we have repaired their boats for them and provided fuel and food. This is not inhumane. If it were inhumane for Hong Kong to turn away refugees, then are closed camps humane? The most inhumane and the most deplorable is the Vietnamese Government which has driven its people out to the open seas, and in turn those countries which have plenty of land and material resources have refused to take Vietnamese refugees.

Next I would like to come to the attitude of work, responsibility and co-ordination of government departments in the Civil Service in general. One of the main factors of success on the part of Government is good quality, high efficiency and conscientiousness on the part of civil servants, and it is undoubtedly true to say that there is a lot of talent in Hong Kong, but that does not mean that there is no room for improvement.

On 2 July last year, at a meeting of the Public Works Sub-Committee of this Council, I suggested in connection with the problem of the Lion Rock Tunnel congestion that perhaps the Government ought to consider the feasibility of

using the old rail tunnel for vehicles. The Director of Highways then replied that it would consider this in detail, but the suggestion was turned down for the reasons that the tunnel was not up to standard and that there were serious problems about access at the two ends of the tunnel. But last month the Government announced a feasibility study on the same subject. Such inconsistency causes one to doubt whether or not any real careful suggestion had been given to the matter in July last year when the reply was given, or whether it was just a tactic. If a real study had indeed been undertaken then, there would not have been a need for one now. And if the present study shows that the suggestion is feasible it is obvious that the last study was not done with enough depth, and therefore it has caused delay in the projects.

Furthermore, I believe that many people are dissatisfied as a result of the acquittal of those involved in the Carrion case. As a result of incorrect legal procedures the Government has spent a lot of manpower and material resources, including the commissioning of very expensive legal experts to help in the prosecution. If the acquittal had been made under ordinary and reasonable judicial proceedings I am sure there would not have been any dissatisfaction or complaints voiced. But obviously it was the result of mistakes in procedure that had given rise to this incident and it is incumbent upon the Legal Department to fully explain this to the public.

Moving on to co-ordination between government departments, there is much room for improvement to reduce any inconvenience caused to the public. For instance when the Transport Department issues special permits or parking permits, because of a lack of communication with the police, the police issue fixed penalty tickets to those vehicles or motorists which have been issued with such permits and the police then refuse to cancel the parking tickets. Instead the police have asked those involved to pay first and apply for a reimbursement later. Such inflexibility has given rise to a lot of inconvenience. In fact in last year's policy debate, the hon. Maria TAM said that when work permits were issued by Government they were actually issued against present immigration policies. This is one example to show the incompatibility or lack of coordination between policy making branches and executive departments.

These may be minor incidents, but how many are there? And what is their impact? What is the extent of the dissatisfaction among the public as the result of an accumulation of such incidents? It is my opinion that there should be an in-depth investigation and measures to improve the situation on the part of Government.

Lastly, Sir, I would like to talk of the matter of Old Age Allowance. I fully support, Sir, the Government's plan to extend and raise the level and scope of the Old Age Allowance. This will enable those who have worked for most of their lives to enjoy the fruits of social prosperity. However, I take serious exception to the proposal to impose an income declaration on new applicants. When the Old Age Allowance was first set up in 1973 the Government assured

us that this was a right on the part of those who received it and therefore there were no income limits. But now new applicants must declare their income; it is not equitable, it is unjust, it does not seem right. For this reason, Sir, I would like to recommend cancelling the provision that new applicants for the Old Age Allowance must declare their income.

Sir, with these remarks, I support the motion.

MR. TAI: Sir, I first speak on the topic of new town development. Throughout the past 15 years developing new town remained an important strategy for the overall development of the territory. The essence of the concept of new town development is to establish some self-contained satellite towns in the New Territories in which people can live and work in the same localities. With the committed effort of the Government, a major shift of our population from urban to the New Territories has been witnessed. You said in your speech, Sir, there are over 2 million people living in new towns and continued influx of population is expected in future. Though the Government is successfully shifting population to the New Territories, job opportunities or replacement jobs are lacking and fail to attract the new residents to work in these communities. The incompatibility of the population and occupations has forced a large sector of the work force in the new towns to travel long distances to urban areas for employment. The Government is obliged to take some initiative to encourage and to attract more industry and more job opportunities to be created in the new towns. With our economic growth, industries in recent years have become more prosperous. We witness a steep rise in value to our industrial land. Many industrialists have shifted their operations to China because of lower land price in the coastal cities of the PRC. In various parts of the New Territories, we have industrial estates set up in them to cater for the industrial sector. However, these sites are only made available to industries with a high technological input. Therefore conventional labour-intensive or rural industries find it difficult to operate in the New Territories because of the severe restriction in modification of land use from agricultural to industrial. It used to be the policy of the Government to modify the use of agricultural land to industrial use in the New Territories if it can be demonstrated by the user that the usage satisfied the needs criteria and the environmental requirements. However, recently extensive areas in the New Territories have been designated as agricultural priority areas and within such areas land use other than for agricultural purpose has not been conceived. These designated areas amount to roughly 6 000 hectares, about 30 per cent of the total available land in the north west New Territories. Whilst I appreciate the Administration's determination to set aside sufficient land to maintain the growth and viability of our primary industries, due consideration should also be given to meeting the increased demand for industrial land at reasonable price. Many industrialists have therefore shifted their operations out of Hong Kong.

Town plans in practice are usually first drafted by town planners. Once the draft plans are approved by the Administration internally they are then sent to the district boards for consultation. Regrettably district boards or other consultative bodies are unable to have their suggestions or advice implemented in town planning, because changes in some aspect of the draft plan would entail consequential changes in other areas of the plan. In this connection, Sir, I would suggest prior consultation with district boards or other consultative bodies before preparation of the draft town plans. This will help to minimise the risk of valuable suggestions being neglected. Co-ordination of overall planning and its implementation with various government departments is essential to new town development. Experience tells us that insufficient co-ordination and supervision in implementation of various projects creates local frustration and undue hardship to the residents. For example, delayed provision of schools and a regional hospital in the north west New Territories, the delay in provision of various social and recreational facilities in Tuen Mun despite the availability of funds, the delay in the completion of one of the largest public housing estates in Long Ping Estate owing to contractor's default, the delay in completion of the central market in Yuen Long although financial commitment was made two years ago. These delays not only cause undue hardship to our residents, but also cause financial losses to our public purse. Better ways should be found to improve the overall co-ordination and implementation so that the provision of comprehensive community services in the new towns will coincide with the influx of population.

Coupled with the rapid development of new towns, resumption of land is often an issue disputed by the owner and occupier of the land. Much criticism has been made against various aspects of the policy in respect of the rate of compensation and ex-gratia payment. Only weeks ago we had a hefty increase of about 100 per cent over a half-yearly revision of the rate of land compensation. The reason in support of such increase is the increase in open market value of land over the past six months. Sir, in order to realistically reflect the changes in the market situation and for fairness to be ascertained I suggest half-yearly review of the basic rate in calculating statutory compensation and ex-gratia payment should be reviewed quarterly.

Efficiency in dealing with land matters is also a matter of constant complaint. With the division of responsibility of the district office between the district lands office, Registrar General's Department and town planners, efficiency has drastically reduced despite increase in manpower. Matters such as payment of land compensation monies, ex-gratia payments, applications for small houses, valuation of premium, land resumption for road construction and public projects take a much longer time to complete. Often it is because of the number of departments involved jointly to arrive at a decision. And files from one office may take days to travel to the next, even though the offices may be housed in the same building. Perhaps we have too many generals but an insufficient number of soldiers, and this affects the general working moral.

In the field of transportation, Sir, the Administration has demonstrated its determination to build more roads in coping with demand of truck transportation. Five billion dollars investment in highway construction will ensure improvement to our road transportation system. The New Territories Circular Road will be completed in 1991, and the network will be able to cope with the mounting traffic flow. Road construction work in Lok Ma Chau will be completed in 1989, by which time daily traffic will increase to 50 000 vehicles per day. For the period between 1989 and 1991, the traffic can only be diverted through the Old Castle Peak Road and certainly the two-lane Castle Peak Road cannot provide enough capacity for such heavy traffic. In this respect, Sir, due consideration should be given to the fact that the traffic congestion can be lessened and there should be no hinderance of land transportation between China, Hong Kong and Lok Ma Chau.

Sir, with these observations. I support the motion.

MR. LAU (in Cantonese): Sir, your first policy address is detailed and comprehensive. Not only does it lay down policies in respect of Hong Kong's overall development and improvements to the lot of the common people, it gazes well into the future setting in place measures and anticipation of future changes in our society. In short, it is sure and sound.

You remarked, Sir, in paragraph 41 of your address that, 'in developing the economy and social infrastructure we are crucially independent on adequate and well directed capital investment, both public and private.'. I cannot agree more, particularly in times of economic stringency. Private participation goes a long way in making up for shortfall in public investment to provide adequate public facilities. To my mind, adequate and well-directed capital investment refers not merely to the number and size of investment items, but also more importantly to the right capital projects at the right time, in a well co-ordinated strategy responsive to the needs of social development. Furthermore, in the case of plans for the development of infrastructure in the New Territories, flexibility must be applied. Account must be taken not purely of regional population density, for that will mean that areas with a smaller population, such as in the Islands and Sai Kung Districts, would never ever be granted adequate basic facilities. I call attention, Sir, to this matter.

You mention in your address, Sir, Hong Kong's port and airport facilities. Kai Tak can only be expanded so far and no further; saturation is imminent. Expansion of port facilities is made even more imperative by the rapidly increasing cargo throughput. Hong Kong undoubtedly needs a new airport. Not only will a new airport be a boost to the overall economy it will most certainly be a boost to confidence in the future of the territory on the part of investors and the public alike. The decision to build a new airport should be made as soon as possible lest the economy suffer any further loss in competitiveness and we fall further behind in meeting the needs of an ever-growing community.

Your address, Sir, identified the western part of Hong Kong as the ideal location for port expansion and a new airport. Plans are proposed for the construction of new roads and other basic facilities to tie in with that development.

Experiences show that an adequate road network must accompany any large-scale development, so Government should start mapping out plans well in advance in respect of traffic and transport arrangements and not react with remedies after the problems have arisen. Glaring examples of failure in this respect can be found in the development of Sha Tin New Town, where serious inadequacies in road planning have given rise to critical congestion at the Lion Rock Tunnel.

A Government of far-sight and vitality must have the right plans well in advance to prevent trouble before it happens, and the Government should also continue to learn from its mistakes to review constantly and not repeat them. After the formulation of the idea to build a new airport and to expand Hong Kong's port, the Government should then consider seriously building a good road traffic network, especially for the north west New Territories, linking the area with the urban areas.

Although the second Comprehensive Transport Study commissioned will be completed very soon and the results will not be known until the middle of next year, I still think that we ought to do something about transport now, and what should be done should be targetted at the more densely populated areas. Tuen Mun for instance, will have a population of over 500 000. Coupled with the fact that there is a trend of a change in land use in Tsuen Wan and a shift of the industrial belt to the north west New Territories, there will be a greater demand for labour in that area, and a corresponding increase in demand for roads. The New Territories Circular Road will be completed next year, and the roads leading to China will also be completed not long afterwards. That will mean that the existing roads in the north west New Territories will be very heavily used and the Tuen Mun Highway will prove grossly inadequate. It is imperative that the Government should build a road that passes through Tuen Mun in particular, linking Yuen Long with the urban areas. And greater use must also be made of the rail network; the ideal route would run from Tuen Mun to Tsuen Wan. Although there will be heavy capital costs, in the long run to light rail route to Tuen Mun is the one with the highest potential and will be most in line with practical demands. Not only will it not duplicate the facilities at Route X, it will actually provide essential links to the expanded port and new airport, along the coastline from Tuen Mun to Tsuen Wan, tapping rich land resources on the way. This will bring a lot of benefit, not only to the public there, but also to cargo transport generally. I urge on Government to make the right choice. Sir, yesterday the hon. Maria TAM made several points on transport, with which I fully concur.



You mentioned, Sir, the structure and machinery of government and that the Government has already got plans to commission an international firm of management consultants to study the distribution of responsibilities between Branch Secretaries and to examine working relationships and relative roles of Secretaries and Heads of Departments. There is an urgent need for that to be done. Although the McKinsey Report was written in 1973 and another study was undertaken in 1978 to review the top management structure in Government, the situation then differed very widely with the situation now. We did not use to have the problem of 1997, and we are now thrust into the transition period. The Government has the responsibility of maintaining social stability and prosperity and after all, administration is for the people. Ever since the reshuffle of government departments in the early '80s, the focus has been on professional or specialised management, but that has not given rise to greater efficiency—rather it has given rise to a lot of problems. This is particularly true in the New Territories. There are many policies and matters pertaining to the lives of people which have suffered as a result of specialisation and the Government being tied down by rules, and an excessive division of labour. All this has given rise to a lack of real communication with the public and a lot of unnecessary misunderstanding. This is the result of the Government ignoring the importance of political participation. With the population of the New Territories increasing continually and developments in society going on all the time, there will be more, or a greater likelihood of political conflict. Only by promoting more political participation and by making the Government more responsive to popular needs can these matters be resolved. And only then will the public support policies and measures undertaken. In that way, the target which you have set for us, Sir, will be achieved, and I quote, 'the development of Hong Kong as a society which combines a strong, expanding and competitive economy with concern for the quality of life of all its inhabitants.'

Sir, with these remarks, I support the motion.

MR. EDWARD HO: Sir, I find myself today in the unique and unenviable position of being the only Member of this Council to make a maiden speech during this session.

On this occasion, I think of the undeniable fact that no matter whether we like it or not, more and more people are leaving Hong Kong to settle in other countries. Their reasons for leaving are varied, but it is not for me to criticise or to question their lack of confidence in the future of Hong Kong.

What concerns me most is not those who have left Hong Kong, or those who are about to do so. I am most concerned with those people who will stay here in the near and long-term future. The vast majority of the Hong Kong population belongs to this latter group of people. Sink or swim, they are committed to the future of Hong Kong.

For these people, Hong Kong is and will be their home, and Hong Kong depends on them for its stability and prosperity before 1997 and beyond. It is of the utmost importance that every possible measure be taken to maintain and to improve their quality of life. It is therefore heartening, Sir, to listen to your clear message that you are resolved 'to press on with the task of making Hong Kong a better and more prosperous home for all our people'. The whole range of long-term programmes for education, health, social services, culture and recreation which you have affirmed in your speech, will improve the quality of life. They are to be welcomed and have been or will be covered by my hon. Colleagues in their speeches.

As an architect and a professional, I shall focus my attention on the development of public housing and the development of our infrastructure.

These developments are demonstrations that we have a positive and functioning government that draws up plans for the long-term viability of Hong Kong, plans that transcend the psychological barrier of 1997 and go into the period beyond.

### *Housing*

I start with housing. It is the fundamental aspiration of all to have a decent home to live in.

The pattern of demand for housing has been changing in recent years as the local population becomes more affluent. There is a growing number of people who want to own their own homes or look for better quality housing. The Long-Term Housing Strategy aims to provide homes for an additional 1 million families, in the public and private sectors combined, by 2001. This mammoth task requires a highly efficient and flexible Housing Authority so that it can monitor and direct an overall housing programme in partnership with the private sector.

In the Long-Term Housing Strategy, public rental housing, Home Ownership Schemes and Private Sector Participation Schemes are all housing programmes that interrelate not only with each other, but also with housing in the private sector, in terms of supply and demand and in terms of optimising the use of the community's housing resources. It is therefore a logical and reasonable step forward to allow the Housing Authority to have greater autonomy and flexibility to accomplish its objective.

The Housing Authority, if left unchanged, is unlikely to be capable of meeting these requirements.

The proposed new format of the Housing Authority is that the authority will be chaired by an unofficial, instead of the Secretary for Housing as in the past. This, I believe, is in line with the opening up of the Government and will make the Housing Authority more accountable to the public.

The reorganisation of the Housing Authority in 1988 signifies its entry into a new era of public housing. From essentially providing basic shelter in the '50s and '60s, the Housing Authority has in the past decade built attractive and well organised estates. It will now not only embark upon even newer frontiers, but will also completely redevelop its ageing estates in the dense urban areas. This brings me to my second topic.

#### *Urban development and renewal*

It has been projected that we will possibly have about 6.7 million persons by the year 2011, although I tend to believe that this is somewhat conservative. How is this population to be distributed in order to derive the maximum benefit in terms of environment and minimum costs to the public sector and the community?

From the latter point of view, there is a lot to be said in the harbour reclamation schemes being planned at Hung Hom, Western Kowloon, Central District and Kennedy Town, as these would take advantage of the proximity of the main city fabric in terms of transport, infrastructure and economic activities.

I am thus looking forward to the publication of the Metroplan, which aims to serve as the basis for detailed planning and for individual urban renewal and redevelopment schemes.

The Government's determination to improve the deplorable parts of our urban area is most welcome. The establishment of a Land Development Corporation will serve as a key mechanism to redevelop the blighted areas in the urban districts.

However, there are concerns that the Land Development Corporation may become a big development organisation competing with the private sector in areas where private developers can perhaps operate more efficiently. We must be careful not to allow the Land Development Corporation to grow more than is necessary. My view is that the corporation should be kept small and efficient. Its major function should be confined to the assembly of land where and when private developers are unable to do so. After this is done, individual development projects should best be delegated, where possible, to private developers or be undertaken as joint ventures with them.

As in our housing programme, resources from the private sector should be exploited to the full. The corporation should, however, keep a monitoring role to ensure that the quality and objectives of the development projects will be met.

#### *New town development*

It is apparent that despite massive harbour reclamation programmes, the urban area cannot accommodate the growing population of Hong Kong. The development of new towns, though not without teething problems, has been a remarkable effort to provide the people with a better living environment.

We are now witnessing the birth of even more new towns: names including Ma On Shan, Tin Shui Wai and Junk Bay have been added to the list. In the planning and implementation of these new towns, lessons, both good and bad, should be learnt from the past.

My own observation is that our planners have, on the whole, enjoyed considerable success in the masterplanning of the new towns so that they are self-contained communities with the right mix of residential, work places, educational and public facilities. If any, shortcomings have been in the timely co-ordination of various facilities as residents move into the new towns. I must admit that this is a very difficult process involving the highest degree of sensitivity in programming and co-ordination between various government departments, the Housing Authority, which is usually the prime mover of people and the private sector. The recent decision to go ahead with the development of both phases of Junk Bay to accommodate its ultimate population of 325 000 people means that timely public transport system should be planned, in addition to the twin-tubed Junk Bay Tunnel.

We have to bear in mind that the aim of moving people into the new towns is to give them a better living environment, not to punish them, nor to banish them to a wilderness waiting for them to exploit it. Only with satisfaction of the residents can we claim 100 per cent success for our new town development projects.

#### *Transport*

The creation of new towns demands an efficient transport system linking them to the urban area. Government has done much in the past, and it is most encouraging that the Government continues its plans to improve the territory's transport network.

I am in full agreement with the view that transport is an area which needs constant improvement to keep pace with Hong Kong's development. The current congestion at the Lion Rock Tunnel is another lesson for us in planning our future transport system. If we do not heed this lesson, not many years away we may have to scratch our heads to solve traffic congestion at the Junk Bay Tunnel or on the Tuen Mun route. We have to be forward looking and plan ahead in this respect.

Another area of particular interest to me is the Light Rail Transit System in the north western part of the New Territories. We just learned the welcome news that the LRT will provide a link to Tin Shui Wai. We should not be caught unprepared when the new town development programme at Tin Shui Wai is completed, which will boost the population size tremendously in that district. We also noted that the Government hoped to reach a decision concerning the provision of a fixed rail system between the north western part of the New Territories with the main urban area before the end of next year. I consider this should be treated as a matter of urgency.

I maintain that the provision of a new trunk road in the form of Route X, whilst in every way essential for road transport, cannot replace the advantages of mass transportation of people and goods offered by a fixed rail system linking up to the mass transit railway network in the urban areas.

*Port and airport developments*

Apart from moving people within the territory, of equal importance is the question of moving people and goods in and out of Hong Kong. In this respect, it was disappointing to hear that the joint Port and Airport Development Study will only be completed by the latter part of 1989, almost two years away. Only then the Government will be able to make some 'fundamental decisions'.

The international character of Hong Kong contributes considerably to its success today. To retain this character it is important for Hong Kong to maintain highly efficient transport links with the other parts of the world. Kai Tak Airport, with its single runway, definitely cannot meet the future demand for air traffic. The only question is how long can it hold on before it reaches its full capacity, and adverse effects begin to emerge. If fundamental decisions on a new airport can only be reached at the end of 1989, we cannot expect the new airport to be in full operation before the next century. But looking around us, our neighbouring countries have spared no effort to upgrade their airport facilities. Take the example of Singapore. Its new airport, in operation for just a few years, has a handling capacity of 10 million passengers per year and two runways. It is already planning for an expansion to increase its capacity to 20 million passengers a year. We must therefore wonder whether our sluggishness in building a new airport will hinder our future development, and whether Hong Kong will be left behind by its neighbours in the years to come.

The urgency of the need for a replacement airport is augmented by the fact that the present Kai Tak Airport has been creating noise pollution problems, not to mention the hindrance to the development potential of Kowloon.

*Relations with China*

Finally, I would also like to point out here that as 1997 draws near, the relationship between Hong Kong and China will inevitably become closer. All our large scale projects in the years ahead will have to be considered against the impact of, and the relationship with, development in China, particularly in the Pearl River Delta area. This is especially significant in areas like transport, communication, aviation and trade. The China factor is therefore something which we must take into account in Hong Kong in mapping out the plans for our future development projects. In this respect, we of course look for close co-operation with the economic and physical planners in China.

Sir, I share your optimism that these forward looking programmes, implemented prudently and well-co-ordinated, will offer a much better living environment for the people of Hong Kong. These programmes will require

tremendous capital investment and will have considerable impact on public finances. One cannot help but speculate whether you, Sir, would have put forward less ambitious plans for the future if your policy speech were delivered today, with the experience of the recent collapse of our stock market. I, for one, would venture to say that you would not have done much differently; for you, Sir, like most of us, believe in the future viability of Hong Kong. And if we share that belief, then we should not waver in our determination to plan for our long-term target, which is that Hong Kong should continue to be, regardless of 1997, a stable, vibrant economy; and a place where our people, who have chosen to stay, will continue to enjoy a good, and ever better, living and working environment.

With these remarks, Sir, I support the motion.

MR. MARTIN LEE: Sir, I apologise for being late. Sir, if our economy is the heart of this territory, then we just had a heart attack. Or, in your words, if 'a sound, healthy economy is the essential foundation on which all our other endeavours and achievements must be based', then we just had a terrible earthquake.

The recent stock exchange and futures exchange fiasco has finally exposed the many weaknesses in our financial system.

I do not believe in finding scapegoats. But I cannot, with respect, agree with your statement upon your return to Hong Kong that it is not 'very useful to look at this in terms of personalities'; because many of our problems stem from particular personalities involved in the futures and stock exchanges.

Sir, when the general committee of the Unified Exchange made its decision on 20 October 1987 to suspend trading at the stock exchange for four days, you were in the USA, doing your utmost to promote the image of Hong Kong as a free port and an international financial centre. Many people in Hong Kong would have liked to see you taken the first flight home upon learning of that unprecedented decision. For with all due respect the primary duty of a governor is to govern, particularly when there was a crisis here. No one is expected to spend time advertising one's products when one's factory is on fire.

Sir, I have expressed the view that such a decision was outside the powers of the general committee because it has only been given very limited powers by their own rules to suspend trading when there is a physical impediment which severely and adversely affects 'the functioning of the Trading Hall'. I have also expressed the view that under our laws, only the Commissioner for Securities has the power to order the stock exchange to be closed for the transaction of dealings under section 27 of the Securities Ordinance on the ground that 'there exists an economic or financial crisis, whether in Hong Kong or elsewhere'. For it was never intended to give to the general committee of the Unified Exchange power to close its market except in very well-defined and restricted circumstances. If the Government had thought it desirable to close the market, then the order should have been made by the Commissioner of Securities, and in such

event, the commissioner would decide on the length of the period of closure, instead of giving a carte blanche to the general committee of the Unified Exchange. The Government has disagreed with my views, but has declined to advance any argument to show that I am wrong. As this matter is likely to have serious implications, I urge the Government, through the Attorney General, to give its reasons to this Council as to why it is believed that the general committee of the Unified Exchange had this power to suspend trading.

Further, every member of the general committee of the Unified Exchange is, by definition, a dealer in securities. I have therefore called upon all the members of the general committee to demonstrate to the people of Hong Kong that their decision to close the market for four days had not been motivated by selfinterest, bearing in mind that it must be abundantly obvious to the members of the general committee that such a decision would undoubtedly and severely damage the reputation of Hong Kong as a financial centre which prides itself in free trade and fair competition, the very image you were trying so very hard to promote in the USA. None of the committee members has heeded my demand. Up to date, none of them has even publicly state that their decision had not been motivated by self-interest.

The chairman of the Unified Exchange said at the time that it was necessary to let people cool down and that was why the general committee had decided to close the market for four days. No doubt the committee had hoped that after four days the stock markets elsewhere in the world would have steadied, so that when our own market reopened on the following Monday, the 26 October 1987, there would be no further decline in the share prices. But that was only wishful thinking, as there was no particularly good reason why this would have been the case. The chairman and his committee had taken a gamble. They had also put their credibility on the line when the chairman said that history would prove him to be right. Well, history has proved him to be wrong. When the market reopened on Monday, 26 October 1987, the Hang Seng Index plummeted a further 1120.7 points. So the only possible good the prolonged closure had done to the small investors was to postpone the inevitable for four days. But there was a down-side: when news of our record fall in the market on 26 October 1987 reached the other major markets of the world, it brought them down with us. And because of the fall in their markets, our market fell further on the following day. So if the chairman wishes to salvage the reputation of the Unified Exchange which owed much to him for its establishment, and if he wants to repair the undoubted damage caused to our reputation overseas, he must resign as chairman and director of the Unified Exchange. And I am sure members of the Unified Exchange and the public of Hong Kong will appreciate his final act of grace and courage.

I now turn to the Government. This fiasco has shown that the Government is unable to feel the pulse of the financial sector in Hong Kong because it is obvious that the people at the top did not realise the seriousness or the full

extent of the problem, particularly relating to the futures market, until at least one day after the stock market had been closed. And in matters of high finance, one hour is a very long time!

The Government is also to blame for having turned a blind eye to the obvious evils which have been known to exist for a long time both in the futures and the share markets: corrupt practices in relation to the listing of public companies, insider dealings, 'short-selling' of securities, and the oppression of the minority of big foreign broking firms which account for some 75 per cent of the total turnover of the stock exchange by excluding them from having any say at all on the general committee. Indeed, the Unified Exchange has been run like a family business.

Now it is not as if there are no regulations at all provided by our laws, although the adequacy of such regulations should be closely looked into. But these regulatory powers have not been exercised properly or at all. The attitude of the Government was understandable, though clearly not justifiable, against a rising market when everybody was happy. But there is a clear distinction between adopting a laissez faire policy and adopting an 'I-don't-want-to-know' attitude. As has been pointed out in the Far Eastern Economic Review, the budget of the Securities Commission of 'HK\$15 million a year is less than what the Stock Exchange earns from its 0.025 per cent transaction levy in five good days of trading'. If we do not want to pay for our policing unit, what can we expect from them?

As for self-regulation by the relevant committees themselves, many believe that it is non-existent because of the conflict of interest referred to by my hon. Friend, Miss Lydia DUNN.

Sir, this Government cannot escape criticism simply by saying that the decision to close the market was that of the general committee of the Unified Exchange, because the Government should have known that the committee did not have power to do so. Further, the Financial Secretary himself had been told about it before the market was actually closed, but had apparently taken no step in preventing that to happen and had allowed that to continue for the full period of four days.

Sir, some small investors believed that the market was closed for their benefit. But this was not so because the inevitable fall of the market was merely postponed for four 'evil' days during which the big investors were able to make bloc transactions, by what is called 'grey-market trading', which had the practical effect of bringing the share prices down; while the small investors were unable to sell their shares. The result was that when trading resumed, the prices of all shares plummeted because of these 'grey-market' transactions.

Sir, as to the \$4 billion rescue scheme, I have expressed support for the use of the Exchange Fund at the time, but only on the basis that the Government was right in its assessment that unless a fund be put up to support the compensation



fund established pursuant to the Commodities Trading Ordinance, the futures markets would collapse, which would have a knock-on effect on the stock market and the strength of the currency of Hong Kong. But because of the absence of relevant information, I was, and still am, unable to form any opinion as to whether the scheme was really necessary, and if so, whether it was the best scheme in the circumstances. There is one matter I wish the Administration to help me on. I have it on good authority that the Financial Secretary's decision to make use of the Exchange Fund on this occasion had been arrived at without any 'consultation with the Exchange Fund Advisory Committee' as required by section 3(1) of the Exchange Fund Ordinance. Will the Financial Secretary please explain this apparent non-compliance of law?

Sir, in the wake of this debacle, we must examine what has gone wrong in Hong Kong. Stock markets all over the world have fallen dramatically. But no government has yet to bail out any futures exchange except here in Hong Kong. No exchange has been closed for even one day; but we closed ours for four. We have thus become the laughing-stock of the financial world.

We know that the two exchanges are like a rotten apple, but we do not know how rotten it really is until we have cut it open right down the middle. You have since announced the setting up of a Securities Review Committee. I await anxiously as to the composition of this committee and its terms of reference. And until the details are known, I am unable to comment on the adequacy of its terms of reference or its membership. But one thing is certain: we must let the world know that we mean business this time, or else we would never be able to repair the untold damage which has been done to our reputation as a financial centre. But if this committee should prove to be wanting, then this Council should resolve to exercise its powers under the Legislative Council (Powers and Privileges) Ordinance by conducting the enquiry itself.

Sir, it is only when we know what has really gone wrong that we can hope to remedy the past and build towards a better future.

#### *Daya Bay nuclear plant*

Sir, two days after your speech was delivered in this Council, the people of Hong Kong were shocked to hear of a terrible error committed during the construction of the foundation works at Daya Bay. The fact that a mistake of such magnitude could have been made at all at the comparatively straight-forward stage of the construction works is worrying in itself. But what is even more worrying is the cavalier attitude adopted by the relevant authorities in relation to the proposed remedial measures. I understand that the project designer Electricite de France is also responsible for the quality control side of the construction works and that it is contractually liable for the oversight in question. For this reason, we are told that the remedial plan would be checked by another expert, namely, Bechtel, which is employed by the Guangdong Nuclear Joint Venture Company Ltd. as its expert responsible for quality

control. But again, I understand that Bechtel may also be contractually liable for this oversight. In these circumstances, there is a clear possibility of a conflict of interests on the part of Electricite de France in proposing the remedial plan, and on the part of Bechtel, in approving it, because it must be in the interests of both companies to keep the cost to a minimum. I appreciate that both companies have a good international reputation. But the people of Hong Kong are entitled to have an independent assessment of the feasibility and adequacy of the proposed remedial plan. I have suggested that an independent expert of international repute be engaged by the Hong Kong Nuclear Investment Company Ltd. to make an independent assessment of the proposed remedial plan. If money is a problem, then I would urge the Hong Kong Government to undertake to pay for such an expert.

Sir, recent official statements from the Guangdong Nuclear Joint Venture Company Ltd. suggested that the mistake had arisen because the principal person in-charge had left the construction site for Paris while his deputy was unable to read or understand the plans. I simply do not accept that a mistake of this nature could have arisen only because of the negligence of one or two men. We are told by engineers that no concrete would ever be poured at any site until there has been a thorough check conducted by representatives of the owner, contractor, sub-contractor, as well as those responsible for quality control of the works. If such a meeting had taken place before the concrete was poured, the omission was bound to have been duly discovered. Therefore, it simply will not do for the Guangdong Nuclear Joint Venture Company Ltd. to accept such a ludicrously simplistic explanation. Indeed, the very fact that the company is prepared to accept such an explanation will generate even more worry in the minds of the public of Hong Kong than the mistake itself.

Sir, the people of Hong Kong simply cannot be expected to believe that this nuclear plant will be safe when it is finally in operation, unless the Hong Kong Nuclear Investment Company Ltd. would be persuaded to engage an independent monitoring team to make sure that every step in the construction works will be according to plan and in accord with international standards of safety. Again if money is the problem, I think the people of Hong Kong would be quite happy if our Government were to bear it.

#### *Central Provident Fund*

A lot of hard work has been put into the proposal for the setting up of the Central Provident Fund. It is the only way to ensure that our senior citizens can keep their pride and dignity when they become too old to make a living. If given the choice, they do not want to live on charity. But the proposal outlined in your speech, Sir, in looking after our senior citizens is nothing short of giving them free meals. As my other hon. Colleagues will address the Council on the same point, I will say only this: the reasons which you have given for rejecting the proposal are with respect totally unconvincing.

*Old Age Allowance*

Regarding the Old Age Allowance, while I welcome the Government's decision to expand the scheme to those between 65 and 70, I do not agree with the proposed introduction of a means test (income declaration) for new applicants for Old Age Allowance. The proposed measure violates the basic principle of giving social benefits to our senior citizens as a token of our society's appreciation of their life-long contribution. Furthermore, to require elderly people to declare their income would deter conservative minded Chinese people to come forward to make their claims.

*Public Order Ordinance*

The new section 27 of the Public Order Ordinance relating to the publication of false news had attracted tremendous public outcry and opposition during its enactment at the last session. Since then, the Attorney General has found it necessary to publish guidelines which make it very difficult for anybody to be prosecuted under that section. Indeed, in relation to an article published by the Outlook Magazine recently, it was obvious that the Government did not even want to enquire into a prima facie case of publication of false news. There is no reason at all why this very objectionable section should not be removed from our statute books. And as the Public Order Ordinance itself contains quite a number of draconian measures which the Government is unlikely ever to use, I suggest that the Legal Department should look into this Ordinance with a view to deleting all obsolete clauses in it.

*Film censorship*

This matter will soon be published in the form of a white Bill. I will continue to oppose any attempt to introduce political censorship in Hong Kong. I must repeat that the political censorship clause is in contravention of Article 19 of the International Covenant on Civil and Political Rights. I must further remind my hon. Colleagues that under the Bill, anybody who is aggrieved by the censor's decision will not have any redress in a court of law whether in Hong Kong or anywhere else in the world. We must not therefore allow the ultimate Bill to be passed into law in this form.

*Legal matters*

I will now deal very briefly with a number of legal matters.

First, on legal aid. I support the Joint Report of the Hong Kong Bar Association and the Law Society of Hong Kong that legal aid should not be administered by a government department. There is no reason why such a lot of money should be expended by the Legal Aid Department on official emoluments of such a large professional staff of lawyers doing administration work. According to the joint report, if an independent statutory body be set up to administer legal aid in the manner proposed by the legal professions, millions of dollars will be saved from the salaries of qualified staff alone.

Secondly, we must do more to make sure that we could attract more bilingual lawyers into the Legal Department, otherwise there will be no reasonable prospects of using Chinese as a language of our laws. It simply will not do for the Administration to say that there is difficulty in attracting bilingual lawyers from the private sector. I have been told by the Chinese lawyers in the Legal Department that the so-called localisation programme in the department is scorned at by most of them. I have said repeatedly that the Government must find a way to provide housing to all, including the new local recruits to the Legal Department as Crown Counsel.

Thirdly, in relation to the trial of complex commercial crime cases, I only wish to say at this stage that we must not use the Carrion trial as an example to justify some of the totally unacceptable changes proposed in the bill. I must point out that the Carrion trial was put to an end by a ruling of the trial judge that there was no case for the defendants to answer. It had nothing to do with the jury in that case. It is totally wrong to require the defence in a criminal case to disclose his defence even before the prosecution opens its case. Under our system of criminal justice, the defendant is presumed to be innocent until the prosecution succeeds in establishing his guilt beyond reasonable doubt. To require an accused person to disclose his defence before the commencement of the trial erodes into the very foundation of our system of criminal justice.

#### *Political system*

Sir, there is one matter of fundamental importance in relation to our political system which has not been raised before. And it is this. The present relationship between the Executive Council and the Legislative Council through OMELCO and the common Members who serve on both Councils is, I regret to say, breaking down. The figures show that before the introduction of elected members to this Council in October 1985, very few UMELCO meetings were cancelled. But in the last two years since the elected members have joined this Council, these UMELCO, now OMELCO, meetings are more often cancelled than not. In the year 1985-86, nine meetings were held, while 13 were cancelled. In the year 1986-87, two were held, while 20 were cancelled. So far this year, one OMELCO meeting was held at short notice, during which Members were urged by Sir S. Y. CHUNG to support the Government's rescue scheme involving the use of the Exchange Fund. There is a complete lack of trust of Legislative Councillors by both the Government and some Members of the Executive Council. Just to quote one example, Legislative Councillors often get embargoed Government announcements or press releases later than the press. The result is that the Government often fails to predict whether or not a particular Bill will be hotly challenged in this Council. Many Members of this Council feel that the present system is not working well at all. And we must find a solution soon.

Perhaps we should remind ourselves that under the present colonial set-up, the Government 'party' has a very comfortable majority, consisting of the 10

Official Members and the 22 appointed non-government Members as against 24 elected Members. In reality, the Government can push any Bill through this Council no matter how unpopular it is. For example, the Public Order (Amendment) Ordinance, which was rushed through this Council on 12 March 1987 despite great public outcry for a postponement.

Sir, but quite irrespective of whether or not we are going to have directly elected members in 1988, the most important question for the Government is to decide on the future relationship between the executive authorities and a fully elected legislature. For even if we are to suppose that there is no direct elections to this Council and that it will comprise only of Members elected either by the Functional Constituencies or by Electoral Colleges, how does the Government expect its bills to be passed?

This I estimate is the most important single issue facing us at the moment; and it will also be a very important issue for the Basic Law Drafting Committee. This problem was recognised in the 1984 Green Paper and the former Chief Secretary Sir Philip HADDON-CAVE actually promised to this Council in January 1985 during its debate on the White Paper that this would be one of the key issues to be addressed in the 1987 review. For some reason which has never been explained to this Council or to the public, the Government has seen fit to omit this most important issue from its Green Paper published in May this year. And so whatever decisions the Executive Council will make upon the conclusion of this political review, there will be no answer to this important question.

And yet the Government has been quietly taking steps to set up independent and highly autonomous statutory bodies, like the Broadcasting Authority, the Housing Authority (soon to be revamped) and the Hospital Authority. All the members of these statutory authorities are appointed by the Governor. Each of these bodies is expected to propose policies; and will also be given power over its own expenditure.

The Government has never informed this Council or the public the rationale or purpose behind the setting up of these statutory bodies. The question is: Where are we going from here?

If we are going towards some kind of ministerial system, though not necessarily based on the Westminster model, then ultimately each of these statutory bodies will, I hope, be chaired by an elected Member of this Council who will automatically become a Member of the Executive Council. I hope that the chairman of such a statutory body will be elected by all the other members: consisting as to one third of appointed government officials, as to another one third of Legislative Councillors elected from the relevant Legislative Council panel, and as to a final one third of outside experts to be nominated by the said government officials and Legislative Councillors. The advantage of having one third of Legislative Councillors on such a body is to ensure that whatever policy such a statutory body may propose, it will have the support of some of the most influential Members of the corresponding Legislative Council panel. Thus,

when the requisite Bill is later proposed pursuant to such policy, there is a great likelihood that it will have the support of the Legislative Council. The advantage of having such a system is that it could succeed with or without political parties. Now, if this is the way we are going, then it is a very good thing indeed.

But if all the Members are to be appointed by the Governor, then I would find it totally unacceptable. For in that situation, the Governor, or in the years to come, the Chief Executive of the SAR, will have absolute control over the membership of such statutory bodies. And it will have the practical effect of perpetrating the appointment system whereby only elected Legislative Councillors who are favoured by the Governor, or the chief executive, would be appointed to such statutory bodies. The real problem will be that whatever policies may be proposed by such statutory bodies, there is no guarantee at all that they will be supported by the Legislative Council.

Even before we know what direction we are going, I must insist on full accountability of these statutory bodies to this Council, which is lacking at the moment. For example, if a question is to be asked in this Council relating to the new Broadcasting Authority, is it envisaged that my hon. Friend Mr. Allen LEE, who is the chairman, will answer it? Or is it envisaged that some Official Member will answer it on behalf of the Broadcasting Authority?

Sir, until we have found a workable solution to the practical problem created by having a fully elected legislature, which is one of the most important provisions in the Joint Declaration, it will be unwise to copy the present colonial set up of government, lock, stock and barrel, into the Basic Law, as seems to be happening at the moment? The present system was designed to cater for a fully appointed legislature as part of a colonial government which found it necessary to exercise the highest possible control over a people which was won over with the Colony by force. And it is singularly unsuitable for a government of a Special Administrative Region within China, which has been promised a high degree of autonomy and with a fully elected legislature. If our present colonial system is embodied into the Basic Law, possibly out of a desire on the part of the Central Government to maintain the same degree of control, it is like putting old wine into new wineskins. The system will soon disintegrate and the ambitious policy of 'one country, two systems' will fail.

*Report of the Survey Office*

Sir, it was not my original intention to address this Council on the report of the Survey Office which was tabled before this Council yesterday. But having taken a very cursory look at Part I of the report, I fear that I must say something even today, but I will try to be as brief as I can.

I must voice my strongest possible disapproval of the manner in which the questionnaire was designed by AGB McNair HK Ltd., particularly the one in relation to the all important issue of whether or not direct elections should be

introduced in 1988. The questionnaire contained in section F at page 20 of Annex A to Appendix X contains four questions:—

- '(1) to make no change in the numbers and relative proportions of Official, Appointed and Elected Members;
- (2) to conclude that direct elections to the Legislative Council are not desirable;
- (3) to conclude that, in principle, some element of direct elections is desirable, but that it should not be introduced in 1988;
- (4) if changes are desired in 1988, it will be possible to make one or more of the following changes, for example increase slightly the number of Official Members, reduce the number of Appointed Members, increase the indirectly-elected Members or have directly-elected Members.'

The first three questions are very clear, but they are heavily weighted against direct elections in 1988. The fourth question is the only question which makes allowance for the introduction of direct elections in 1988. But a more clumsily worded question I have yet to see. Indeed, anybody who has completed primary education here in Hong Kong would have been able to do a better job than that. But it would be quite unfair to blame AGB McNair HK Ltd. for the originality of that question because it was not their brainchild. I am told by Mr. Adolf HSU that it was taken almost word for word from paragraph 163 at page 41 of the Green Paper published in May 1987. That is not entirely true, for the options contained in paragraph 163 are at least set out in separately numbered sub-paragraphs (*a*) to (*f*) whereas the options in Question (4) are simply grouped together without sub-paragraphs.

But it is no excuse for AGB McNair HK Ltd. to say that it had followed the Green Paper unless it had been instructed expressly to adopt that particular format in the questionnaire. Paragraph 163 was part of a summary of the Green Paper and it purports to set out the options in Chapter IV. Now I have repeatedly criticised the Green Paper as a thoroughly poorly drafted document. Indeed I have said in numerous public forums that it was calculated to confuse the public. It contained much too much trivia, and its draftsman never intended the public to understand it.

Further, it is abundantly clear that the summary contained in the Green Paper was never intended to be used as a model for questionnaires. For the options summarised in the Green Paper would be quite meaningless to a respondent in a public opinion survey unless he had read and understood and could remember the earlier relevant paragraphs contained in the Green Paper. According to paragraphs 5.24-5.26 of the report of the Survey Office, that would be quite an impossible feat.

Sir, it must have been obvious to AGB McNair HK Ltd. that in designing the questionnaire, it was of absolute necessity to frame questions which the ordinary man in the street would be able to comprehend, and that this object would not be achieved by copying the clumsily worded paragraph from the summary of the Green Paper.

The question is: Did AGB McNair HK Ltd. frame this questionnaire on its own accord; or had it been instructed to copy or at least base the questionnaire on the summary of the Green Paper? If the former, then there is a clear case of AGB McNair HK Ltd. failing to discharge its professional duty of care towards the Survey Office, its principal. But if the latter is the case, then the implications are much more serious, for it would suggest that the Government had deliberately wanted to engineer a particular result, namely, that the people of Hong Kong do not want to see direct elections introduced in 1988. Many people in Hong Kong firmly believe that the result contained in the two public opinion surveys was precisely what China and the British Administration here wanted to see, for that would spare the British Government of having to confront China over an extremely sensitive political issue. But the question is: can we possibly accept these survey results?

I suggest that the answer has to be a resounding 'No'. Let us look briefly at paragraph 163 of the Green Paper at page 41. Sub-paragraph (ii) reads: 'to conclude that direct elections to the Legislative Council are not desirable.' Fairness would have demanded another question to follow it, namely, 'to conclude that direct elections to the Legislative Council are desirable.'

Likewise, sub-paragraph (iii) reads: 'to conclude that, in principle, some element of direct elections is desirable, but that it should not be introduced in 1988'. Again fairness would have required the following question to be put: 'to conclude that direct elections should be introduced in 1988.'

Why then were these necessary questions completely left out in the summary of the Green Paper? And why had the questions in the summary of the Green Paper been re-introduced in Question (4) of the questionnaire without adding the further questions?

Sir, in the light of the above, many people in Hong Kong will believe that in drafting the Green Paper in this particular way, the Government had wanted the people of Hong Kong to say what it wanted to hear, namely, that direct elections should not be introduced in 1988. Likewise, when the same questions were copied into the questionnaire, the intention of the draftsman, or his principal, could only be that he wanted the results of the surveys to show that the people of Hong Kong do not want to see direct elections introduced in 1988. For how else could one explain the undeniable fact that three chances were given to the respondents to say 'No' to the introduction of direct elections in 1988 and only one sixth of a chance was given to the respondents to say that direct elections should be introduced in 1988, that is, if they could understand that question.

Sir, let me say in this Council loud and clear that it will be totally unfair for anybody to seek to place any reliance on the results of these two public opinion surveys conducted by AGB McNair HK Ltd. in so far as the all important question of whether or not direct elections should be introduced in 1988 is concerned. I do not accept the survey results not because they were contrary to



my belief, but simply because they were based on a questionnaire which has been faulted in so many ways. For how else can we explain the fact that all other public opinion surveys conducted by other professional survey companies throughout the relevant period have arrived at a totally different result, namely, that the supporters for the introduction of direct elections in 1988 have consistently out-numbered the opponents in the proportion of approximately 2 to 1? The reason is obvious, these other survey companies had not copied their questions from the summary of the Green Paper, but had adopted a much simpler and clearer questionnaire on this most important issue.

Sir, after so much time, effort and money had been put into this political review, many people feel let down by the two survey results, perhaps because they had put too much hope in the professional competence of AGB McNair HK Ltd.; or perhaps they had been too trusting of our Government. But the report of the Survey Office has woken us up from our day dream, that the British Administration here in Hong Kong has our interests at heart, that it will take a stand at some point and refuse to kowtow to China, that the Iron Lady will keep her promise to us that Britain has a moral obligation towards Hong Kong.

If this Government really wants to find out from the people of Hong Kong what they really think in relation to the introduction of direct elections in 1988, there is only one thing it should do: give the people a referendum.

When I first raised this question in this Council earlier this year shortly before the publication of the Green Paper in May 1987, the Chief Secretary ruled out any such possibility by saying that as the Green Paper would contain over 30 options, it would be totally unrealistic to hold a referendum.

But as we now know, 96 per cent of the submissions received by the Survey Office dealt with the question of whether or not direct elections should be introduced in 1988. The people of Hong Kong have chosen to concentrate on the issue of direct elections in 1988. There is no more reasonable excuse to deny a referendum to the people of Hong Kong; unless it is because of the China factor, that she does not want us to have it, for fear that it will set an undesirable precedent for the future SAR Government. As to this, I entirely share the sentiments of my hon. Friend Dr. Conrad LAM in warning against the excessive desire 'to converge' with the PRC even during these nine and a half years of transition, to the extent of going out of our way to invite their intervention, as you, Sir, with respect seemed to have done in your last visit to Beijing.

Sir, I welcome a close working relationship between this Government and the Central People's Government. But we could over-do it. And we must remember that it is a breach of the Joint Declaration for China to intervene in the administration of Hong Kong before 1997, by, for example, dictating to us, as she has done, as to when we may or may not introduce direct elections. Why has not the British Government protested against such conduct? Indeed, while listening to the first part of your policy speech, I thought it was the speech of the Chief Executive of the SAR Government.

Sir, there was a time when I thought that the British Administration here in Hong Kong was made of sterner stuff. But was I wrong? Or has the Iron Lady become the Rusty Lady?

4.31 pm

HIS EXCELLENCY THE PRESIDENT: At this point, Council might take a short break.

4.55 pm

HIS EXCELLENCY THE PRESIDENT: Council will resume.

MRS. FAN: Sir, your address to this Council contains the commitments of a Government which is determined to make Hong Kong an even better place to live in. The commitments should be welcomed and the determination is reassuring. It is not possible for a speech to cover all the points that may be of interest to Councillors, nor is this the intention. Nevertheless, this offers me an opportunity to express my views on a few issues which may or may not be featured in this year's annual address.

*Separate taxation*

The issue of separation taxation for married couples have been in and out of this Council a number of times over the years. The arguments put forward by my non-government colleagues have been both ingenious and persuasive, but they all met with the same fate—rejection by the Financial Secretary. The only concession won was in 1983, when the then Financial Secretary agreed to separate assessment by election. This was however more 'cosmetic' than 'real', as the actual tax payable by the married couple remains the same.

Married couples, who are both working and paying a higher rate of tax as a result of this, belong predominantly to the middle income group, or more aptly described as the 'sandwich class'. They are mostly employees earning a steady income, living in rented or self-occupied accommodations, and do not qualify for most of the welfare services offered by the Government which are aimed at the lower income group. Many of them are professionals and skilled people. They are the moving force behind Hong Kong's economic development. But they are unfortunately the forgotten lot in the tax system. Is it because that they are only about 16.5 per cent of salaries taxpayers, as the Financial Secretary pointed out in April this year, that they can be ignored? A tax system should aim at being fair and equitable. Those who earn over a certain amount of income can afford to pay tax and are therefore taxed. But why should the income of husband and wife be pooled together and assessed as one individual?

It has been argued by the Financial Secretary that separate taxation for husband and wife would represent a radical departure from the Chinese

traditional concept of the family unit. This argument is no longer valid in present day circumstances as pointed out by Mr. Peter POON and other Members in the last Budget debate, and I am glad to note that the Financial Secretary's reply to Members on that occasion did not refer to this argument anymore. Indeed, the tax system of neighbouring countries whose communities are oriental in outlook, allows the working wife to opt for separate taxation. Japan and Singapore are typical examples. Most developed countries also practise separate taxation. Taiwan, which follows the joint assessment scheme, provides a working wife allowance. Hong Kong's system offers neither. Is it possible that all the above tax jurisdictions actually fail to recognise the economy of scale that a marriage allows, hence the married couple's better ability to pay, which was one of the main reasons forwarded by the Administration in rejecting the call for separate taxation? Or could it be that these tax jurisdictions realise that the so-called economy of scale is really not applicable to this issue?

The most compelling argument against separate taxation is probably the loss of \$400 million in revenue per year. This estimation, however, is based on the existing number of married couples who are both working and paying tax. If separate taxation comes into being, and with the present labour shortage, housewives who are not working now may well be attracted into employment, as they can benefit from the salary they earn without pushing their husbands' tax into a higher bracket. The move by these people into the labour force may well result in additional tax revenue which can compensate the loss of \$400 million to some extent.

As for the \$17 million administration cost for implementing separate taxation, this seems to me somewhat of a red herring. Ever since separate assessment for married couples became available by election in 1983, the Administration has been committed to handling all requests for separate assessment by married couples. The fact that very few couples choose to do so does not reduce the Administration's commitment. Furthermore, there are separate files for single men and women before they get married anyway. To continue to treat such files separately does not necessarily involve more additional work, especially with readily available computer facilities.

Sir, the arguments that I put forward today for separate taxation are not necessarily new or original, as many Members of this Council had made similar points in past debates. I find it difficult to accept the notion that separate taxation for married women could actually make our present system more difficult to understand, especially when married couples can already opt for separate assessment. I agree with the Financial Secretary's view that benefits should be spread amongst personal taxpayers generally rather than enjoyed by any particular group, but the present situation is just the reverse. A particular group of taxpayers is suffering a higher tax liability simply because they got married and continued to work. I respectfully urge the Administration to take account of the prevailing trend of separate taxation in other countries as well

as the labour shortage situation in Hong Kong, and request the Financial Secretary to re-examine the merits of separate taxation in the forthcoming Budget.

*Teacher-parent co-operation in primary schools*

Primary education is the first stage of the subsidised education process. It is the foundation for secondary education. Recently, there is a trend among some primary students to become less responsive to teachers' instructions, identify with materialistic values, and increasingly difficult to teach. As these students move into the secondary sector, it will be even more difficult to change their ways. This is certainly a matter for concern. Positive action should be considered to reverse this trend as a matter of urgency.

Children in primary schools are more easily influenced by their teachers and parents. An effective way to prevent children from learning bad habits and undesirable traits, I believe, is for teachers and parents to work more closely together and offer mutual support to each other. While the prevailing norm now is for teachers to contact parents when a pupil is in trouble, it should be appreciated that regular discussions between teachers and parents can be useful to any child's development and gives them an opportunity to capture a problem before it intensifies.

I am aware that the Education Department encourages communication between teachers and parents, but I think more initiative and positive measures are called for. The Government should take the lead in correcting the impression that only children with problem require teachers to work closely with the parents. As a matter of policy, all primary schools should at least set aside one day, a normal school day in each term, for teachers and parents to discuss individually the progress of each pupil. Teachers should be persuaded that better communication can actually facilitate their work. Parents need to be reminded that the education of their children is also their concern, not just the sole responsibility of the school. Resistance and defensive reactions to such measures from some teachers and parents can be expected, but I believe the strengthening of teacher-parent communication and co-operation will help to reduce unruly behaviour among pupils in the primary sector, which will in turn benefit the secondary sector. I recommend this approach for the Administration's consideration.

*Vietnamese refugees*

On the issue of Vietnamese refugees, may I place on record my appreciation to you, Sir, for bringing this problem to the attention of senior officials in the United States and United Kingdom. I am also pleased to hear from the Secretary for Security that repatriation is now generally accepted by most countries involved in the Vietnamese refugees saga as the solution to this problem. Although the signs are encouraging, I feel it would not be fair to expect Hong Kong people to wait indefinitely for the Vietnamese Government

to become co-operative. On the other hand, small glimpse of hope seems to appear on the horizon. It is only reasonable that the Administration should be given time to pursue the matter of repatriation further, with the support of the British Government and hopefully other countries. It is for this reason that the Legislative Council ad hoc group on Vietnamese refugees requested the Secretary for Security for a report on the progress of the repatriation proposal in six months' time. Mindful of the possibility that satisfactory progress might not be achieved by the end of that period, it was also suggested to the Administration that the present policy of Hong Kong being a first place of asylum for boat people from Vietnam should be carefully reviewed during these six months. Before an effective way can be found to stop or control the number of Vietnamese refugees coming to Hong Kong, the ad hoc group supports the Government's policy in retaining closed camps. We cannot afford to abolish the close camp policy because the prosperity of our city economy coupled with the freedom of open camps may well be too strong a magnet for economic migrants from Vietnam. The consequence can easily be an influx which will be too much for Hong Kong people to handle. To consider the problem purely from a humanitarian stand point without giving due weight to the reality of the situation, the prevailing view of the community and the possible consequences is hardly a responsible or rational approach to the problem.

*Report of the Survey Office*

The report that was tabled at this Council yesterday was very comprehensive and factual. The fact that it contains conflicting information speaks for its impartiality. Indeed, because the report honesty and painstakingly listed out all the opinions and the results of various surveys instead of trying to simplify matters. I feel the report is worth our most careful consideration.

Sir, I am for direct elections in 1988. I am naturally disappointed to find that the relevant sections of this report do not give my stand the clear support that I would like to see. But the views of the people on this important issue are divided and this fact has to be recognised and respected. My colleague, Mr. Martin LEE's fascinating analysis of the hidden motive behind the design of the AGB McNair Hong Kong Limited questionnaire might well have been extended to some of the other questionnaires in the various surveys. I do not feel that we need to tear to pieces the questionnaires in these surveys; but rather, we should consider their results together with the questions that are asked and then get the benefit of the opinion gathered.

Sir, may I respectfully suggest to all those interested in the development of representative government inside and outside this Council to make full use of the report of the Survey Office and give thoughtful consideration to the views of those members of public who have taken the time and trouble to give us their views. We must attempt to be objective and cannot afford to be headstrong in an important matter like this.

Sir, I support the motion.

MRS. NG: Sir, I would like to offer my sincere congratulations to you in presenting this comprehensive policy speech. It also brings us some good news including the establishment of the open learning institute and the increase in the rates of public assistance. However, the speech has not included sufficient details and I therefore recommend that future policy speeches should include appendices to provide the background and the relevant statistics.

### *Education*

A considerable portion of your address has been devoted to the report on the increasing opportunities for higher education in the next few years after the establishment of the University of Science and Technology and the open learning institute. It is gratifying to learn about a more open and wider access to higher education. However, the address seems to lack an overall and thorough plan for the development and improvement of the entire education system in Hong Kong, which comprises pre-primary, primary, junior secondary, upper secondary, and tertiary education. The address only deals with the tertiary education sector but no mention has been made about its relationship with the lower but fundamental and therefore important stages of education.

Education is not something which can be looked at in isolation without considering the mutual relationships between the different stages of the system which are inter-related. Development in higher education, if not supported by the appropriate changes in the primary and secondary schools, would lead to undesirable consequences. Problems still exist in the primary and the secondary schools. These include, for example, the medium of instruction and the use of text-books.

Sir, I welcome the development of open education because it will benefit those who have been deprived of higher education in their earlier days. However, it seems that the Government is paying too much attention to the increase in the number of places for higher education, but not the quality of the programmes offered nor the students' performance. Apart from the increasing number of places available in higher education, there is just one brief sentence at the end on the long-term goal of improving the quality of education in Hong Kong. I am concerned about how this can be achieved.

I am also of the view that instead of putting too much emphasis on the provision of more higher education places, there is a more urgent need for a comprehensive plan to improve the quality of the nine year free education and the upper secondary system.

Moreover, it seems very strange that Your Excellency is suggesting that the aim of higher education is to prove qualified professionals for the development of commerce and industry. Education seems to have lost its sacred aim to educate a person and has given way to training up a tool for economic development. It is of course desirable if we could provide qualified personnel to match the needs of different trade and industries in society. However, education

does not exist to serve the needs of industry and commerce only. It is more preferable to shift the emphasis to education for education's sake, than to emphasise too much on the economic role of education.

Sir, it is even more dangerous if the education system only produces trained professionals who stand better chances of leaving Hong Kong as 1997 approaches. Government may already be aware of this, but has chosen to ignore its serious consequences. This can happen and the entire Hong Kong economy will suffer from the loss of the professional people.

I would like to turn to the pre-primary service. The pre-primary service is an area which has not been mentioned in your address, despite the fact that growing recognition has been accorded to its importance. The question of subsidising and improving the service provided by the local pre-primary institutions as well as the need for the provision of professional training for persons engaged in this service should have been given consideration. As the Government is aiming at better co-ordination and streamlining of provision of public services, it is certainly perplexing to have pre-primary education dealt with by two departments, namely, Education Department and Social Welfare Department. Their aims and emphasis may well be different. I should like to repeat my urge on centralising the co-ordination and supervision of pre-primary services under one department, so that the provision of which can be standardised. I would like to suggest the formation of a working party to be responsible for the development of pre-primary education.

#### *Old Age Allowance*

Next, I wish to express my views on the subject of financial needs of the elderly.

It is pointed out in paragraph 102 of your address that a higher rate of allowance will be paid to all those who are in receipt of the Old Age Allowance, and that the allowance will also be extended to those over 65 by 1991. This is heartening and gratifying.

However, new applicants for the allowance will be required to make a declaration that their income and assets do not exceed certain levels before qualifying for such allowance. I strongly object to the income declaration on the ground that the Old Age Allowance scheme was introduced in 1973 to cater for additional expenses for the aged, for instance, medical fees, transport expenses and expenses for special diet. The need for the allowance was established not by income, but by individual circumstances regardless of a person's financial condition.

The introduction of the income declaration will turn the Old Age Allowance scheme into a welfare handout instead of a token of respect and appreciation of their past contributions. The new practice, moreover, would treat two groups of people with the same needs differently since income declaration will only apply to new applicants. I will therefore urge the Government to do away with the requirement to declare income and assets for those aged 70 and above.

*Labour shortage*

Sir, lastly, I would like to say a few words about the issue of labour shortage.

Labour shortage is one of the problems that the Hong Kong economy is now facing. As you mentioned in paragraph 110 of the policy address, the Government will adopt the usual policy of allowing wages and incomes to be decided generally by the forces of the market place. However, I would like to urge the Government to consider other measures that might be introduced to help alleviate the current labour shortage problem, rather than leaving it to the adjustment of the market force.

In my view, the problem can be partially solved by attracting more housewives to join the labour force. It is therefore time for the Government to reconsider introducing separate tax assessment for couples and/or special tax allowance for working women.

Sir, with these remarks, I support the motion.

MR. YEUNG (in Cantonese): Sir, I totally agree with you when you said in the policy address that a sound education system is an important factor of economic growth and social progress. Along with prosperity come aspirations for a higher standard of living. The Government has quite rightly set the strengthening of our economy and the enhancing of the quality of life to be the guiding principle. Paying due attention to peoples' livelihood is a principle worthy of our support, as the spirit lies in displaying a practical plan to promote Hong Kong's continuous development; it also maintains stability and prosperity by working realistically. Among our realistic endeavours, education is the most important one. Experts and technical personnel of every field are fruits of education. The one big challenge faced by Hong Kong education is the question of language.

It is the Education Commission's firm belief that in order to maintain Hong Kong's leading position in international finance, industry and commerce, Hong Kong must go bilingual. In its first report it said Hong Kong must educate its young generation to be competent in both Chinese and English. From a wider economic and political perspective, Chinese is likely to assume a greater significance, while English will still be essential as an international means of communication in commerce and industry. In coming years, the commercial value of Chinese, including Putonghua and English would be enhanced with the increased communication between Hong Kong and China. Therefore, it would be advantageous for the average citizen to be fluent both in their mother tongue and in a second language. Besides, there has been an increase in academic exchanges at university level in the last decade. Apart from being able to read overseas periodicals and academic journals written in English, Hong Kong academics would have to read periodicals and academic papers written in Chinese, so as to widen their academic scope and foster cultural exchanges between the East and the West. It is imperative for Hong Kong education to continue training bilingual personnel to meet society's needs.



With the Attorney General's Chambers starting its work on bilingual legislation, Hong Kong would inevitably evolve into a society with a bilingual legal system. And the courts, including magistracies, the labour tribunal, small claims tribunal and so on, would use Chinese more and more. However, the Law Drafting Division now faces the problem that Canada had when it started its bilingual legislation project more than a decade ago. The difficulty lies in getting bilingual law drafters to do the work. Those responsible for legislating in Chinese are not translators; they should be legal professionals conversant in both English and Chinese. As we move towards 1997, the legal sector faces its biggest challenge ever in the form of bilingual legislation and a wider use of Chinese in court. These two difficulties revolve round the same problem which is Hong Kong lacks people with good standard in both Chinese and English. Commissioning of the bilingual legislation project also means that more bilingual lawyers are needed to provide service to the public. The law schools also need more bilingual staff members to assist in the development of Hong Kong's bilingual legal system, and the study of the Basic Law and the different legal systems used in Hong Kong and China. This being the case, in developing bilingual education, tertiary institutes in Hong Kong should step up the training of bilingual legal professionals to meet the needs of a society with a bilingual legal system. Since Hong Kong will go bilingual legally, we shall need a large number of people to translate, interpret, and write out relevant documents. For this reason, we need quite a number of bilingual Chinese teaching staff members conversant with the Chinese legal system to train the needed personnel. Some of the subjects within the law degree curriculum starting next year at the City Polytechnic will be taught in Chinese. The Hong Kong University's Faculty of Law has this year taught its trial curriculum on the use of Chinese in Law in Cantonese. This should be commended. With closer links between Hong Kong and China it is expected that the number of interpreters for English and Putonghua will be doubled. Hong Kong and Chinese officials often visit one another and the Joint Liaison Group would make Hong Kong its principal base in 1988. The number of meetings is bound to increase together with the meetings of the Land Commission and the specialist groups here in Hong Kong we have to increase the number of interpreters for English and Putonghua by a wide margin to meet the demand. Therefore, for the benefit of Hong Kong's future the Government must spare no efforts in cultivating the language ability of our younger generation so that they will be good in both English and Chinese.

Sir, education must turn out suitable personnel to meet the demand for manpower in technological and economical developments. An imbalance in the demand and supply of education would give rise to unemployment or underemployment and we will have no choice but to channel the resources of society for rescue or re-training. This will hamper social stability and prosperity. To the end of the 1980s, nine out of 10 the fastest growing fields belong to the realm of high technology, led by computer science far in front, followed by electronic technology and medical and health. But they are all related to computer research. This phenomenon has taken place in Japan and Europe; it is expected

that Hong Kong would see its appearance too as we advance in the era of technology. At present, computer knowledge has infiltrated every stratum of society. Adults and children alike come into contact with computers directly or indirectly in different circumstances. The Government, therefore, can consider extending computer education to primary schools, so that primary students can have proper understanding of the computer besides playing computer games. It has been five years since the introduction of computer classes to senior secondary. This helps to impart basic knowledge of computer operation to our youngsters. There are now 294 schools which conduct computer classes in Form IV and Form V. They amount to 90 per cent of Government and subsidised secondary schools in Hong Kong. There are computer curricula at the universities, but none in Form VI and Form VII, so there is a linking problem. In this respect the Government should list computer studies as one subject for matriculation and university entrance examinations so as to encourage a comprehensive computer education.

Sir, quality comes from quantity. As we near the completion of the secondary school construction programme, the Government's need to buy secondary school places also decreases. Therefore the demand for quantity gives way to that of quality. To students and to parents this is something to be welcomed. Besides, Government's principle of active assistance to 23 private secondary schools is also worthy of our support. The programme to improve the quality of private secondary schools will commence next year. It includes raising the standard of teaching staff, school facilities, counselling service for students, changing class patterns from bi-sessional to whole-day, allowing Government to include approved expenditure for improving standards as part of the schools' running cost and giving approval for schools to charge higher school fees. The Government is also prepared to increase allowances for bought places to help cut down school expenditure. To tie in with this principle, private schools should join hands to raise the standard of education. However, in reviewing its policy in private schools, apart from attending to quality and quantity, the Government must also take account of the intention or otherwise of private schools to change to subsidised schools so that for the sake of fairness, parents and students would have more opportunities to make their choice. I believe this would be more beneficial to society as a whole.

Art is always a source of relaxation amidst our hectic life. It also adds interest and fun. Therefore it is important to improve the quality of our cultural life. Cultural art can thrive only in a free democratic society—this is a fact before our eyes. In promoting our students' concern for, as well as in improving and beautifying our social environment, the Government must provide a venue and opportunity for training in the arts and must recognise the importance of visual art education in the planning of the diversified curricula of senior secondary and matriculation classes. The higher level examination has introduced the subject of Art and Design, but it seems no secondary school is teaching that subject. The specialist school established by Government should assume the responsibility to conduct this Art and Design subject at higher level examination

standard so that students have a chance to continue the study of the subject in universities or in the design department of the polytechnics. As for performing arts, the Government should draw up its policy on art as early as possible. Government departments should come to an internal consensus and make proper use of the resources for performing arts to attract more members of the public to take part in the appreciation of quality performances. The Government must also concern itself with the employment opportunities for graduates of the Academy for Performing Arts to avoid them becoming anxious about their future even before graduation.

Sir, juvenile crime has to do with family background, social environment, quality of education, living environment, leisure activities, relationships with peers as well as our youngsters value system. In its report on juvenile crime, the Fight Crime Committee has pointed out that young residents in public housing estates are more prone to involving themselves in violent crime than their counterparts in private housing. In fact, the environment in public housing estates embodies many factors leading to an increase in crime and inducing youngsters to join gangs and triad societies. For example, the lighting facilities in long corridors and hidden corners are always victims of vandalism; so are the locks of rubbish storage rooms, toilets and doors to the rooftop. Tridan blocks are linked up by different levels of corridors, they are convenient places for gangs to gather and it is also easy for them to disburse from such places after committing crimes. Moreover, old public housing estates usually lack recreational facilities. Even if there were some, their quality leaves much to be desired. They are virtually unattractive to the youngsters. Therefore, to tackle the problem of juvenile crime in public housing estates the Government should first step up maintenance for housing estates; for example, increase the lighting of corners, public toilets, long corridors, open ground, and playgrounds and expedite the repair of door locks of the rooftop, rubbish storage rooms and public toilets. Second, re-activate the function of mutual aid committees. For example, providing training for activity organisation and prevention of crime and providing sufficient manpower and funds for such. Third, increase the subvention of voluntary agencies which operate youth centres in housing estates to enable them to provide appropriate recreational activities; such measures, together with police efforts would definitely improve the law and order situation in housing estates.

Sir, with these remarks, I support the motion.

MR. DESMOND LEE (in Cantonese): Sir, our proverbs say, 'be vigilant in times of peace' and 'prosperity may wane and fade.' In the policy address the section on 'State of the economy and prospect' is very optimistic. For instance, the growth rate of our gross domestic product has been described as encouraging. Regarding our labour force, it is said our workers are sharing in the general prosperity. Such tunes and the prosperity and stability that have been taken for granted by people in Hong Kong have been negated by the stock market storm

in the past couple of weeks. Therefore, I hope that both the Hong Kong Government and Hong Kong people should take heed. Our society is overspeculative; there is also a small number of fraudulent businessmen who reap huge profits through unscrupulous means. The public therefore have to suffer. Those already brought to justice include Overseas Trust Bank, the one that is still under investigation is Aus Travel; the one that has escaped the law and has aroused public anger is the Carrion case. In fact our law only sets the minimum standard in a community; we also have moral standards and the demands are much higher than those required by the law. If we go by our moral standards, all the organisations mentioned should be severely reprimanded. I think our society has become too materialistic; material considerations dominate the day and also social values are distorted. Economic advantages are regarded as prime achievements. Under such circumstances, greed and fear have led to our historic crisis.

Now the crisis is subsiding and the Government should review the incident and come up with acceptable explanations. We should also review the lessons to be learnt from this incident. Hong Kong society is aggressive and speculative. Where benefits are available people rush in; for instance they queue up to buy flats and when shares come onto the market; oversubscriptions are a hundredfold—consequently people care little for one another and human relationships are weak. Markets are dominated by the gambling mood. Most people hope to gain without making the least effort and to enjoy great profits by doing just a little. Social values are dominated by monetary considerations—many people cannot tell right from wrong any more. I think, therefore, the Government in reviewing this crisis must improve the checks and balances in the market and should go a step further in promoting civic education, so that our social values which are now totally money-orientated will be corrected. Regarding financial consortia and commercial organisations that profit excessively through fraudulent means they should be severely reprimanded by our media so that justice can be promoted in our society and our people will be able to tell right from wrong and will not suffer undue losses. After all our people will try to understand fully what is meant by being vigilant in times of peace and that prosperity may wane and fade. We should not foolishly believe in stability and prosperity; when we review the financial crisis we should not only emphasise economic considerations; we should also pay attention to the social and economic and educational implications.

Regarding the relations with China, the policy address says; ‘regarding the financial problems it is said that it is our responsibility to make sure the investors will be protected and that during the boom they will also be able to gain and yet they will not suffer in other circumstances.’ During the financial storm in the past few weeks, I have talked to people who have suffered from this crisis. I have interviewed many people, who have bought stocks and who have subscribed to futures contracts and they have told me that when the Government is working out the rescue package it only does it for the big investors and the

big organisations, whereas the small investors are not really protected. The margin of futures contracts used to be only \$15,000. However, it has now risen to almost \$100,000 per contract and I fully sympathise with their situation. I hope that the Government, in reviewing the whole situation of the two different exchanges will try and really treat the problem at the root. At the same time we hope that we will also have a consultant to tackle the crisis and professionals from different sectors should be included so that when we come across crisis we will be able to come up with the proper measures to try and overcome the difficulties.

Regarding the relations with China, the policy address says, 'we have a wide range of official and institutional channels which exchanges ideas on matters of common interest.' Unfortunately these channels are limited to official content. There is no effective contact between the people of Hong Kong and the Chinese Government. On certain important issues, such as nuclear power and the political review, there is a lack of communication. I hope that in the future there will be additional channels through which the general public can express their views to China so that China will be able to better understand the characteristics of the capitalistic society in Hong Kong and expectations of its people.

In the recent financial crisis, the Bank of China participated in the rescue showing that Chinese authorities are sincerely willing to co-operate. I hope that communication will be improved in the future so that our people's worries can be alleviated and they will have more confidence in the future. On 26 October the Financial Times quoted the Financial Secretary as saying, 'I suggest that if we had not acted to suspend trading a week ago, there might have been a different kind of press conference going on tonight, given by men in green caps.' Such a quotation might lead to different interpretation and response. I believe China and Britain are sincere about the Joint Declaration, but I hope that they will have goodwill and understanding and eliminate whatever misunderstanding that might be created by language barriers.

In a prosperous society, the fruits of our labour should be fairly distributed. The part of the policy address related to the Central Provident Fund is highly disappointing to the labour sector. New applicants for Old Age Allowance have to declare their income, and this has been objected to by many people. In order to implement such a proposal, the administrative costs involved would probably be negated by any savings made. This will also defeat the original purpose of the allowance which is to show our respect for our elderly.

When a society becomes prosperous it should promote education. As the saying goes, 'leading an idle life and not given education, one is no better than an animal.' In principle I support all the proposals in the policy address to improve opportunities for education, especially the setting up of the Hong Kong Council for Accreditation and the open learning institute. However, the council should not confine itself to assessing and validating the two polytechnics and the Baptist College; it should be extended to cover the two tertiary institutes

registered under the relevant ordinance. Now there is a severe shortfall in tertiary education places. If we discriminate against individual institutes then we are wanting both in quantity and in quality. I hope therefore that Shue Yan College and Lingnan College will be given fairer treatment. As for the open learning institute, I support the proposal that it should be an independent institute; to have an independent institute where resources can be concentrated on the promotion of open education and where there can be academic autonomy is far better than the concept of a joint institute. I hope that plans for the new institute will be made as soon as possible so that it will be able to meet a schedule and start admitting students in 1989. I hope that degree courses can be given priority and at the same time adult courses should also be run. They should also consider taking some who have finished tertiary courses in either Hong Kong or overseas and yet who have not obtained recognised qualifications. In this way they will have their qualifications recognised.

From the policy address it seems that the development in higher education seems to emphasise quantity rather than quality. I think our education concentrates on the importance of knowledge and skills and has neglected character and moral development. Consequently, we have professional and management people who are very capable and yet the interpreting of moral standards depends very much on individuals. Recently, in corruption cases in big organisations, professionals and management people are involved. I hope that in the content of higher education, civic education, an ethic should be included so that we will have learned people who are also wise and honest; then they will be able to serve our society and make contributions.

Sir, with these remarks, I support the motion.

MR. LIU (in Cantonese): Sir, in your first policy address as the Governor of Hong Kong, you listed out far-reaching and feasible policies to develop the finance, economy, social services, and other areas of Hong Kong. On the basis of mutual benefits for Hong Kong and China, you have drawn up clear directions for the further development of Hong Kong to make it a society which combines a strong, expanding and competitive economy with concern for the quality of life of all its inhabitants. I fully agree with your forward looking and pragmatic approach and I pledge you my wholehearted support.

As the saying 'from the people, for the people' goes, developments in Hong Kong's social and economic prosperity in recent years are the results of the utmost co-operation and industry of our citizens. We should share with the people the fruits of their hard work. Priority, in my view, should be given to the cultivation of our younger generation to provide impetus for the further development of Hong Kong. On the other hand, we should take care of the less fortunate, especially the old and the weak so that they can lead a comfortable life. This is in line with the principle of caring for the elderly.

Therefore, I would like to concentrate on two major topics of education and social welfare. I would raise questions and give comments. I hope that the Government would respond in its reply since the more input there is, the better the final outcome will be.

On education, I have the following points. First, Sir, in your policy address you made no mention of education in nursery schools and pre-school education. I firmly believe that pre-school education is the most important part of a child's education. It forms the foundation of a smooth learning process through primary and secondary education. In this respect, the learning environment, training of teaching staff, school facilities, as well as Government subsidy are all in want of early improvement. Secondly, our senior secondary and matriculation curricula are too much tailored for public examinations. By placing too much emphasis on text-books, they neglect the applicability or otherwise of knowledge therein. Students' balanced development is therefore sacrificed. This is getting more serious. It is also a waste of resources when Form V and Form VI students repeat classes. The target and reform of Form VI education is one of the objectives of the Education Commission. I hope specific proposals will soon be made for early implementation. Third, work is underway to study the change of the curriculum of Hong Kong University from three years to four years. Other tertiary institutes are paying close attention to this in order to consider at an early stage whether it is necessary to make appropriate arrangements to tie in with a new system. They also hope to realise the idea of uniformed entrance requirements for all tertiary institutes as soon as possible. Hong Kong University's curriculum has wide-reaching effects. It can induce changes in the whole of Hong Kong's education system, including the curricula of Form VI and secondary schools, the cost and quality of education and so on. If they lack an established objective as well as a time limit of the decision to be made, it would apparently slow down the progress in other areas of education improvement. Therefore I am of the opinion that the Government should make its position known in this matter of Hong Kong University curriculum, and should conduct relevant financial studies taking into consideration the implications on our resources in case all other tertiary institutes follow suit. Fourth, as for the building of schools, I concur with the Government in its plan of a large-scale building programme for new towns to put up primary and secondary schools to meet the demand of the rapidly growing population. However, quantity alone is not the answer. Phenomena like makeshift class-rooms, increase of rotation classes, and container classrooms are results of existing policy not meeting actual demand. Moreover, can secondary schools which move from urban to New Territory areas maintain their fine tradition? Is there sufficient attention paid to students' transport and meal arrangements? Do parents agree to such arrangements? These problems have to be solved before any re-allocation of schools takes place.

I welcome your specific proposals on social welfare, especially regarding public assistance, because starting from 1 April next year the actual allowance

will be increased by 10 per cent. I think such review should be conducted annually, though the last review was in 1984. The relatively low inflation rate in the past two to three years does not mean that public assistance needs no adjustment. Even a slight adjustment is equitable and reasonable.

As for welfare for the elderly, it is my view that monetary and other forms of assistance are equally important. The provision of homes for the elderly lags far behind demand. Sir, you mentioned that by 1991—92 places in these homes would reach 5 000 but is this figure still very far away from the need of our elderly? How can future development plans keep abreast of demand?

Still on welfare for the elderly, I welcome the expansion in the scope of the Old Age Allowance, but why should elderly people over 65 have to wait until 1991? Can't we advance the plan? And why should elderly people over 70 be means-tested in order to be eligible for the new rate? The Government's professed reason is that Government expenditure should not be unduly burdened. Then, can the Government state its increased burden over the next five years with a phased programme enabling elderly people over 70 to be covered by Old Age Allowance? Is the burden going to be so heavy that Government should seek to review existing policies? Moreover, Government's plan to means test applicants for Old Age Allowance makes one feel that the Government has abandoned its original intention to express respect for the elderly and has now turned the allowance into a kind of charity or a kind of supplement for subsistence. I urge you to reconsider this regressive measure.

Let me now turn to financial assistance. Is it possible that the problem of our elderly is solved by a provident fund? In principle I agree that compulsory provident funds are not feasible and they would adversely affect Hong Kong's economy but this is a negative way of looking at it. On the positive side, the Government should encourage a comprehensive and reasonable replacement scheme with effective measures in order to meet the demand and need of citizens in the latter stages of their lives. Therefore, private provident funds and long service payment should be in place as soon as possible. Their scope should also be improved. Has the Government got firm policies to promote and encourage private provident funds?

Lastly, I would also like to know the progress in Government's legislating for the supervision of provident funds for employees in the private sector and how the revised legislation can protect the interest of employees both participating in contributory or non-contributory provident funds.

Sir, with these remarks I support the motion.

MR. SZETO (in Cantonese): Sir, at this very moment public concern focuses on two matters. The first one is the very sudden financial storm that has swept the territory and has as yet not subsided. And, second, the Survey Office report published yesterday.



Last week when urgent legislation was passed in connection with the financial tumult, I was in support of it. Why? Because we were not in a position to halt the use of funds to save the market. Would we object to the use of the \$2 billion which represents the sweat and toil of the public? I made it clear then that my support was conditional; that there must be a comprehensive and thorough investigation into the causes leading to the financial troubles and that if anybody were found to be guilty, he ought to assume liability, and must be duly punished. Sir, you said on the day before yesterday that there would be a review committee set up to review the matter and a report would be given to us soon. Members of the public, please wait and see.

Many Members of this Council have described the futures market as a huge casino. This reminds me of the use of free lunches to mislead people. In Hong Kong today we do not have free lunches. Even if we have direct elections in future, there will not be free lunches. I am not in favour of the principle of enjoying fruit without labour. Although there is no free lunch in Hong Kong, we do have free gambling. The Government has used the public's hard-earned money to bale out those who have lost more than their worth and provided them with free bets so that the winners pocket the full measure of the profit.

People who slander those who support direct elections say that they will wreak havoc in Hong Kong and plunge Hong Kong further into crisis. Members of the public must see very clearly from this recent financial tumult and the incidents involving banks several years ago that those people that had plunged Hong Kong into crisis were precisely those people with bulging wallets. History is no joke. Those who love Hong Kong must learn the lesson: be on the alert and beware of crooks.

The Survey Office report published yesterday is, to my mind, less than just; in fact, highly misleading. The source of public opinion in the report comes from two sources. One is through submissions sent in by the public; the other is through two surveys conducted by two consultants.

Among the statistics, why have the 230 000 odd signatures in support of direct election excluded from the statistics? On the other hand, the 70 000 odd pre-printed submissions have been included. What is the difference between the two? Why has one been included and the other not? Is it because that one is in support of direct election in 1988 and the other not? From one of the annexes to Volume III of the report on the samples of pre-printed letters, it is obvious that we see why this is the case. In view of what has been uncovered recently in the press concerning the Survey Office report, we are in doubt as to who have distributed and collected such pre-printed letters. I wish to ask why the partiality.

Let us take a look at the questionnaires. The first three questions are leading questions against direct elections in 1988. (1) To make no change in the numbers and the relative proportions of official, appointed and elected Members. (2) To

conclude that direct elections to the Legislative Council are not desirable. (3) To conclude that in principle some element of direct elections is desirable but it should not be introduced in 1988.

Three questions were used in the questionnaire to accumulate objections to direct elections in 1988. As to the option for direct elections in 1988, this was only included in one question and it reads as follows: 'If changes are desired in 1988, it will be possible to make one or more of the following changes. For instance, increase slightly the number of Official Members; reduce the number of appointed Members; increase the indirectly elected Members or have directly elected members.'

Direct election in 1988 was left until the very last and was listed as parallel to the other three choices. The purpose of this is to confuse, to create contradictions, and to shrink the percentage support for direct elections in 1988. I wish to ask why is there such partiality and where is the impartiality repeatedly emphasised by Government?

Sir, having spoken on the two matters of gravest concern, I wish now to turn to specific points in your policy address.

6.00 pm

HIS EXCELLENCY THE PRESIDENT: It is now 6 o'clock and under Standing Order 8(2) the Council should now adjourn.

CHIEF SECRETARY: Sir, with your consent, I move that Standing Order 8(2) should be suspended so as to allow the Council's business this afternoon to be concluded.

*Question proposed, put and agreed to.*

HIS EXCELLENCY THE PRESIDENT: Mr. SZETO, please continue.

MR. SZETO (in Cantonese): Sir, in your policy address repeated mention was made of the quality of life. It carried a touch of idealism which I admire. But I feel that the basic quality of life is not whether there is or how much there is of culture and recreation but the freedom from cold and hunger, the freedom from having to sleep in the street. It is having assistance in old age and a burial place when dead. What sort of quality of life is it if there is, as the saying goes 'wine and meat behind the red door smelt foul while on the road there were frozen dead bones'? The Government has refused outright the Central Provident Fund and it has not even attempted to create the conditions for a long-term implementation of the scheme. This has given me great disappointment. To those people who in their old age have no hope and no burial place when dead, what is their quality of life? Are their basic human needs not more important than culture and recreation? The long service payment scheme is no replacement

for the Central Provident Fund because only with the Central Provident Fund can we be in a position to replace long service payment. I wish to urge on Government to reconsider the establishment of the Central Provident Fund; even if it cannot be implemented now, at least the Government should come up with a long-term plan to introduce it by creating the necessary conditions.

Many hon. Members are in support of separate taxation but I was the only one who voted 'no' to the current Budget on this issue. I would like to disclose in advance that I will take the same stand in respect of next year's Budget. I invite Members who are in favour of this form of tax reform not just to say so but to take action, to take a firm stand as I have done. Many people, too many people, have dwelt on the irregularities of the tax system and I do not wish to dwell on the details. All I wish to say is this. With the implementation of separate taxation, many families will enjoy a better quality of life and it will have a good effect on encouraging women to work and to some extent solving the labour shortage problem.

I am a representative of the Education Functional Constituency and therefore I cannot but break the gentleman's agreement of speaking for only 10 minutes and touch on the matter of education.

Two years ago, in the debate on the policy address in 1985 I said that education was not only a social service but to a wider extent the strategic means for developing productivity, building intellectual civilisation, and fostering class mobility. To that I wish to add today that education is also a key means of enhancing the quality of man. Between the quality of man and the quality of life, I believe the former to be of a higher level. If one were to raise the quality of life, it must be built on the economy. But to raise the quality of man, much more is required at a higher level.

Sir, you have attached much importance to education in your policy address but the importance is attached in particular to higher education, to the exclusion of pre-school education and the nine years' free education. In the Budget debate in 1986 I said that in the '70s development quantitatively of Hong Kong's education was rapid and six years free compulsory education was replaced by nine. But in the '80s we ought to pay more attention to building on a quantitative foundation by giving more quality. You said, Sir, in your policy address that such rapid growth has meant that in recent years the emphasis has been on providing as many places as possible and your continue to say that increasingly in the future we should place the emphasis on further improving the quality of our education. Having said that, nothing further was said on how to raise the quality of education in Hong Kong.

Pre-school education and nine years' free education form the foundation of the education profession. Without a firm foundation we cannot build on the quality of higher education. The foundation has often been built quantitatively and it has left out the steel bars of reinforcement. Educationalists have sought for a long time for a review of the nine years' free education but the authorities

have so far examined two or three of its related problems within closed doors. It is very much like some people shutting the door, studying, vetting and, even approving remedies on their own to the problems of missing steel bars. The result is hardly reassuring.

Today, because of time constraints, I cannot submit remedies to the problem of missing reinforcement in the foundation of our education system. Those involved in education have been working quietly and hard in the past one year or so to review the nine years free education system. The work is approaching completion. The report will be submitted soon. I urge you, Sir, to consider the results.

With those remarks, Sir, I support the motion.

DR. TSE (in Cantonese): Sir, I would like to join my many other colleagues in this Council in expressing my welcome and support to your policy address. Obviously, you have taken a prudently optimistic attitude towards the future of Hong Kong which I share. In your policy address, you have made realistic and positive proposals in all aspects of Hong Kong's development. Although it is impossible to please everybody, in view of the present stage of historical development, I personally feel that you have done what a responsible government would do.

Out of a total of 83 pages in your address, nine pages are devoted to the development of education. As a person who has spent most of his career in education, I was naturally very pleased to note this emphasis in your address. But my pleasure was not derived from self-interest. It was a manifestation of my deep conviction in the importance of education. In your address, you said, and I quote, '...a vital element in the economic and social progress of any society is the education of the future generation. Even in purely economic terms, a good educational system is an investment which produces high returns, but it is much more than that. Properly developed education is also one of the main foundations of a civilised and tolerant community.' These words of yours have given us much food for thought as we reflect on the present state of Hong Kong at this time. Hong Kong is a place without natural material resources. Manpower is the most important asset on which our existence depends and with which we develop our economy. Education is not merely limited to training of manpower. It is indeed an important foundation on which we build a civilised and tolerant society. Therefore it is certainly right for Hong Kong to have made significant investment in its education. But the question is: Is our education system good enough to have produced high returns for us? Has our education been developed properly to the extent that we have the foundation to deal with the social changes of the future, and that we and our future generation would be sufficiently prepared to build and to maintain a social structure which is to be governed by Hong Kong people with a high degree of autonomy?

As I understand it, a good educational system must be one which meets and anticipates the needs of the time. But if a good educational system is to be properly developed, it must be systematically done with good planning and clear objectives. In the early days before the 1960s, our educational system developed in a haphazard way. There was no universal free education. The responsibility of school operation was mainly shouldered by private or voluntary organisations. Government only sporadically increased its responsibility in this area according to the availability of resources at the time and the pressure from the society. The emphasis of education then was no more than on the success of the individuals, and was clearly elitist. Significant changes took place only in the 1970s. Hong Kong began to implement its six-year primary universal free education. With the raising of education level of the public, the identity of the community and the sense of belonging gradually built up. The strong economic development of the decade enabled the Government to advance its schedule of extending the universal free education from six years to nine years. Vocational and professional training opportunities at various levels also began to develop. But as the Llewellyn Committee pointed out in its 1982 report 'A Perspective of Education in Hong Kong', the Hong Kong educational development of the 1970s was still lacking in system-wide planning. There was no forward planning nor long-term objectives. Each of the educational authorities concerned was doing its own planning and there was little evidence of co-ordination or co-operation. In other words, the committee did not consider that we already had a good, properly developed educational system. In order to remedy these defects, the Committee made a series of recommendations, the most important of which being the establishment of a commission with policy making power to co-ordinate all of the educational endeavours. Five years have since elapsed and it is now time for us to have an interim assessment to see whether the defects which had been pointed out by the committee in our educational system have been corrected. I firmly believe that an assessment of this kind at this time is very crucial because there are still 10 years before 1997. In this coming decade, we need to provide an adequate educational foundation for a society which will be based on the concept of 'Hong Kong people governing Hong Kong'. If our present educational structure still prevents us from planning our future educational development according to the clearly defined societal goals on a system-wide basis, then it is time for us to find out why and to clear the obstacles. Otherwise, no matter how good the promise of the Sino-British Joint Declaration is, how securely the legal guarantee is enshrined in the Basic Law, or how well developed our future political system is, it would still be very difficult for us to realise the ideal of 'Hong Kong people governing Hong Kong'.

In fact, what you said in your policy address about the new educational developments also represents a challenge to the present educational structure, and this provides the best reason and a golden opportunity for an overhaul of our education. This is because your proposals are not run-of-the-mill, nor do they constitute a mere incremental creep. The establishment of the University of

Science and Technology has a unique educational mission. It is to bring about a higher level of scientific and technological development for Hong Kong. The open learning institute is a new attempt, using a combination of distance learning and tutorial system to provide, on a large scale, the working adults with a second chance for education. The Council for Academic Accreditation is a set-up to guarantee that our future academic and professional qualifications and levels would gain international recognition. These monumental efforts plus your own estimate of the doubling of degree places by the 1990s have created a new horizon for higher education in Hong Kong. At the same time, you, Sir, have also touched on the problem of the length of university courses. It is well known that the length of degree courses is very much related to the level of entry, and the entry requirements have a direct bearing on the structure of secondary education. Besides, for a long time, on account of the severe shortage of university places, the school curriculum and teaching methodology in many secondary places have been constrained by the university entrance examinations. Now with the imminent changes and the exciting magnitude of growth in the tertiary sector, if the opportunity is not taken to review the length of degree courses together with the structure of the secondary education and its educational goals on a system-wide basis, once the tertiary sector pattern is set, a corresponding reform down the line would be much more difficult. Therefore, while I am happy to respond to your call for co-operation in solving the problem of degree course length, Sir, I would like to urge the government departments responsible for education, statutory educational bodies, institutions engaged in education, and all sectors of the community who have concern for education would together make an effort not only to solve the thorny problem of the length of degree courses, but also to rectify the defects in our educational structure as identified by the Llewellyn Review Committee. Only then will we be able to have a properly developed educational system which will not only bring us richer economic harvest but also provide a sound base for the development of our society.

Lastly, I would like to make some remarks in response to the statements made by Mr. SOHMEN, Mr. YEUNG Po-kwan, and Mr. CHEONG-LEEN on visual arts. Recently when I met district board members of Kowloon City, all the district board members present hoped that I could reflect to the Administration the public's demand and request for visual arts. They pointed out that efforts had been made towards performing arts in Hong Kong but areas of visual arts such as pottery, painting, calligraphy and so on were not given the same support. Youngsters with potential have not been given a chance to realise their potential.

In fact, Hong Kong is a place where the East meets the West. If Government provides support to visual arts, there will certainly be achievements in this area. I therefore hope that a committee or a sub-committee on the promotion of visual arts can be set up as soon as possible so that members of the public can

have enrichment from promotion of visual arts. I am also willing to submit the views of Kowloon City District Board members for consideration by the sub-committee.

With these remarks, Sir, I support the motion.

DR. HO: Sir, I whole-heartedly endorse the thrust of your annual policy address which has pronounced that the Government will continue to strive to develop a robust economy as a means to finance social programmes to meet the growing expectations of our community and to improve the quality of life of the people (paragraph 18).

You, Sir, have acknowledged the contributions made by the general workforce towards our economic success, and are prepared to allow the benefits of the enlarged economic pie to filter down to them. Subsequently you enumerated a comprehensive list of plans and improvements in the fields of education, health and welfare, while paying proper regards to the established principles of a prudent management of public finances. No doubt, these measures, when implemented, will go a long way to raise the standard of living of the general public.

In this debate, I wish to address myself to two issues of interest.

#### I. Social welfare services

It is a laudable goal for the Government to revise upward the levels of public assistance, Old Age Allowance or supplement and disability allowance; to expand by phases the scope of Old Age Allowance and to introduce a meal allowance for children in full-time education. Improvement in these forms of social security payments will certainly enable the needy people to live in decency and dignity. However, the needy families often require a wide spectrum of personal and welfare services to meet their needs. For instance, nursery and kindergarten places must be in sufficient supply and quality; training and treatment facilities for the physically disabled and mentally impaired must be within easy access; counselling and guidance services must be readily available to families plagued by marital discords or by problems associated with academically backward or delinquent children; places in old age homes, care and attention homes and convalescence homes are in urgent demand for the ailing and infirm elderly who are without the care of their families. Improved cash benefits arising from the improved social security measures are more likely to improve the lot of those people whose personal needs can be readily satisfied by purchase of the required services in the open market. But when the more personalised or specialised services are in short supply or barely available, the increased cash payments merely serve to push up the price of these services. It is therefore imperative for the Government to urgently reassess the priorities of these much-needed personalised welfare services and to upgrade their provision. The effects of the improved social security benefits put forward by Your Excellency will be multiplied only when they are complemented by the provision of relevant and adequate services.

For the young and the able-bodied, a means test for social security benefits is acceptable, because it intends to maintain initiative and work incentive. However, for those people aged 70 and above, most of whom are not active in the labour force, the means test has no economic justification. Rather, it is humiliating to our senior citizens who have done their part in building up our economy and community. In fact, the current Old Age Allowance scheme is non-means tested. Although it is not designed to provide for a subsistence allowance, it offers a cash supplement to help meet personal expenses arising from needs associated with ageing. Moreover, the scheme is seen to be a means whereby the society gives recognition and respect to the elderly for their past contributions.

Now the Government has proposed to make the entitlement to the Old Age Allowance subject to a means test and to an income and asset declaration. This requirement has a number of negative implications. If the declaration is only a matter of routine without careful verification by the Administration, it would invite people to deceive and would condone dishonest behaviour. But if the checking is thorough, the administrative costs will be enormous.

Furthermore, the needy elderly would hesitate to apply for the social security benefits and would rather deprive themselves of the opportunity to lead a decent living. Thus, the income and asset declaration will defeat the purpose of the Old Age Allowance scheme, and will run counter to Your Excellency's declared intention to improve the quality of life of the needy.

Finally, the expanded Old Age Allowance and the improved public assistance, together with other labour welfare measures, are introduced as a package to enhance the income security of the retired and the elderly in the absence of a Central Provident Fund. The stigma attached to the income declaration would discourage the needy senior citizens to come forward to apply for the benefits, and hence their income security needs will not be met as intended.

On these grounds, Sir, I would urge the Government to reconsider the income and asset declaration requirement for the Old Age Allowance applicants who are 70 years old and above.

Sir, you have given recognition to the co-operation between the Government and the subvented social welfare sector in the development and delivery of welfare services for the less fortunate segments of our population, and you have rightly emphasised the need to continue to strengthen such a partnership (Paragraph 108). To achieve this end, the partnership must be founded on and nurtured in the spirit of mutual appreciation, trust and equality. Apart from opening up more channels for more public participation in decision-making and evaluation, it is essential that a fair, equitable treatment of the professional personnel in the subvented sector be seriously considered and enforced. Under the current subvention policy system, fringe benefits given to the staff of subvention organisations are limited and they only receive a part of those awarded to their counterparts in the Civil Service. In an equalitarian society like



Hong Kong, this policy is outdated and unacceptable, because it denotes blatant discrimination, disparages the professionals in the subvented sector and undermines mutual respect. I urge that this policy be reviewed in the interest of a more congenial partnership and that the benefits to which the civil servants are entitled should be extended in full to their counterparts in the subvented sector who have similar qualifications and responsibilities.

A caring and benevolent Government is appraised by its concern and the amount of resources allocated for those groups of people least able to fend for themselves. Among these groups, children are often singled out for special consideration in national policies. Rearing children is perceived by most developed countries as a social responsibility and as a social investment which will generate a return to the country in terms of quality and productivity of the next generation. Our existing public assistance scheme is family-based and regards children as dependent members of a family unit. But the level of the provision is just sufficient for bare subsistence. The revised rates will give the first child in a single-parent family \$380 per month, and the second and subsequent children \$370 each. According to the Public Assistance Index, the social security payment provides \$253 for food for the first child, \$14 for clothing and footwear, \$68 for services and miscellaneous, and the remaining \$45 for fuel and light, durables and transport. By the current standard of living, budgeting on such incomes is a struggle; economic deprivation can put growing children at a disadvantage, especially during adolescence, physically, educationally and socially. Some of the developmental deficiencies in childhood are costly to remedy or unable to remedy at all later in life. Human beings are Hong Kong's primary assets, and we must preserve our precious human resources, in particular our young. Hence it is not presumptuous of me to propose that the Government consider a Children's Supplement of \$280 per month for all dependent children up to the age of 17 years of age of a single-parent family already receiving public assistance. The newly proposed \$80 meal allowance can be deducted from the supplement. Children receiving a Disability Allowance or in full-time employment should not be entitled to this supplement. The age limit of 17 is selected because it is at this age when a child normally finishes his secondary education. Thus, a single-parent would have \$580 per month to bring up a child. I do not have the number of children in this age group who are already on public assistance. But according to the Social Welfare Department, there were 14 000 children below the age of 21 living with single or no parent on public assistance rolls in 1986. Assuming there is an even distribution within this age group, there will be about 11 000 children under this category. The annual provision for this supplement is therefore estimated to be in the region of \$27 million.

## II. *Level and types of sentencing*

I now turn to the second issue. I note one finding of significance in the Third Report on the Crime Victimization Survey due to be published soon. With regard to the treatment of offenders, a large proportion of the crime victims

surveyed held the view that the most appropriate sanction for criminals was imprisonment. Warning by the police and probation were regarded as acceptable deterrents by some victims. Very few victims supported such sentences as fines or payment for compensation.

Similar views have also been aired among the circles associated with crime fighting at grass-root levels. Members of the district fight crime committees and mutual aid committees contacted by me have expressed that they generally prefer harsher custodial sentences imposed on convicted offenders, including on the younger offenders.

The crime victims polled were not happy with the sentencing patterns meted out by the courts. They were of the opinion that the penalties were not as punitive as they would like them to be, and that the courts were apparently too prone to dispense non-custodial sentences.

I do not intend to interfere with the independence of the judiciary. In fact, I am among those who firmly believe that the courts should deal with cases brought before them strictly according to law, uninfluenced and unfettered by extraneous considerations. Having said that, once the law has been fairly interpreted and impartially applied to the determination of guilt or innocence, I believe that the court, in deciding on the levels and types of penalty, should attempt to reflect public concern. Such consideration by the courts will be conducive to boosting public confidence in the judiciary, resulting in a greater respect for and compliance with the law by the public.

The Attorney General, being the principal law officer and responsible for all prosecutions in Hong Kong, should take heed of this public view on the sentencing patterns and the levels of penalty and to help convey this public concern to the judiciary.

Sir, the report of the Survey Office published yesterday was a document summarising the written submissions, some individuals and groups. In addition to the factual presentation of the findings of the two surveys conducted by AGB McNair Hong Kong Ltd. Regardless of whether the findings of this exercise are consistent with one's individual position with regard to the political reform in 1988, one should take a cool-headed, impartial attitude and should make judicious use of the findings to work out political reforms that could serve the best interest of the entire territory and population. We should not over-react to the findings of the two surveys. The public's views and opinion as expressed in the 130 000 written submissions should be given proper weight in our assessment.

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

HIS EXCELLENCY THE PRESIDENT: Seven members still have their names down to speak. Members might appreciate a further break at this point.

7.03 pm

HIS EXCELLENCY THE PRESIDENT: The Council will now resume.

DR. IP: Sir, I did suggest that we should have an exercise room in the Legislative Council Building. These two days of Legislative Council sitting has made me think even more on such a necessity. I am overjoyed to speak so as to help my circulation! Among all the impending changes to the legislature, do promise us that we can continue the practice to speak standing.

Sir, I rise to congratulate you on your policy address. I say that, not out of politeness or for want of an introductory sentence but because it was given with such personal conviction. Your address contained more than just the repetition of what everyone knew might happen, but a firm decision that it will, as well as many welcome surprises. The establishment of a Hospital Authority to raise the standard of subvented hospitals, the increase in funds for research in tertiary institutions, admission of students to an open learning institute by 1989, the resource allocation system to allow flexibility of funding among government departments, the Land Development Corporation to implement urban redevelopment, the independent commission for administration complaints, the increase in the basic rates of public assistance and special needs allowance, extension of old age allowances to those between 65 and 70, extension and improvement in the long service payment scheme, and last but not least... the Queen Elizabeth Foundation for the mentally handicapped. The last one is a God sent, an eraly Christmas present!

Sir, these are the answers to most of my requests these last five years. I do not see what better you can do to give us confidence in our Government, than being so responsive to our plights.

The rapidity of meeting my previous requests, has put me in long hours contemplating on new grounds to break and I have two, 'sports in education', and 'Chinese traditional medicine'.

#### *Sports in education*

I am aware, Sir, that you are a keen sportsman. No doubt, this is so because of the benefit of your childhood education giving you ample opportunities to develop your interests. You have rightly pointed out that Hong Kong boasts of 19 full size swimming complexes, 27 multipurpose games halls, and 21 country parks. It is true therefore that Hong Kong offers adequate physical facilities for extracurricular sports and recreation. But I hesitate to say the same for sports and physical education in kindergarten and primary schools. Hindered by lack of space and bisessional classes, with only one or two half hours per week for

physical education, sports play a very inferior role in the life of our children. It is not even assessed together with the other arts subjects on promotion to secondary school. Unfortunately it is during this labile period that life-long habits, good or bad, develop. The consequences are that in a study compiled by the Chinese University of Hong Kong, children in Hong Kong as compared to international standards are weaker in the upper body and cardiorespiratory functions and perform worse on pull-ups, hand grip and endurance run. Sports opportunities improve somewhat in the secondary school setting for two reasons, firstly schools become full day, and secondly keen adolescents—even those whose school facilities are lacking—are old enough to travel independently to make use of public facilities. But under the overwhelming parental pressure that ‘Excellence in sports gets one nowhere in University or in a future career’, they too abandon or seriously curtail their interest!

Sports is subtly as important to our health as good food and adequate sleep. It acts as a buffer to stress in our daily life. It brings relaxation to the mind from a hard day’s work. It is therefore important both for our physical as well as mental health. Sir, it is time for us to improve sports facilities in our education system.

Under the guidance of my colleague Mr. F.K.HU, Chairman of the Council for Recreation and Sports, a committee was set up which I chair, to look into exactly this subject. A report has been completed and would soon be presented to you, the Education Commission, the Board of Education and other relevant bodies for consideration.

The report summarises a list of recommendations extending from 1. mandatory open space for kindergarten, 2. the development of extra-curricular sports activities in primary schools aiming at mass participation but with special emphasis on those with lower physical education standards, 3. the introduction of ‘sports for all’ in secondary schools so that all students take part in at least one sport. This is done by means of a system of accredited school based sports coaches rather than teachers, 4. introduction of physical education as an examinable subject in the HKCEE and later sports studies in the HKALE, 5. introduction of sports-related degree programs at the Chinese University and the Hong Kong Polytechnic, 6. emphasis on career guidance and improvement of employment opportunities and lastly to 7. launching a publicity campaign to increase the awareness of the significance sports play in our lives and how to pursue it. I know that my legislative colleagues are convinced of the value of sports. We even hold annual sports day between Members and staff and between Members and the press. I therefore look forward to positive government action on these proposals to ensure that children in Hong Kong and later on they as adults adopt a healthier and sporty lifestyle like you yourself, Sir.

#### *Chinese traditional medicine*

I turn now to ‘Chinese traditional medicine’ in Hong Kong. By law, we allow the practice of herbal medicine, bone setting and acupuncture, rightly so

because, people in Hong Kong believe in them and obtain benefit from such treatment. In other words, the community recognises their services as an alternative to western medical treatment. We can hardly ignore their existence!

It is however another matter, to allow such practice to go completely unhindered. It is a known medical fact that serious complications do occur with the ingestion of some herbs by some people, fractured bones attended by bonesetters results in permanent deformity of joints, and life threatening infections occur with acupuncture ... the medical references of which I will produce on request. It is therefore a laugh, and a very sad one, that we allow by legislation any person of the Chinese race and origin, irrespective of training, even at the lack of it, to practice these three forms of medical practice! While so much is done in revising the Travel Agents Ordinance to protect travellers from the loss of a few thousand dollars, we stand idle to such archaic legislation on the practice of Chinese traditional medicine which fails to protect the ill from the loss of life and limb. While we will be introducing control over physiotherapists, occupational therapists and technicians who assist western trained doctors, we allow the Chinese traditional medical practitioners who work completely independently, to go by without the slightest control. This is another example of double standards!

On the request to start looking into some form of control over the practice of Chinese traditional medicine, the Government has rejected the idea with excuses rather than sound arguments.

It has been said that the Medical and Health Department is only responsible for western trained doctors. I hope this Council would agree with my concept that a good and comprehensive Medical and Health Department should be one which covers all matters relating to medical and health services of the community and not just to a part of it.

It has been said that the Medical and Health Department does not have experts to deal with Chinese traditional medical practitioners and that western trained doctors in the department should not be seen to be controlling them. I agree with both statements. Yet if we need such experts to advise us, we can always consult or even employ them.

It has also been said that the Medical and Health Department is not aware of the complications I mentioned above. But such medical statistics and publications are freely available from the medical faculties of the two universities. If further information is required a committee can be set up to investigate.

Some may say that even if medical complications occur, the incidences are low. My argument is that as long as there is evidence of complications, be it short-term, permanent or life threatening, no matter how low the incidences may be, it is fair to insist on some form of consumer protection!

One of the most ridiculous argument put to me orally and repetitively, but never in writing, was that by controlling Chinese medical practitioners means

recognising them. Like the Kowloon Walled City, we cannot ignore their existence. Closing our eyes to them does not mean that they and the problems they bring will disappear. By allowing traditional Chinese medicine to be practised in Hong Kong, must mean that not only do we already recognise them but that we also recognise the benefits they bring.

I believe that many western trained doctors are not keen to have Chinese traditional medical practitioners registered because they see this as elevating the status of these traditional doctors who quickly become their competitors. I think it is arrogant to think that only western medical methods cure. The two medical methods should work complementary to each other and not in competition. At the end of the day, the safety of our patients must come first!

Another argument has centred around the fear of upsetting China. Sir, for your information, no one unless properly qualified is allowed to practise in China. I was given to believe that the same applies in Taiwan, Japan, Thailand, Singapore and the United States.

Sir, we need to control the practice of traditional Chinese medicine now. It is more imminent now because with the changing medical scene in China, acupuncturists there are allowed to inject steroids with needles, bone setters are using X-rays and herbalists prescribe herbs in the form of capsules and ampoules. Where the western medical treatment begins and the Chinese traditional medicine ends has become blurred. The medical immigrants from China are now practising a concoction of both western and Chinese traditional medicine in Hong Kong. Despite multiple requests these last few years, I am still waiting for an accurate definition of what 'Chinese traditional medicine' is other than a vague indication that it is medicine practised in the Chinese traditional way. It is as ridiculous as defining 'I am me' and 'you are you'. We urgently need to define accurately the term 'Chinese traditional medicine' in our law books.

Sir, my request for some form of control over the practice of Chinese traditional medicine is for the benefit and the protection of the millions of people who already seek these forms of treatment. Furthermore, I am convinced that if properly qualified and controlled they can benefit society even more. In no way should my requests be seen to be suppressing their practice but rather to elevate their status.

A committee with representation and experts from the Chinese traditional medical profession should be set up to look into the feasibility and recommend ways of controlling the practice of Chinese traditional medicine within, say three to five years. As a start, there should be a compulsory application for licence to practise and mandatory insurance to protect clients, with a view to subsequently leading on to setting a minimum standard of qualification required for registration to practise while giving allowance to those already in practice at the initial stage.

Before I close, Sir, I would like on behalf of the mentally handicapped population in Hong Kong to thank you for your initiation of the Queen Elizabeth Foundation for the mentally handicapped. Together with them, I look forward to the economical use of the fund in meeting their long felt needs.

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

DR. CHIU: Sir, I am delighted to hear Your Excellency in your policy speech delivered on 7 October 1987 announce that the Government has decided to set up a statutory Hospital Authority to take up the responsibility of ensuring an efficient hospital service for the people of Hong Kong. This action is a welcomed answer to our long awaited request for a major change of our existing system for the improvement of service. We appreciate the Government's determination and efforts to modernise our hospital system as soon as possible to meet the aspiration of the community.

We heartily welcome the establishment of a sub-committee under the provisional Hospital Authority to formulate a set of common terms and conditions of employment for the staff of the Hospital Authority. The sub-committee must ensure that the new conditions of service should be reasonably attractive so that the existing staff are willing to opt for the new terms. Apart from this, options should also be given for the existing staff to decide either to remain in the Civil Service or to join the new body. It is our hope that the sub-committee will also give serious consideration to the promotion prospect for the existing staff. As this issue is essential to the success of the Hospital Authority, I would like to request the sub-committee to submit a report one year after its establishment.

Sir, we have been worrying for quite some time that Government will relinquish its responsibility of providing medical services for the people who need them. However, with the repeated reassurance of the Secretary for Health and Welfare on many occasions, our worry has been alleviated to a large degree. I wish to reiterate that the community of Hong Kong have to rely on the Government to provide subsidised medical service today and tomorrow.

As all subvented hospitals will be operated under the Hospital Authority in future, we are glad to learn that the traditions, philosophy characteristics and religious elements of each individual subvented hospital will be maintained as far as possible. I earnestly request that each of them should be given the opportunity to contribute to the work of the regional committees.

It is believed that the Hospital Authority which is under a new organisational structure will be able to ensure a greater devolution of responsibility, a higher degree of flexibility in the use of available resources, more effective hospital management and better community participation and accountability. We look forward to the authority to take us to a new era in which we can expect a better, more enriched and cost-effective public hospital system.

On 19 March this year, in this Chamber, I listed a number of reasons to urge the Government to review the overall policy of primary care. The Secretary for Health and Welfare promised us a review as soon as the decision on the future hospital system is made. I would like to take this opportunity to remind the Government that this is the right time to conduct the review since the Government has already decided to set up the provisional Hospital Authority in April next year. Today, we are anxious to be informed when this review exercise will take place, who will be responsible for such a task, how wide the scope will be and how long it will take to complete the whole exercise.

Whether the review team will bear in mind the concept of family medicine during the process of review is what we are concerned most. It is hoped that the recommendations of the review team will shed light on the issues related to the doctor/patient relationship, the establishment of a proper medical record system, the caseload of doctors, the training needs and recognition of postgraduate qualification in general practice.

#### *Preventive Medicine*

Sir, we are pleased to have the assurance from Your Excellency that the Government will continue placing emphasis on preventive medical care. In order to improve the service in this area the existing Medical and Health Department will be reorganised. The new Department of Health, I am given to understand, will be charged with the task of promotion of public health and preventive medical care. It reflects that our health policy towards preventive medicine is to be intensified.

I am sure my colleagues in this Chamber will agree with me that the Medical and Health Department has an excellent track record in the control of communicable diseases. Today we have come to a stage where infectious diseases such as smallpox, poliomyelitis, diphtheria, whooping-cough, measles, tuberculosis and malaria have been successfully put under control or eradicated. The success is in the main due to the excellent preventive health measures, especially the provision of an effective surveillance system for communicable diseases and health promotion.

However, Hepatitis B remains prevalent in our community where some 10 per cent of our total population are Hepatitis B carriers. In view of the fact that one in four carriers of this disease may eventually develop liver cirrhosis or cancer, the Medical and Health Department has recently decided to extend its Hepatitis B Vaccination Programme to all newborns. This is a very commendable move and definitely the money spent on this purpose is worthwhile, because it is envisaged that the incidence of this dreaded disease will be reduced substantially in our future generations.

However, preventive medicine is not limited to the control of communicable diseases alone. There are many other medical disorders where timely preventive measures can bring about long-term benefits. As far as the genetic spectrum is



concerned, there are a number of diseases such as Down's Syndrome, diabetes, Huntington's chorea, night blindness, polycystic kidney disease, sickle cell anemia, multiple polyposis of intestine, osteogenesis imperfecta and so forth. A great majority of these genetic diseases are serious, relatively few are treatable and none is curable. Therefore, the appropriate approach to their control is prevention through genetic counselling, with prenatal diagnosis and selective abortion if confirmed.

The finding of a number of surveys indicates at least one in 50 newborns has a congenital abnormality, about one in 100 has a unifactorial disorder and about one in 200 has a major chromosomal abnormality. The results of the surveys indicate that at least one child in 10 and sometimes perhaps as high as one in four, has a disorder which is partly genetic in causation, and one in 20 has a disorder which is entirely genetic in origin.

Nowadays, studies conducted in Western countries reveal that genetic disorders contribute significantly to morbidity and mortality in childhood. Unfortunately, only a relatively small proportion of people at risk of having children with a serious genetic disorder are aware of this. It is therefore important to recognise the problem and identify those at risk as a first step towards prevention.

Down's Syndrome (which is also known as mongolism) is one of the most common causes of mental retardation. The incidence is estimated at 1.5 per 1000 births. It accounts for approximately 10 per cent of institutionalised retardates.

Children in this category are usually unable to benefit from vocational training and are entirely dependent on others for care through the whole span of their lives.

The incidence of Down's Syndrome rises with maternal age, so that by the age of 35, the risk is one in every 100 and by the age of 45, the risk is one in every 40. However, it is often preventable through prenatal diagnosis for high-risk mothers and genetic counselling to women of child-bearing age. The purpose of this service is to reduce the incidence of Down's Syndrome. In case there is a family history of previous mental retardation, the possibility of a genetic aetiology should be strongly explored.

Sir, genetic counselling is of vital importance because it aims at the alleviation of a genetic disorder in a family. The patients and their families are helped to comprehend the diagnosis, the risk of recurrence, the options they have to deal with and to make an appropriate decision themselves.

At present, we have a clinical genetic counselling service on a small scale supported by the Cytogenetic Laboratory at the Tsan Yuk Hospital. The clinicians in this service are able to recognise whether the patients have genetic disorders and discuss this problem with them and refer them, if necessary, to specialists for further assistance. In 1986, 1 630 family-attendances were registered.

Among the 2 386 cases handled by the Cytogenetic Laboratory, 67 Down's Syndrome and 21 other sex chromosome abnormality cases were identified. However, we should not be complacent with the present provision. We should ask ourselves why only 1 630 out of hundreds of thousands of families in Hong Kong have made use of such valuable counselling service. Part of the reason was inadequate public education and publicity. Should the general public be aware of the existence of such service, the caseload will certainly increase considerably.

The purpose of introducing genetic counselling is to prevent genetic disorders and reduce the incidence and recurrence of genetic disease as far as possible. If the general public do not know where to seek help when need arises, the ultimate objective of the introduction of genetic counselling will not be achieved.

Some people may consider that preventive medicine such as genetic counselling is too sophisticated. Nevertheless, our health care service should never be confined to meeting the basic needs alone. To undertake some measures to prevent genetic disease is one of the most effective ways to cut down medical expenses and reduce social burden in the long-term. It is time to expand and promote the use of genetic counselling service. Sir, I strongly urge that this should be done now.

With these remarks, Sir, I support the motion.

MR. HUI: Sir, the overall, positive reception given to your state of territory address demonstrated the felt need for Hong Kong to maintain its stability and prosperity during the transitional period. Your policy speech, indicating a caring and responsive government and outlining innovative and attainable commitments, has laid down a policy direction for the next decade. It is this long-term projection—a departure from previous policy addresses, that boosted our confidence. For as Hong Kong faces up to rapid socio-economic and political changes envisaged for the coming decade, ad-hoc, piecemeal and temporary solutions to social problems will be inadequate for coping with our emerging social issues. However, your laudable effort of forward planning must of necessity include social welfare which has yet to see a long-term development plan. The blueprint on social welfare development—Social welfare into the '80s—has since 1979 become outdated, and the time has come for an overall review of our social welfare policy. The mapping out of a comprehensive social welfare policy for the 1990s would be a necessary step to take along with other development plans for building the social infrastructure that you so timely brought to our attention.

Another resounding message in your speech that won our appreciation was the balanced emphasis put in both quantity and quality of our social service programmes. This theme was clearly evident in the provision of social welfare services—the upward revision of public assistance payments and the establishment of the Queen Elizabeth Foundation for the mentally handicapped would

adequately improve the quality of life for the underprivileged in our midst. As representative of the social services functional constituency, I must acknowledge with gratitude government's positive commitments to social welfare that have come with a sound economy. At the same time, I feel obliged to point out one problem area in the social welfare field that is seriously affecting the quality of social welfare services—that is, social work manpower and registration.

#### *Manpower problem*

Only recently, a series of family tragedies highlighting suicides, homicides and domestic violence have alerted us to the increasingly sophisticated needs of our society. Once again brought into public limelight was the role of social workers, and the question must be asked—how well are they equipped to effectively handle these complicated cases? Sir, your remark about the need to provide more trained social work personnel touched on a significant topic, since trained professional social workers are essential to the successful implementation of social welfare policies. Our haphazard social work manpower planning done on an ad hoc basis has created demand and supply problems which will grow into crisis situation unless early intervention takes place. In 1981, it was estimated that the shortfall for graduate social workers between 1983 and 1987 would be 705 and that for non-graduates 1 050. However, in the last two years, due to a variety of reasons featuring slippage of projects, supply of trained social workers outstripped demand, so much so that in 1985, our social work graduates could not find employment some six months after graduation. The volatile employment situation, however, hits hardest at social work diploma holders who have to bear the brunt of our inadequate manpower planning—by August this year, only 88 of the 220 graduating diploma holders were placed in jobs, laying waste a plethora of trained personnel.

Apart from the lack of job opportunities, unfavourable working conditions in Social Welfare Department and voluntary agencies are causing wastage of social workers, thus aggravating the manpower situation. A survey conducted in 1984 showed that the majority of social work graduates were dissatisfied with their workload, staff training, professional supervision and fringe benefits. It was promotion prospects, however, that were considered most deplorable—in 1983, an Assistant Labour Officer took an average of five and a half years of service to get promoted to the rank of Labour Officer; an Assistant Education Officer took seven and a half years to get promoted to be Education Officer; while an Assistant Social Work Officer took 11 years to get promoted as Social Work Officer. Without sufficient level of financial support, both Social Welfare Department and voluntary agencies are finding it difficult to retain their staff, resulting in wastage and inefficient utilisation of valuable manpower resources.

#### *Suggested remedies*

The White Paper on Social Welfare Development pointed out one of the major constraints in the early 1980s would likely be the shortage of trained social workers. Sir, this situation has now changed. Here, I wish to propose the

following solutions to our social work manpower problem. Firstly, with improved manpower supply and a strong economy, early implementation of agreed manning ratios is imperative. Staffing improvements, endorsed by the Social Welfare Advisory Committee, ought to be implemented without delay, since this is the most effective way to ease the heavy workload placed on our social worker.

Secondly, apart from adequate manpower supply, professional training is needed to provide sufficiently qualified personnel to deal with increasingly complex social problems and rising expectations of our clients. It is necessary to review the Social Work Training Fund and replacement grants for voluntary agencies to see how they could be best deployed to provide further in-service training for diploma holders and more specialised training for degree holders.

Thirdly, the scheme to employ general degree holders to fill social work posts ought to be terminated as soon as possible. The scheme adopted in 1983 by Social Welfare Department to ease manpower shortage is not only a costly measure, but also gives the strongest blow to the morale of trained social workers, which only serves to augment the wastage problem.

Fourthly, more and more difficult situations will require experienced and skilful social workers who are presently engaged in administrative work because there are no reasonable opportunities available to retain them in direct service. Child abuse, domestic violence, hard core delinquents and at risk cases require outstanding practitioners with experience and devotion; and senior social work practice, offering more opportunities for promotion merits government's serious consideration.

Lastly, while we welcome the setting up of a social welfare personnel information system by Social Welfare Department, I wish to point out that paper planning to be effective must be translated into action. What we need is a central planning body to make reliable estimation on social work manpower demand and supply based on which our training institutes can plan their in-take programmes. This body equipped with authority, staff support, and high calibre membership is instrumental in bringing about an infrastructure that would enhance the efficient and effective deployment of trained social work manpower.

Sir, a dynamic, forward looking social work manpower policy is an urgent task, if only Government recognises the importance of social work manpower planning to the building of a humane society.

#### *Social work registration*

To begin with, a timely review of the existing social work manpower situation becomes an objective behind the current movement towards registration for social workers, the need for which no longer can be ignored. Social workers, who represent the largest group of professionals rendering social and mental health services in Hong Kong, enjoy a prestige and income level well below that of their counterparts in other professions. This lack of recognition is partly

responsible for the social work manpower problem and the difficulty to recruit suitable young people for the social work graduate training programme. On the other hand, social workers are dealing with fundamental human needs, personality and diversity which, if improperly managed, can be detrimental to the health and well being of the client. As mentioned earlier, social workers are confronting increasing risks and difficulties as well as new responsibility and challenges in their daily work.

However, social workers' struggle to establish their professional status is perhaps not so much an obtrusive attempt to enhance public confidence than an effort to achieve accountability. For in Hong Kong, no legislative qualifications are required for practising social work, nor does an accreditation body exist for deciding social workers' level of competence. Thus, standard setting and self-regulation for social work practice have evolved as one of our primary functions to protect the public from unqualified practitioners. Registration of social workers to ensure better client protection and quality service is the first step towards licensing of social work practice by legislation.

#### *Central Provident Fund*

Sir, as representative of the social services functional constituency, it is my responsibility to speak up against Government's decision regarding the Central Provident Fund. The assumption that the accumulated fund might cause great interference on the money market has already been proved invalid by economists at their meeting with the Finance Branch. The effect of inflation on Central Provident Fund contributions, which can be offset by proper management of returns on investments, has also been over exaggerated. Thus, by adopting the lopsided arguments advanced by employers to cause alarm, Government has demonstrated a parochial outlook and an obdurate attitude in addressing a vital social issue. Its prejudiced actions taken to seek alternatives to the Central Provident Fund have done great injustice to the people of Hong Kong. Here, we are talking about the average working class—the blue collar, the white collar, bus drivers, teachers in private schools, waiters in restaurants who, due to their low monthly income, cannot afford to save money even for rainy days; and who, unlike our civil servants, have not been benefited with income maintenance after retirement. True, Government follows closely its avowed objective of helping those least able to help themselves. But what are we doing to encourage the lower income group to stand on their own feet?

The social services functional constituency believes that Central Provident Fund is the only effective solution to Hong Kong's growing problem of the aged in the light of rapid socio-economic changes and limited social resources which are unlikely to improve in the foreseeable future. In face of the prolific growth of the elderly population in the next two decades, the Central Provident Fund which takes some years to become effective has to be launched as soon as possible if we are to avoid heavy demand on public assistance from retiring employees in the private sector. Apart from easing taxpayers' burden in respect

of Special Needs Allowance estimated at HK\$8 billion annually by the year 2 000, the social security function of Central Provident Fund cannot be replaced by the proposed measures to improve our social security schemes, the Long Service Payment Scheme and private provident funds. The Long Service Payment Scheme, in essence a compensation scheme, has too many shortfalls, chief of which being the lack of universal coverage. By contrast, Central Provident Fund as a compulsory saving scheme enables retired workers to become financially independent, thus enhancing the self-help spirit and human dignity. As for private provident funds, without legislative pressure, it will take several decades before private sector employees can acquire income protection upon retirement, not to mention the absence of transferrability of cumulative contributions from one scheme to the other. The economic and social benefits aside, the Central Provident Fund, in exerting a stabilising effect on our society during the transitional period, also carries significant political meaning that outweighs the contributions made by employers. Therefore, unless Government wants to refrain from maintaining Hong Kong's stability and prosperity on a long-term basis, it has every responsibility to come up with another comprehensive social security package before it can sweep the Central Provident Fund under the carpet.

#### *Old Age Allowance*

Sir, the proposed measure to extend Old Age Allowance to include those aged between 65 and 70 is another policy that requires careful scrutiny. The new scheme, designed as a trade-off for Central Provident Fund, has aroused mixed feelings among social work professionals. For behind increased public liability, we see subtle reluctance on the part of Government to honour its social welfare commitment, for which reason, a means test in the form of income declaration is introduced for all Old Age Allowance applicants. It is against this income declaration that I must raise my strongest objections.

The Old Age Allowance was originally designed as a non-means tested social security benefit provided for people aged 70 and above to meet their special needs for additional expenses arising out of old age. Unlike the Public Assistance Scheme, the need for Old Age Allowance was established not by reference to income, but by circumstances of the individuals irrespective of their financial condition. The extra pocket money enables the elderly to contribute to the family income, thus encouraging families to continue to look after their senior members and reinforcing the 'care in community' concept. Furthermore, Old Age Allowance is given to the elderly as a token of respect in appreciation of their life long contribution to Hong Kong. Indeed, the small sum of HK\$255 per month can hardly serve the purpose of subsidising the living cost for the needy, which is the function of the means tested Public Assistance Scheme. The fact that some 83 per cent of the qualifying elderly people are claiming this allowance shows the popularity of the scheme among the target population who take pride in exercising this citizen's right.

However, income declaration touches on a soft spot of conservative-minded Chinese people who tend to keep their source of income a matter of privacy. Income declaration, which disqualifies a single person with a monthly income of HK\$1,500 and assets of HK\$100,000, automatically labels the recipients as people least able to help themselves. This unwanted social stigma easily becomes a deterrant to potential Old Age Allowance claimants, which helps to explain why only 7.5 per cent of those aged 60 and above are on public assistance which is means tested. Thus, to require Old Age Allowance applicants to declare their income not only violates the philosophy and original purpose of the scheme, but is also a retrogressive step taken to deprive our senior citizens of the only welfare right to which they are entitled. Imagine the frustration of old people who have all along been expecting to getting this pocket money and on reaching the age of 70, find that their entitlement is snatched away. Although money can be saved through income declaration, what appears to be an expansion of the Old Age Allowance Scheme is in fact a reduction in the amount of benefits for the elderly. Here, I wish to refer Members of this Council to the nine year compulsory education scheme which is a non-means tested, universal, social privilege, and the subsidy given to each student per month is more than three times the amount of Old Age Allowance. Sir, would Government consider rescinding the education subsidies when the expenditure increases with a bigger student population?

Therefore, voluntary welfare agencies serving the elderly in one accord insist that the non-means tested Old Age Allowance, which has been operating successfully for the past 14 years, be retained; that is, unconditional allowance be given to those aged 70 and above. Agencies would even prefer to maintain the status quo, if income declaration has to become part of the new Old Age Allowance package. Sir, as the convener of the OMELCO Standing Panel on Welfare Services, I have been asked to convey the panel's view on this subject. Having consulted with relevant government officials responsible for this issue, our panel members are unanimous in opposing the proposed introduction of an income declaration for new applicants of Old Age Allowance. We strongly felt that withholding the entitlement from our senior citizens would nullify the hard earned results of years of civic education effort in promoting appreciation and respect for our elderly. While acknowledging the substantial amount to be incurred in the expanding scheme, the panel reluctantly agreed to accept the introduction of income declaration for new Old Age Allowance applicants of the 65 to 69 age group, and for all those who would seek a higher Old Age Allowance payment. Views expressed by the Social Welfare Advisory Committee and the Central Committee on Elderly, which have discussed this subject, also fall in line with what I have just conveyed to you and Members of this Council.

Sir, one more enlightening note struck by your policy address was the equal emphasis given to social and economic development. It is high time that long-term, forward-looking social policies be given equal priority with our

cross-harbour tunnel and airport projects. While we accept the need for Government to take small, cautious steps in pursuing this worthy objective, we wish to point out that new social policies will be needed to deal with emerging social adjustment problems during the transitional period. Long-term, comprehensive social planning including social work manpower planning and more ambitious programmes in response to new needs such as the Central Provident Fund are well within government's capability of achievement. Sir, progressive, responsible government does not only address itself to long felt needs, but also commits itself to actively improving people's quality of life well beyond 1997.

Sir, may I thank you and all my Legislative Council colleagues for the patience and tolerance of my unusually lengthy submission.

MR. PANG (in Cantonese): Sir, first of all let me apologise to the simultaneous interpreters because what I am going to say differs substantially from my original draft.

In your policy address, Sir, there are some seemingly forward-looking items. For example, the development of infrastructure is to tie in with our future growth in trade. Another example is that Kai Tak Airport is operating close to capacity and consideration is being given to constructing a second airport. Regarding these huge projects on paper, I will give my tentative support. But rejection of the setting up of the Central Provident Fund (CPF), or mandatory provident fund, review of the political development, medical and health services, and public housing are sections in your address with which I am most disappointed and dissatisfied.

Over a long period of time the workers in Hong Kong have contributed to the development of our economy and the prosperity and stability of Hong Kong but no mention was made of this in your address. When these workers retire after a long life of hard work, they get nothing. But the Government was unsympathetic and could not care less. All along the labour sector of Hong Kong suggest the setting up of the CPF. You turned it down point blank. This angered the labour sector. But they really do not know whether to laugh or to cry, as the Chinese saying goes, when the Government deliberately mixes CPF with the long service payment scheme. The labour sector has said repeatedly that CPF and the long service payment scheme (LSP) are two entirely different systems. CPF is a savings scheme with contributions from both employers and employees. Eligible workers get a sum of money when they retire enabling them to live comfortably off in their twilight years. LSP provides job security. The existing legislation on LSP contains harsh conditions, and numerous flaws. Therefore in practice workers find it hard to benefit from it. The Government is studying proposals to make certain amendments. In effect workers are not protected.

Sir, the Government tries to convince the public to accept Old Age Allowance as the workers' relief or benefit after retirement. Even though the qualifying age



is to be lowered to 65, the meagre amount of the allowance is not enough to meet the person's minimum living requirements. What makes matters worse is that a declaration has to be made and there are other strings attached. I feel that it is a retrogressive step.

Sir, you rejected the setting up of the CPF without putting forward convincing reasons. Rejection of the setting up of the CPF obviously discriminates as usual against the labour sector pushing them into a hopeless and miserable situation after retirement. Therefore I still hope that the Government will reconsider the setting up of the CPF. In fact the labour sector of Hong Kong will not give up their request for CPF. They will fight on.

The labour sector of Hong Kong have all along been adopting a very sensible approach of self-restraint but when their feelings of dissatisfaction increases to the extent that the limit of self-restraint is reached, unhappy incidents that the public do not want to see may emerge.

Sir, the Central Provident Fund offers security to the life of retired old workers. More importantly, the workers will not then have to rely on public assistance to live comfortably in their old age. They will then be able to retain their self respect. This is more important and valuable than anything else.

When commenting on the Review of the Development of Representative Government, you were most cautious. On the sensitive question of whether there should be direct elections to Legislative Council, you dare not disclose any information. On the contrary, you emphasised that if changes are to be made to the political system in Hong Kong in 1988, thorough consideration would be given to other related factors. This makes people realise that the so-called other factors refer to the wishes of Beijing. The wishes of Beijing truly constitute the key factor in the review of political structure. The wishes of the public in Hong Kong will once again be ignored. There are already indications of this.

Sir, the ink on the Sino-British Joint Declaration has scarcely dried and the phrases 'one country: two systems' and 'a high degree of autonomy' are still ringing in the ears. However, the British and Hong Kong Governments are already constrained by China. No wonder you have adopted a low-key approach to deal with the review of our political structure, and the word 'democracy' was not even mentioned in the whole of your address. This signifies clearly to the people of Hong Kong that Britain is almost willing to be a lame duck and has given up the attempt to democratise the colonial political structure of Hong Kong. This is an irresponsible action lacking in political morality. The Government, and particularly the British Government, will find it difficult to account for this action to the people of Hong Kong or to justify their action in history.

Sir, regarding medical and health services and public housing, your address revealed a worrying fact. The Government is preparing to relinquish the commitments it has been shouldering all along. It is suggested that the Hospital

Authority is to be established and that the terms of reference of the Housing Authority will be expanded. The reason given on the surface is to enable these authorities to have more flexibility. But to members of the public, especially the lower and middle income people, they are worried that this is the first step the Government takes in relinquishing its commitments. The so-called independent management, or self-sufficiency in finance matters, means that the power will be given to the authorities to raise charges or rents. Members of the public are thus worried. They are worried too that they might not be able to afford the hospital charges in future. The public housing sector has already indicated a huge surplus. Now the housing authority is to have its authority expanded or its terms of reference expanded. Members are worried that public housing rents may reach a level identical to that of private housing. If that should happen, members of the public will have a difficult time.

Sir, in recent years the profits in the manufacturing trade has increased. The gross domestic product reaches higher and higher levels and our economy grew by 12 per cent. But the wealth in our society has been reaped by the capitalists. The Government let them accumulative a large amount of wealth. It is no wonder that our export markets, some of which are considering protectionist measures, accuse us of operating sweat shops. The Government and the capitalists were not moved by such accusations. They made no changes. On the contrary, the Stock Exchange and the Hang Seng Index Futures Market show a mixture of investment and gambling. It was boasted that Hong Kong is already one of the major financial centres in the world. Last month there was a sudden storm. The stock market seemingly met its doomsday and the index futures exchange plunged into a bottomless pit. To maintain our status as a financial centre, the Government showed favouritism and made use of the Exchange Fund to try to save our reputation. Compare this with the rejection of the setting up of the CPF. Why is one being favoured over the other?

Sir, I want to sum up my general impression of your address. I feel that the Review of the Development of Representative Government was a waste of resources because even before the review, the Government had adopted the attitude of gradually giving things up. Therefore even if we had not put in all the resources into the review, we would have known the results. Now that we have the review, members of the public feel that this is just a trick. In fact, the role played by the Government has been downgraded to one of beating gongs to clear the way for the SAR government after 1997.

Sir, I deeply feel that the Government led by you has already lost the authority to be wholly responsible for the administration of Hong Kong before 1997. Of course, you might not have wished to see it happen but the great majority of the people of Hong Kong have awakened to the cruel fact that their hopes and confidence in Hong Kong are being undermined.

Sir, I might have made some offending remarks in my speech but these are my remarks. I support the motion.

MRS. TAM (in Cantonese): Sir, one of the contentious issues in your policy address is the Government announcement not to set up a Central Provident Fund. Instead, you have indicated that Government will introduce other remedial measures such as by strengthening supervision of private provident funds, improving social security, and extending and changing the character of Long Service Payment Scheme. Such Government undertakings in exchange for the setting up of a Central Provident Fund are in my opinion a wrong decision and I am deeply disappointed with this Government thinking. My arguments are of the following:

First, the proposed remedial measures are essentially of a different nature from that of a Central Provident Fund. They can do little to solve the problems that a Central Provident Fund scheme intends to resolve. In practice, the Central Provident Fund is a compulsory savings scheme based on the employment relationship. It is not social welfare and does not effect re-distribution of wealth. In spirit, the Central Provident Fund encourages 'self-provided lunches' and not 'free lunches'. The target group of the Central Provident Fund are the general public who are on contract or permanent employment term, and not 'those whose need is greatest' as purported in your address. More importantly, the objective of setting up a Central Provident Fund is to prepare for an expected general social phenomenon brought about by an ageing population. It is hoped that through a compulsory savings scheme, the growing population of old people could support themselves and maintain a reasonable living standard upon retirement so as to relieve increasing financial burden. Obviously, setting up a Central Provident Fund Scheme can well achieve the one important objective of enhancing the quality of life of the people of Hong Kong repeatedly emphasised in your policy address.

On the other hand, let us look at the three remedial ways proposed in the policy address: improving society security only benefits those who have no steady jobs and whose pay has been very low; an extended Long Service Payment Scheme only takes care of those who work a long period for the same institution and not those who change jobs; strengthening the supervision of private provident funds is but an administrative arrangement. Obviously, to place these three measures together with the proposal for a Central Provident Fund is to mislead the public. None of them serve the same target group as does the Central Provident Fund, nor do they solve the problems of an ageing population as Central Provident Fund intends to cope.

Second, not only do the above measures fail to solve problems which the Central Provident Fund solves, on the contrary, some of these measures may deter other intentions to solve the problems. No doubt, legislating for provident fund is the best way of ensure the savings of the employees. Should Government firmly oppose the idea, the only way to achieve the same objective is to rely upon initiatives of employers in the private sector to set up provident funds for their own employees. Yet in your policy address, I do not find any effective measures proposed by the Government to encourage employers to set up such funds.

Instead, Government's unilateral move to step up supervision of private provident funds and extend the Long Service Payment Scheme will only discourage employers from setting up their own provident funds. While stepping up supervision of private provident funds can strengthen existing schemes and bring about greater protection to the employees concerned; on the other hand, it discourages those employers who have yet to establish their own schemes from doing so, as they would want to avoid the additional restrictions that may be imposed upon them. Similarly, the increase in expenditure resulting from the extension of the Long Service Payment Scheme will also dread the employers from setting up provident funds which is a more comprehensive protection. As a result, the number of private provident fund schemes in Hong Kong will come to a standstill and the large number of labour population not yet covered by the provident fund scheme will still be without any protection.

Third, apart from the mentioned problems related to the Central Provident Fund, there are inadequacies in the arrangements of the proposed measures. Firstly, on the 'improvement' to the Old Age Allowance. It should be pointed out that the existing scheme is non-means tested. Old people over 70 years old are entitled to Old Age Allowance irrespective of their wealth and income. The proposed new measure extend the allowance to those aged 65 but new applicants will be required to declare their income and assets to be not exceeding certain limit. From the welfare point of view, such requirement is certainly a retrogressive measure. I agree that Hong Kong should not become a welfare state providing 'free lunches' unnecessarily. But while rejecting the setting up of a Central Provident Fund which helps to enhance people's habit of saving the decision to change the 'non-means tested' Old Age Allowance into a 'meanstested' one is regressive. For those who have just reached the age of 70, the new measure is not only far from an improvement to the existing one, it is certainly regressive.

In addition, there comes another problem which is even more crucial. Even if an 'income-based' approach is adopted in processing the applications, the expenditure on social security programmes will be significantly increased in future when the Old Age Allowance is extended in stages and the proportion of old people in our population increases. According to estimates provided by the Government, this phased-basis extension will incur an additional expenditure of over \$500 million in the first year of its full implementation. Consequently, the allocation of resources for social welfare services as a whole will be affected. At present, the funds, allocated by the Government for social security schemes has, in fact, constituted a very high proportion of the total expenditure spent on welfare services. For example, in the fiscal year of 1987-88, the allocation for social security amounts to \$1.7 billion, representing 60 per cent of the total expenditure on welfare services (\$2.8 billion). Comparatively, the allocation given by the Government in the current fiscal year to the voluntary agencies which provide a wide range of services only amounts to \$625 million, representing less than 25 per cent of the total amount set aside for welfare

services. With a significant growth in the expenditure on social security programmes, the provision of other important welfare services such as family and youth services and services for the handicapped will be greatly hampered if the Government's total expenditure on welfare services is not correspondingly raised. In fact, from the point of view of caring for the elderly, the basic rates of social security are not sufficient to meet all their daily needs. The aged are also in need of medical care, accommodation, recreational facilities and other services which cannot be replaced by just a meagre allowance.

For the three factors given above, I am of the view that the setting up of a Central Provident Fund is the best solution to the problem. By ensuring employees to have a reasonable amount of savings upon retirement, the number of people who have to depend on public assistance upon their retirement will be reduced to a minimum. This will not only alleviate the burden of social security on society but also allow more resources to be allocated for the development of other services. I propose that the Government should reconsider its decision regarding the issue of Central Provident Fund.

Secondly, I urge the Government to revise the requirement in relation to the payment of Old Age Allowance. Before a Central Provident Fund is set up, the existing procedures should be used in dealing with new applications so that those who have just reached the age of 70 will not be required to make any income declaration. This would make the proposed change a real step forward and an improvement to the present arrangement.

Thirdly, I urge the Government to give careful consideration to the allocation of funds for welfare services in future by taking into account of the needs in all other services and the adequacy of resources available for the development of various kinds of services. Moreover, I propose that the expenditure on 'social security' presently under the head of Social Welfare Services should be separated from the latter to become an independent head of expenditure. The authorities concerned and the general public then will have a clearer picture of the annual expenses on social welfare services.

Other than the Central Provident Fund, I would like to touch on the commitment that the Government has towards our young people. Though there are indications that our population starts ageing, the local population remains young. Young people still form a big demographic group as well as a strong force in our society. Hong Kong has undergone rapid changes in many aspects in the past few years. Living in this ever-changing era, youths are in fact confronted with a lot of problems and they need community support. The increasing seriousness of juvenile delinquency, the aggravating state of drug abuse, particularly that of soft drugs, and the continuous involvement of young people in triad activities are significant indicators. On the other hand, Hong Kong is at a critical historical moment leading to its political handover. The community has high hopes in our young people who will be future masters of society. He is hoped that they will develop a sense of belonging as well as a sense

of responsibility, ready to devote themselves to building up a better Hong Kong. To prepare them for these aspirations, we should pay more attention to the civic education of our youths and demonstrate our commitment to our young.

Sir, in your policy address, I am delighted to learn of some of the welcoming plans in education, like the establishment of an open learning institute and the continuous provision of more places in higher education, to which I give my full support. However, there is no mention of other services and projects which are also essential to our young people, for example personal social work among young people and civic education. It is therefore difficult for us to map out the overall commitment of the present Government on the development of our young.

Hence I call upon the Government to undertake greater responsibility and devote more of its resources to the development of our young people as well as to the long-term social development in our community. On the one hand, the Government should continue its efforts to deter further increase in juvenile crimes by strengthening personal social work among young people, which will help them to cope with the many problems in their growing up and prevent them from going astray. On the other hand, we should take a more active step to train our young people so that they may become useful persons capable of shouldering the responsibilities of our society in the future. To this end, I suggest that the Government appoint more young people to serve on district boards, area committees and other advisory bodies so that they can have more practical experience and a deeper understanding of social affairs as well as their commitments. The Central Committee on Youth is at present studying the need for a youth policy which may be of use to the future development of our young. The draft is expected to be released next March for public consultation. I hope the Government will seriously consider the draft of the policy and take concerned action in support.

Last but not the least, I would like to give credit to the Social Welfare Department for the efforts they made throughout the year towards promoting the relationship and understanding with the voluntary agencies. Last year, the Social Welfare Department conducted reviews on the central administration of voluntary agencies and the overall subvention policy which are of great concern to the voluntary agencies. The channels of consultation with voluntary agencies over important issues have also been greatly improved. I believe the community at large will be benefitted from these efforts in the end.

I would also like to take this opportunity to say a few words on the Survey Office report published yesterday. The Survey Office's major task is to try and collect the views on the Green Paper. I feel that the report itself has been able to accomplish this task. And of course some may criticise that there may be flaws and there are people who are not satisfied with the questions and they include myself. I feel that I have a lot of doubt about the questions. I feel that when we

ask questions about the report it is a healthy thing. It is through the asking of questions that we will be able to help Executive Councillors to take more views into consideration. However, Sir, I do not agree with the view that we should be suspicious of the report or call it a conspiracy and to negate the value of the report. If we conduct any discussion with suspicion and distrust, it would be very difficult for us to be objective. We hope that Legislative Councillors will be cool-headed and objective in dealing with problems.

Sir, I support the motion.

MR. TAM (in Cantonese): Sir, this long debate is about to end. Many Councillors have thanked you at the beginning of their speeches for the first policy address you gave us since you assumed Governorship. I share their views because you said in the address the aim was to be forward-looking, to build on the very substantial achievements of the past and to be responsive to the needs and demands of the future, to seek the development of Hong Kong as a society which combines a strong expanding and competitive economy with concern for the quality of life of all its inhabitants. This positive attitude towards Government policies is well commended by the general public.

Sir, in pushing forth Government's plan for future development, you were courageous to face the reality of the Hong Kong/China relationship. You also led the Government to draw up long-term plans for industry, finance infrastructure, traffic and transport, environmental protection, and education. All this helps to enhance the quality of life of all strata. We hasten to commend and confirm your courage and commitment. However, the Government lacks courage and commitment in dealing with actual needs of the labour sector. The Government addresses labour matters only when faced with requests from the labour public. In short, when it comes to labour matters, the Government is not forward-looking at all in its plans.

First, Sir, you cited two most unconvincing reasons to rule out a Central Provident Fund. Perhaps this is the part of the address that deserves most criticism. The first reason you gave was that compulsory funds, particularly a Central Provident Fund, would benefit least those whose need is greatest, that is those who have not held steady jobs or whose pay has been low. In my view since a CPF is different from a social security scheme in nature, it cannot help to redistribute wealth. Therefore, it just cannot take care of those whose need is greatest. However, if the Government could study the submissions, arguments, and requests of advocates of a CPF objectively and sincerely, it will automatically discover that we—the labour sector and social welfare sector—had long proposed some very positive improvement measures. These include: (1), the preservation of the Public Allowance Scheme to help those whose need is greatest; and (2), for workers whose wages are below a certain level, the Government should become the third contributory party. To be frank, a CPF would protect the welfare of an absolute majority of the labour force in Hong Kong while the preservation of a Public Allowance Scheme would help support

those whose need is greatest and those who are most unable to help themselves. We can derive then that Government's saying that a CPF would benefit least those whose need is greatest is an invalid premise or it could be said to be a problem solved. It is unfair to the labour sector for the Government to use an invalid premise to rule out a CPF.

The second reason given was, I quote: 'There is a further argument that compulsory funds could also have an adverse effect, possibly a serious adverse effect, on our economy'. That is why a CPF is ruled out. Perhaps this accusation of a serious adverse effect on our economy should be used to describe the crisis in our futures market. That would make the accusation more realistic. In fact in the heat of debate over the establishment of a CPF, many economists and column commentators of newspapers and magazines have pointed out that the establishment of a CPF would not have negative or adverse effects on Hong Kong's economy; on the contrary, they have commented on the absolute necessity and urgency of the establishment of a CPF, based on the needs of Hong Kong's economic development. It is unfair for the Government to place different emphasis on different economic aspects. Therefore, the so-called adverse effect on the economy is totally unconvincing.

But I must point out here that the labour sector would not give up simply because the Government has outrightly ruled out the possibility of a CPF. Neither would they give up the fight for workers retirement security. We would certainly strive to make a CPF a reality.

Your address also said that through supervising private provident funds, improving social security measures, expanding the scope as well as changing the nature of long service payment, we find substitutes for a CPF. The labour sector has always said this loud and clear. CPF and improvements to the three measures mentioned above are therefore quite different reasons and are to satisfy different needs. Long service payment is the compensation workers get upon changing or leaving employment. Supervision of private provident funds is to strengthen existing retirement benefits for employees. Improving social security measures is to raise the standard of living for those whose need is greatest. But a CPF is a retirement security system for all employees in Hong Kong. By listening more to public opinion you, Sir, will be able to understand the different objectives of these different measures. I will not go into more details. I only would state once more. The labour sector is not going to accept such Government measures drawn up for the sake of brushing aside their proposal.

Government's decision on CPF is a blatant example of its lack of forwardlooking planning. This indicates that the Government does not regard labour welfare highly. It has not given a direct reply. The Government exposes a similar attitude of a lack of forward-looking planning in labour legislation and industrial safety matters. The labour sector has said too much on these two items. I would not like to repeat the arguments.



On the other hand, Government's decision to refuse to relax immigration rules on import labour from outside is a wise one because as you said, Sir, this would make industrialists invest in modern labour-saving machinery. This would increase productivity and upgrade the quality of our products. In fact, many experts and distinct social personalities are of the view that the present tension in our labour market is a good chance to introduce a change in the pattern of our industries. The policy address also said without allowing importation of labour by the relaxation of immigration rules, in times of prosperity our workers can get their fair and deserved share of the bigger overall cake. It seems this is beneficial to labour welfare.

However, workers in all trades have worked hard over all these years to maintain Hong Kong's prosperity. There is a great discrepancy between the growth in actual wages and the growth of our labour force's efficiency. This is particularly so in the manufacturing sector. By disallowing imported labour, we are just rationalising past injustice but we are still a long way from getting our fair and deserved share of the bigger overall cake.

All in all, Government's treatment of labour related matters is disappointing. In the policy debate last year, I already requested the Government to formulate a comprehensive long-term labour policy. This policy should include: (1) promotion of labour relations. recognition of the status of trade unions and the right of mass negotiation; (2), comprehensive review of employment conditions; (3), guarantee of employee occupational safety; and (4), establishment of employees' retirement security schemes through the setting up of a CPF. In the Officials' reply last year. the Government gave no clear answer. Even now the Government still has no long-term thinking on the development of labour policies. On top of this it goes one more step to rule out CPF which serves to solve the problem of workers' retirement security. This no doubt contradicts your principle of being responsive to the needs and demands of the future.

The way the Government deals with labour related matters, especially its decision on ruling out a CPF, leaves me to raise the following, which are related to social planning.

Firstly, Government does not aim at long-term solutions to our problem. Improvement measures in the areas of education, infrastructure, traffic and transport, as well as environmental protection are adopted to take care of emergencies, meaning that if these problems were not dealt with now their effects would be felt in a matter of just a few or 10 years' time. On the contrary, the adverse effect of Government's rejection of a CPF would not be seen in 10 years' time. I have pointed out on many occasions that the problem of ageing of our population would get more serious after the year 2000 and would be at its worse after 2005. The effectiveness of a CPF has to come with time and today is the only time left to materialise it. However, the Government still upholds its argument that a CPF is not feasible. It is true the problem would not surface

during the transitional period but solutions have to be found during this period. I believe our generation as well as our next generation would like very much that the Government would be forward-looking in all its plans and policies.

Second, there is no standard procedure for the public to participate in social planning. In an ideal planning procedure public participation should constitute an important element because the suitability or otherwise of the policies would affect their quality of life. The Government has placed more importance on consulting the public on certain policies but as to what people should be consulted on what policies in what format, the Government has no uniform way of going about it. Take the example of the CPF. The Government only gave the consultative paper to four advisory committees for discussion. It turned a deaf ear to the labour sector's request to have the document published and to enlarge the scope of consultation. Take long-term housing strategy as another example. The Government only published a policy statement. A further example is Government's recent decision that starting from next year Old Age Allowance applicants have to be means-tested. In fact the Government has not got the agreement of the Social Welfare Advisory Committee on this. Such examples are numerous. Some people have commented that with more important policies that are likely to involve more resources and expenditure, the Government usually limits the scope of consultation. I agree with this comment. I believe that in order to formulate social plans which would truly benefit our people, we must have a standard planning procedure. We have to solve several problems. (1) who should decide on the scope, format, and procedure of consultation of certain policies, (2), should information in the consultative papers be based on social objectives set subjectively and objectively in order that subjective and objective social realities as well as the general public's subjective feelings and needs be reflected; (3), who would be responsible for collecting, collating, and interpreting public opinion? For example, would independent bodies replace Government policy departments to guarantee impartiality?

I believe it is now time to draw up a planning procedure acceptable to and recognised by the public. And in order that the procedure should be effective, we must also consider: (1), how Government information should be made public in a systematic manner; and (2) how to build up a system of social objectives.

The above two points are actually results of my observation on the question of a CPF. In fact there are many other issues to consider if one wishes to better social planning.

Sir, in this transitional period the promotion of Hong Kong's prosperity, stability, democracy, equality, and progress and the formulation of a plan for the future are demanding tasks. Because it is demanding it is also challenging. I believe under your leadership and guidance, the Government will be able to cope with rapid changes during the transitional period to implement measures which would upgrade our quality of life. I therefore request the Government:

(1), to reconsider setting up a CPF as soon as possible; (2), to produce a comprehensive long-term labour policy; and (3), to formulate a social planning procedure.

Sir, with these remarks I support the motion.

MRS. CHOW: Sir, in 1986 it is estimated that 16.8 million overseas visits were made by our residents for business or pleasure. Of these 5 million were made to places other than China and Macau.

For the many who have had the opportunity to leave Hong Kong and are therefore able to take an objective view of our home city, by comparing it with many other cities in the region or in the world, it is hard not to feel proud of our many achievements. But much as we love Hong Kong, we treasure more the freedom that we enjoy in being able to come and go as we like. This had not only contributed much to the cosmopolitan outlook of our people but also upgraded the demand for international standards by our community. Our pace of development and the growth of prosperity, particularly in the last three decades, owe much to the widely open doors of Hong Kong.

One of the key factors in the Sino-British Joint Declaration which has inspired confidence in our future is undoubtedly the guarantee that the doors of Hong Kong will remain open, not only for outsiders to come in, but more important, for our people to travel out as they are able to today. For assurance, China has been pragmatic enough to accept the arrangement of the BNO passport beyond 1997.

What has happened since the issuance of the BNO passport in July this year has been unfortunate, and has not been helpful in building up the confidence of our people in this new travel document.

Although we have been assured by Government that unfailing efforts have been made to gain acceptance for this document, and in spite of the fact that many countries are under no obligations to endorse it, nor is such endorsement necessary in the eyes of the British Government, to the people of Hong Kong, positive and public announcement of acceptance by friendly nations such as those given by the United States of America, Canada, Australia, New Zealand, Switzerland and some other states, have gone a long way in establishing confidence in the BNO passport. I propose that Government should establish a special team to assist any enquiries by individuals as well as the travel trade in cases where uncertainty arises. Should problems come up with any particular foreign government or its representative here, they can more easily be solved between governments, without creating further misunderstanding or delay. Let there be co-operation between the public and Government to try and shorten the teething period as far as possible through positive action. This is by far preferable to the present situation in which a suspicious public and a defensive government pass the buck for low application rate to each other while the real problems remain unresolved.

Sir, it does not help the BNO passport nor its holders who will sooner or later be relying on it for outbound travel to put off the application for or the use of it. On the contrary, the sooner we get over the teething problems the better it will be for public confidence. This principle is fully recognised. However unless Government is seen to assist in every way it can, who can blame anyone for taking the 'let somebody else be guinea pig first' attitude? Officials responsible have confessed to the feeling of frustration because the efforts they have put in have not been fully appreciated. Let their endeavours be more visible and their assistance more available to the public they aim to serve.

In spite of the uncertainties caused by the passport issue, and uncomfortable rumblings in the outbound travel trade, millions of Hong Kong people continue to live out their determination to see the world. Last year, the volume of business of the travel trade was conservatively estimated to be \$9 billion, of which almost 30 per cent was taken up by tours. With an industry that caters to so many consumers, it would be quite unacceptable and retrogressive for Government to preach or practice *laissez faire*, particularly in the aftermath of some quite spectacular collapses in the last few years. No one would deny the trade is in a hardly healthy state. But let us never forget that it is in the state that it is in because of the *laissez faire* policy in the first place and the cash-in-advance nature of the business. This has attracted many an undercapitalised and overstretched operator to set up shop. For intentional frauds, this is ideal operating environment. They may be few, but deadly. For Government to wash its hands of the mess now in the holy name of self-regulation with neither legislative control nor community monitoring is a dangerous step to take. Let me make it quite clear that I have no objection whatsoever against self-regulation, so long as it is identified as the long-term goal. To adopt it as an immediate panacea when even the trade itself feels it may not be ready runs the risk of creating inequity within the trade itself, while costing the travelling public a lot more than it should.

Although Government has not decided, every indication is that consumer protection by way of compensation on failure or collapse of agents will remain. The question is how such compensation will be funded. It has been widely reported in the press last month that the intention is to impose a levy on tour receipts.

Existing provisions for the Reserve Fund are heavily criticised for its element of mutuality, which is seen as an incentive for the black sheep in the trade to abscond, leaving the compensation bill for the honest agents. If this element remains in the future system, the same danger will also remain. Then why does the trade not object? The reasons are simple. Whereas it has to foot the bill now, the burden will in future fall squarely on the consumer, albeit indirectly. In addition the trade has the power to levy and to manage an accumulated fund to the tune of over 20 million a year. It is too good a package not to be snapped up straight away by the trade.

In my view the element of mutuality should be reduced as far as possible and any compensation fund should be used as a last resort only after the defaulting agent's own guarantee has been exhausted. Each agent should furnish the bonding scheme with a certain amount of surety in the form of banker's guarantee or insurance commensurate with the business turnover of the agent. This is a system adopted by Australia and Singapore, and has proven to be effective. Its merits are many: it discourages fly-by-night tour operators from taking advantage of our free market; it removes the element of mutuality, and it reduces the amount of levies to be imposed on tours.

As the high season for tours is once again drawing near, I urge Government to act soon, and even if we cannot have the permanent solution in place, there must be some interim measure to prevent repetition of ugly scenes of history.

Hong Kong has got to be one of the top, if not the top city in the world when it comes to the mobility of its population.

While our people made 16 million visits outside of Hong Kong last year, 3.7 million visitors came to Hong Kong spending over HK\$17.8 billion. This touring population is expected to gain a further 17.5 per cent this year, making a total of 4.38 million, likely to provide Hong Kong with a revenue of over \$20 billion. The forecast for next year is 4.85 million, with a conservative estimated growth of 10.5 per cent, assuming a positive downward turn of the world economy.

A substantial proportion of visitors come here for pleasure or leisure. Last year 65 per cent of them came as vacational travellers. Only 23 per cent came for business.

What is the magic Hong Kong possesses which entices so many to travel from near or far? The shopping? The food? The people? 1997?

Whatever it is, it cannot be the concrete jungle which is hardly distinguishable from other concrete jungles that dot other sophisticated cities in the world. Even some of the old appeals are losing their sparkle. For instance, shopping is no longer as attractive as it used to be because the bargains are squeezed out by rising rents. The vast choice of food being offered still has its draw; but prices no longer compare favourably with other Asian cities.

Yet the unchallenged attraction of Hong Kong for most visitors is its image as the epitome of the unique mix of East and West, as manifested through its people, its languages, its lifestyle and its heritage.

For a city that spends billions in our building programme, setting aside land for parks and soccer fields, it is sad to see how little we are prepared to do to preserve symbols of our heritage. It is paradoxical that people most vocal on this has been the expatriates, while the locals remain insensitive to the destruction of buildings of great historical value without a whimper. In spite of the establishment of the Antiquities and Monuments Board more than 15 years

ago, we have witnessed the demolition of much valuable historical architecture such as the Tsim Sha Tsui Railway Station, the Hong Kong Club and the Murray Building to make way for the development of a modern city. Does the board have enough power to do its job properly? And does it have the necessary funds to carry out repairs? Does Government recognise the necessity of preservation as a back bone to our tourism industry, and if so is Government prepared to give the board the power and the funds to do its job properly? Why can we not have laws which make it mandatory for owners of old historical buildings deemed to be worth saving by the board to restore them, or to maintain the buildings' original exterior or facade while redevelopment is allowed at the back, as it is done in England, France and Singapore?

It is so easy to be complacent and to rest on our past laurels, but we cannot afford to. With recent developments fresh in our minds and an uncertain future in our economy, we must protect our sure revenue earners and retain whatever competitive edge we have over others. The success in our tourist industry has been the envy of many neighbouring territories. The Singapore Government has recently unveiled an ambitious plan costing \$1 billion Singapore to boost their third income producer.

Some may say that the Hong Kong Tourist Association is doing a great job in promoting Hong Kong, so Government need not and should not interfere. But much as the Tourist Association has done and can do, and it does deserve our recognition for its outstanding achievements, certain improvements remain outside the ambit of their jurisdiction.

The condition of the airport and its ancillary passenger facilities is one case in point. Signage is bad, traffic arrangements are bad, reception facilities for arriving tourists are bad, information service is bad. Can Government wash its hands of bad airport management? Can we justify charging the highest airport tax for such poor arrangements? Must we wait until enough complaints have been collected before improvements are introduced?

Another problem relates to the existing Government policy of tight restriction on application of visas by Eastern European visitors.

In the past we have been losing out on the market of international conference because of this policy. Of the numerous meetings held by international bodies, it makes good business sense to induce those with Hong Kong membership to conduct them in Hong Kong. This is particularly desirable in the run-up to 1997, when Hong Kong is keen to keep up our international relationships. According to the Union of International Association Directory, 669 international associations have Hong Kong members. Of these 409 have Eastern European membership. Hong Kong is therefore excluded from two thirds of the potential business because of this policy on entry visas. In addition we are losing out on conference delegates who are likely to spend an average of over \$4,000

each. With the completion of the Hong Kong Convention and Exhibition Centre as well as an additional 3 682 hotel rooms coming on stream in 1988, Government must abolish this outdated policy.

Sir, when I read the Survey Office report for the first time yesterday, the section I immediately turned to was the one on direct elections. A search for the answer to the question that everyone, I am sure, is most curious about: how many per cent of the Hong Kong people want direct elections in 1988? Then when I came to page 55 where the public opinion survey conducted by the Survey Office on future composition of this Council were presented under paragraph 13.37, I was struck by the options presented. It was only after I turned to paragraph 5.11 on page 25 where I discovered the correlation between the design of questionnaire and the summary of the Green Paper, that I realised that I was falling into the same trap which I have so often warned the public of during the months of discussion on the Green Paper. At the time I warned that the consideration of whether and when we should have direct elections should be treated with a degree of complexity and rationalisation the issue deserves. In the context of the macro view of the development of representative government and the micro view of the evolving role and composition of this Council, we should not choose simply on theoretical grounds as we are tempted and often persistently urged to do but we must take into account at all times the practical and political realities of the present and the future as defined by the Joint Declaration.

Now that the results are out we must give it the respect it deserves by digging into it, looking, not for answers that we wish to see but for answers that are there. These are complex answers. We, as Members of this Council, owe it to the public to study, question, understand, what the public is trying to tell Hong Kong. To dismiss the report so lightly and so soon is not only being grossly unfair to the people who produced it. It is tantamount to contempt for the many and varied views on the many subjects put forward by those who have taken the trouble to submit them.

Having waited for so long to speak, and having made you wait longer for me to finish, I neither wish nor dare to prolong the waiting, except to say that in spite of all the criticisms, constructive or otherwise, levelled against the Administration during these last two days, the length and breadth of your address, Sir, and this Council's response to it, have really indicated that by and large Hong Kong enjoys good Government. Confrontation politics creates undertones of discord, and although it makes the headlines, it is not liked by our community which has been more used to peace and harmony. Be that as it may, the followers of that style do tend to believe that the Administration could be pressurised into doing things their way. In short it is so new and alien to all of us that we have yet to discover its advantages. But this we must do, for it is here to stay so we must make it work for rather than against Hong Kong. And at the end of the day, I believe the people of Hong Kong will, as we have always done, support and appreciate a government that holds a steady course, makes sound

decisions for the overall interest of our community based on reasoned judgement, and most important of all, produces results through action on those decisions. To achieve or not to achieve—that is the question. All else is just sound and fury.

Sir, I have much pleasure in supporting the motion.

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

*Question put and agreed to.*

### **Adjournment and next sitting**

HIS EXCELLENCY THE PRESIDENT: We have now debated for some 13 hours. I admire the perseverance of Members who have managed to make sure that we have a quorum throughout. We will continue next week. In accordance with Standing Orders, I now adjourn the Council until 2.30 pm on Wednesday, 11 November 1987.

*Adjourned accordingly at two minutes past Nine o'clock.*

*Note:* The short titles of the motions listed in the Hansard have been translated into Chinese for information and guidance only. They do not have authoritative effect in Chinese.