

OFFICIAL REPORT OF PROCEEDINGS**Wednesday, 16 March 1988****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

SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE HONOURABLE THE FINANCIAL SECRETARY (*Acting*)

MR. DAVID ALAN CHALLONER NENDICK, 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.

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

THE HONOURABLE ALLEN LEE PENG-FEI, C.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 DONALD LIAO POON-HUAI, C.B.E., J.P.

SECRETARY FOR DISTRICT ADMINISTRATION

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, O.B.E., 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, O.B.E., 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
THE HONOURABLE RICHARD LAI SUNG-LUNG
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, C.B.E., 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 MICHAEL LEUNG MAN-KIN, J.P.
SECRETARY FOR TRANSPORT
THE HONOURABLE EDWARD HO SING-TIN, J.P.
THE HONOURABLE GEOFFREY THOMAS BARNES, J.P.
SECRETARY FOR SECURITY
THE HONOURABLE PETER TSAO KWANG-YUNG, C.P.M., J.P.
SECRETARY FOR ADMINISTRATIVE SERVICES AND INFORMATION

ABSENT

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

IN ATTENDANCE

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

Papers

The following papers were laid on the table pursuant to Standing Order 14(2):

<i>Subject</i>	<i>L.N.No.</i>
Subsidiary Legislation:	
Antiquities and Monuments Ordinance Antiquities and Monuments (Declaration of Monument) Notice 1988	61/88
Places of Public Entertainment Ordinance Places of Public Entertainment (Licences)(Specification of Fees) (Regional Council Area) Notice 1988	62/88
Public Health and Municipal Services Ordinance Food Business (Regional Council)(Amendment) By-Laws 1988	63/88
Public Health and Municipal Services Ordinance Frozen Confections (Regional Council)(Amendment) By-Laws 1988	64/88
Public Health and Municipal Services Ordinance Milk (Regional Council)(Amendment) By-Laws 1988	65/88
Public Health and Municipal Services Ordinance Offensive Trades (Regional Council)(Amendment) By-Laws 1988	66/88
Public Health and Municipal Services Ordinance Places of Amusement (Regional Council)(Amendment) By-Laws 1988	67/88
Public Health and Municipal Services Ordinance Swimming Pools (Regional Council)(Amendment) By-Laws 1988	68/88
Public Health and Municipal Services Ordinance Undertakers of Burials (Regional Council)(Amendment) By-Laws 1988	69/88
Copyright The Copyright (Computer Software)(Extension to Territories) Order 1987	70/88

Sessional Paper 1987-88:

- No. 51—Hong Kong Baptist College Annual Report 1986-87 with statement of accounts for the year ended 30 June 1987

Address by Members on subsidiary legislation laid on 2 March 1988**Women and Young Persons (Industry)(Amendment) Regulations 1988**

MR. CHAN KAM-CHUEN: Sir, I rise to support in principle the Women and Young Persons (Industry)(Amendment) Regulations 1988.

On 4 March 1988, the Legislative Council in-house meeting supported them in principle and formed an ad hoc group to clarify some points with the Administration which may give rise to misunderstanding by labour organisations. This was done on 8 March 1988 under my convenership. After clarification by the Administration, the ad hoc group was satisfied with the amended regulations and a written report dated 11 March 1988 was sent to all Legislative Council in-house meeting members.

My colleague, Mr. TAM Yiu-chung will elaborate on some points.

Personally, my view is the same as when I joined the Labour Advisory Board in 1977, that is, the safety of female workers returning home around midnight. Their family members and the police on the beat, if requested, should accompany them in dark places, up the lifts and stairways to prevent rape.

Government is also asked to make an annual review on the effects of these regulations and improve on them where necessary. In the meantime, intensive publicity will help to clear up the misunderstanding of workers.

With these observations, Sir, I support these measures which hopefully may relieve our temporary acute shortage of workers in industry.

MR. TAM (in Cantonese): Sir, the Women and Young Persons (Industry) (Amendment) Regulations 1988 were gazetted on 26 February 1988 and enacted immediately after its study by the Executive Council. From the surface, it can be seen that the amendments are just technical amendments. However if you look at them very carefully and analyse them, you will find that the amendments are not only technical in nature. I will now speak in detail about my opinions on the amended regulations.

First of all, regulation 8(1A) stipulates that, if the total number of work hours, excluding overtime, do not exceed 96 in any consecutive two weeks, then the employers can reach an agreement with the employees so that they can change the eight-hour day and 48-hour week without asking for exemption from the Commissioner of Labour. This amendment, according to the Labour Department, is to add to the flexibility of the Ordinance so that the employers can have more flexibility with the hours of work. The Administration also says that the eight-hour day and the 48-hour week principle is maintained. The amendments will give flexibility to the law.

However, if you analyse it very carefully, you will see that the 96-hour fortnight has maintained the 48-hour-week principle but has sacrificed the spirit of the eight-hour day. As you know, the spirit of the eight-hour day is to protect the mental and physical well-being of employees so that they will not sustain unnecessary losses because of overtime work. If they work more than eight hours a day, they will get overtime pay to compensate for their mental and physical exhaustion. However, according to the present amendment, women and young persons can work up to 10 hours a day and the two hours in excess of the eight hours can be seen as normal working hours in any one day. Moreover, within these two extra hours, the employees cannot obtain overtime pay any more. They will only have normal pay. Thus, they do not have any gains in fringe benefits by extending their work day by two hours but their employers will have their marginal cost cut. Therefore, the 96-hour fortnight is actually contravening the spirit of the eight-hour day. The flexibility offers to the industrial undertakings by the Government therefore only benefits the employers. I thus have reservations about this amendment. I think that when introducing such amendments the Administration should adhere strictly to the eight-hour day spirit.

Now, from the technical point of view, the amendment says that the employers and employees must reach an agreement in respect of the 96-hour fortnight before it can be worked out. I do not think this is technically possible, because in present day situation, the employers always have the upper hand. So I do not think the employees can reach an agreement on an equal footing with the employers. In short, if the employees are not on equal footing with the employers, they will have to accept the new arrangements. The Administration has not ensured in law that a fair agreement could be reached between the employees and employers.

Moreover, the Women and Young Persons (Industry)(Amendment) Regulations 1988 have shown us that the Administration has only looked at the benefits of the employers and not the employees. Actually, employees are looking for better quality of life and they want longer holidays. Therefore, the five-and-a-half-day week as well as the alternate five-day or six-day week are welcomed by the employees. I think we should follow Singapore, one of the four dragons of Asia, to adopt the 44-hour week. For flexibility, you can introduce an 88-hour fortnight and the normal working hours for every day could still be eight hours. Employees should be given overtime pay for work in excess of eight hours. Hong Kong employees are now more and more educated, skilful and their output is also high. Therefore we should reduce the weekly working hours. This is the appropriate time to do so.

The second major amendment proposed by the Government is that we can extend the period of employment for women from 8.00 pm to 11.00 pm. Why do you extend it to 11.00 pm? That is almost midnight?

According to the Administration, it is because shift-time workers are already working to 11.00 pm and this is widely accepted. Therefore, it is not necessary to restrict the time allowed for non-shift workers to 8.00 pm. But you have to know one fact—shift workers only takes up a small percentage of the whole workforce. According to the figures at 30 September 1987, only 23 115 women are working on shift and this is only 5.4 per cent of the workforce. Only 404 industrial undertakings have women working on shift and this is 1.4 per cent of the workforce. Permission for shift work has to be obtained from the Commissioner for Labour and shift work must comply with the regulations laid down for women and young persons and these involve special plant and equipment. I do not think the Government has given a very satisfactory explanation as to why the hours of work between shift and non-shift workers should tally.

Extending the working hours to 11.00 pm may adversely affect the life pattern and social activities of women. The Government has not looked at this. Now women may be asked to work on two consecutive shifts. It will affect their family life and their safety as well. The Labour Department has not analysed this; it may also adversely affect the quality of labour.

Furthermore, labour organisations are worried about one fact—the present amendment is to pave way for relaxing the two extra hours permitted for overtime work for women. This is a retrogressive step.

Lastly, the Government claims that this amendment would have very slight effects on society. It has also not consulted the Labour Advisory Board. The Government has actually neglected the importance of this amendment and the function of the board.

Now, I have already voiced my opinions on the two major amendments. Actually the contents of the regulations, as amended, do not end here but I would not go into them in detail. I must, however, point out one thing though. With the introduction of this amendment, the Labour Department has to amend the registration of women for overtime work. We are worried that this would give a chance to the employers to abuse the amendment and so the overtime work may be more than normal.

I therefore have reservations on the Women and Young Persons (Industry) (Amendment) Regulations 1988. I would like the Administration to look at the amendments again in due course. But as the regulations have come into immediate effect, the Administration should strengthen publicity for employees between now and the review of the regulations, so that employees could know exactly the details of the amendments. Furthermore, the Administration should ensure that employees are not exploited during the implementation of the amended regulations.

Address by Member presenting paper**Hong Kong Baptist College Annual Report 1986-87 with statement of accounts for the year ended 30 June 1987**

MR. WONG PO-YAN: Sir, tabled before this Council today is the audited statement of accounts and annual report of activities of the Hong Kong Baptist College for the year 1986-87.

As the chairman of the college's board of governors and council, it is my very pleasant duty to report that the college has been able to set a number of new records in the 1986-87 year. Details of all the developments have been recorded in the annual report now before this Council.

The year witnessed the college admitting students into the first group of the two bachelor degree courses ever introduced in its history of over three decades. These degree courses are in Combined Sciences and Social Work. After three years of withholding expansion in student numbers so that space could be provided for the additional staff and facilities for the new degree courses before new buildings were completed, this year's enrolment was increased by about 9 per cent to reach a total of around 2 350. The number of qualified applicants to all courses rose by 30 per cent over the year before, and those applying to the degree courses increased by 80 per cent. During the same year, two other new degree courses were successfully accredited by the United Kingdom Council for National Academic Awards (CNAA) and won approval to start in the 1987-88 academic year. Once again, the CNAA visiting teams were impressed by the college's pace of development, and in particular by the enthusiasm and quality of the staff and students.

The year's total budget of resources for recurrent items, including public funding and tuition income, was \$99.9 million—an increase of 19.5 per cent. There was a 6 per cent expansion in the academic staff establishment, and most of the additional staff were appointed at the senior ranks. Substantial improvements were made in equipment, library collection, and computing as well as other support facilities for teaching, learning, and research. The library collection expanded by 15 per cent to reach a new high of 175 000 volumes, and the library's fully-integrated automation system continued to bring about qualitative upgrading in its services to the users. Research output by staff took a sharp upward turn. Intensive work on the various new buildings in the campus redevelopment programme continued unabated, culminating in the commencement of construction work of two new buildings.

The year's increase in public funding was matched by an encouraging increase in the support received from the private sector of the community. As a lay person serving on the college's governing bodies, I am most gratified that the college has constantly reminded itself that in the long run a higher education institution can only be as strong as the community served by it will allow it to

be. During the 1986-87 year, the Executive Council agreed that the limit for the proportion of the college's students on degree courses should be lifted to 75 per cent of the total enrolment, and at the same time gave the UPGC the discretion to lift that limit further. This blessing of the Government will indeed go a long way towards prompting the college to work even harder to contribute its part for building a better tomorrow for Hong Kong through the provision of quality higher education to our aspiring and deserving youth.

Government Business

Motions

WHITE PAPER: THE DEVELOPMENT OF REPRESENTATIVE GOVERNMENT: THE WAY FORWARD

THE CHIEF SECRETARY moved the following motion: That this Council takes note of the plans and intentions contained in the White Paper: The Development of Representative Government: The Way Forward.

He said: Sir, I rise to move the motion standing in my name.

Five weeks ago I introduced into this Council the White Paper, 'The Development of Representative Government: the Way Forward'. The purpose of the White Paper is to chart the course of the development of representative government between now and 1991. The decisions in it have taken full account of public opinion which has been expressed during the 1987 review, including views expressed by Members of this Council.

In presenting the White Paper, I reaffirmed the Government's commitment to the development of representative government. Our goal is, to develop a system which meets Hong Kong's own special needs. It must ensure the continuity of policies; be both effective and responsive; and be able to command the support and confidence of the community as a whole. The system must evolve in a way which meets the wishes and aspirations of the people of Hong Kong and also takes account of the need for a smooth transition in 1997. Only by satisfying these requirements can we hope to maintain confidence both locally and overseas. Sir, the proposals in the White Paper constitute a step, a large step, towards achieving that goal.

In the past five weeks the people of Hong Kong have reflected on the White Paper, and many have commented on it. We cannot expect everyone to agree with each of the many decisions taken, and of course there have been dissenting voices. But the overall reaction has been positive. The broad judgment of the community reflected through our many contacts and the media is that the main thrust of the White Paper is right, and has the support of most people in Hong Kong. Most have agreed also that we should put behind us the arguments of last

year and look forward positively so that we push ahead with the task of establishing a system of government which will ensure stability between now and 1997.

Sir, many of the people who are content with the Government's policy do not draw attention to their satisfaction. Their quiet nod of approval does not make headlines. But the Government appreciates and relies on their support, just as it has always appreciated and relied on the support of the quieter majority for its policies in the past.

It is understandable that those who disagreed with one or another of the decisions in the White Paper should voice their objections forcefully. Some went further. The burning of the White Paper attracted a certain amount of attention: perhaps because burning something on the basis that parts of it are disagreeable is rare in Hong Kong and, many would think out of keeping with the normal character of our society. There are others who have expressed their reservations strongly but without drama. Their views are given just as much attention by this Government.

Many of the dissenting views had been expressed earlier, and had been carefully considered before we came to the decisions set out in the White Paper. However, there are a number of issues which have been the subject of a great deal of comment since the publication of the White Paper—and no doubt these issues will also be raised by some of my hon. Colleagues in this debate. Sir, I would like therefore to say a few words on them.

I will start with the pace of development in general and the timing of introducing direct elections into the Legislative Council in particular. This has been a major issue for comment both locally and overseas, mostly by well-intentioned people who see a full parliamentary style democracy as the only form of democratic government. Some find it difficult to accept the fact that many people in Hong Kong are wary of moving too far too fast towards a fully-fledged parliamentary style democracy. But, I have also heard many people say that they cannot understand why there should be so much fuss over the difference between 1988 and 1991 and that the real significance is the fact of the introduction into the Legislative Council of directly elected members. And anyone who is prepared to view our development in true perspective will agree that we are making a major advance towards a more representative government.

The White Paper provides for 10 directly elected seats in the Legislative Council in 1991. This means that, in a matter of six years, Hong Kong will have moved from a legislature which was entirely appointed, through a system which provides for an indirectly elected element, to a legislature with a significant proportion of directly elected members.

Many of those who argue that the Government is wrong in not introducing direct elections in 1988 seem to be unwilling to accept the fact that there is a very real division of views as to whether direct elections should be introduced in 1988

or later. But this division of views is a fact. When Members of this Council debated the Green Paper, 18 were for direct elections in 1988 and 18 against; in the debates or discussions held in the municipal councils, 19 members were for and 9 against; on district boards, 121 members were for and 123 against. So these debates and discussions were held in public and were recorded. Individual submissions to the Survey Office showed that some 39 000 people were in favour of introducing direct elections in 1988 and some 91 000 people were against. Of the group submissions, 229 were for and 352 against. The two AGB McNair surveys showed, respectively, 15 per cent for, 19 per cent against in the first survey and 12 per cent for, 21 per cent against in the second survey. Other territory-wide, random sample surveys showed a range of results, generally in favour of 1988 on balance, while signature campaigns were almost all in favour of 1988.

Sir, no one can claim that these statistics were made up by the Government, and no reasonable person can argue that the results do not represent a division of views.

It is because of this sharp division of views on timing that the Government has concluded that it would not be right to introduce direct elections in 1988. Direct elections to the legislature represent a major constitutional change. The Government must therefore be sure that their introduction has the clear support of the community as a whole. We could not be sure that there was such support for direct elections in 1988. And we must not forget that it was only three years ago that we last made a major change: the introduction, for the first time, of 24 elected members, representing over 40 per cent of the membership of this Council.

Sir, criticism has been levelled at the two opinion surveys conducted by AGB McNair HK Ltd. As I have said in this Council on two previous occasions, there are inevitably different judgments on how surveys of this nature should be conducted. I still believe it would not be right for me to defend the professional judgment of the company or the approach it adopted. Suffice it to say that comments, critical and otherwise, on the surveys have been fully taken into account when the survey results were considered.

Sir, the arguments on what interpretation and what weight should be given to any particular form of expression of opinion can go on endlessly. I would like to emphasise that the Government has taken into account all views and not just any particular survey or any particular form of submission. Indeed it seems to me that it is our critics who have tried to rely on one particular set of surveys to prove their point and have chosen to ignore the overall implications of the views recorded in the Survey Office report, which were clearly that the community is divided on the question of timing of direct elections to the Legislative Council.

I said when the Survey Office report was published that the people of Hong Kong could judge for themselves how closely the decisions in the White Paper

reflected the wishes of the community as a whole. I believe that the community as a whole has made that judgment, and that it is a positive one.

The White Paper provides for two additional functional constituency seats in the Legislative Council in 1988. The Survey Office report shows that requests had been made by, or on behalf of, some 50 bodies or organisations for recognition as new functional constituencies or inclusion within existing constituencies. No doubt many are disappointed. They may be assured however that their claims were all given careful consideration.

Some explanation on the position of the Heung Yee Kuk is due, because it is the body which received the most support for its recognition as a functional constituency, and because the question has been raised as to the importance which the Government attaches to the role of the Heung Yee Kuk.

Sir, the Heung Yee Kuk acts as a bridge between the indigenous population of the New Territories and the Government. The contribution it has made, and continues to make, towards the development of the New Territories is very significant. The Government's recognition of the Kuk's importance has been demonstrated by the fact that individual Kuk members have for a long time held seats in the Legislative Council, and by the numerous honours and awards which have been given to Kuk members.

The Kuk's request for recognition as a functional constituency has been very carefully considered by the Government, but because functional constituencies are designed to represent professional and occupational groups with a territory-wide significance, it was considered inappropriate to fit the Kuk into this category. This decision, which has been explained to the Kuk, should in no way be interpreted as playing down the importance of its role. As I said in my letter to the Chairman of the Heung Yee Kuk on 11 March 1988:

‘The Government fully recognises the Kuk's overall concern in New Territories affairs and its important role in the representation of the interests of the New Territories indigenous population. It is, therefore, the Government's firm intention to ensure that these interests will be properly represented in the Legislative Council.’

Another area of some contention has been the decision to introduce representative members of the urban district boards to the Urban Council. The Urban Council held a debate very soon after the publication of the White Paper, during which many Urban Councillors continued to express misgivings at the change. But public opinion expressed to the Survey Office on the question of the relationship between the Urban Council and district board is clearly in favour of change. Not surprisingly, the majority of Urban Councillors who commented on this subject considered there should be no change, while most district board members favoured expanding the Urban Council to include a representative of each urban district board. However, submissions to the Survey Office showed that individuals, groups and associations were strongly in favour of change.

Public opinion surveys showed a wide range of results, with the overall picture being in favour of expanding the Urban Council to include district board representatives.

Public comments since then have confirmed a strong feeling that the change we propose to make, is in the right direction and will strengthen the link between the urban district boards and the Urban Council. The change also means that the Urban Council, with full responsibility for large areas of public policy, will have, for the first time, a majority of elected members. This is a major step forward in Hong Kong's political development and the workings and performance of the Urban Council under these new arrangements will, I am sure, be of great interest to the community. Sir, the Urban Council has a fine record of service to the people of Hong Kong and I have no doubt that, taking account of this, and in the interests of a more effective relationship, Urban Councillors will make the new arrangements work, and work well.

The new arrangements in the White Paper represent a rationalisation of the three-tier structure by providing for representatives of district boards to be elected to the municipal councils, and for representatives of the municipal councils to be elected to the Legislative Council. The present district-based electoral college seats in the Legislative Council will, in 1991, be replaced by directly elected seats.

This change from the system of indirect to direct elections based on geographical constituencies is a natural and progressive development. It is also a major step forward towards a more democratic system. For the first time, electors in district board constituencies will vote their own candidate into the central council of government.

It is against this background that the suggestion to retain the geographical electoral college seats has been considered. But, there is little advantage, and possible disadvantage, in having members elected on a geographical basis by both direct and indirect methods in the central council of government. The abolition of geographical electoral college seats in no way affects the role and importance of district boards. The White Paper contains commitments to strengthening their advisory role and to increase gradually the resources provided to them. Most importantly, Sir, it has reaffirmed the Government's confidence in the district boards and the significant contribution they will continue to make in the districts.

Sir, we do not expect that everyone in this Chamber, let alone the community as a whole, should support each and every clause of the White Paper. That is why the motion I have proposed today seeks Members' agreement that we should take note of the plans and intentions contained in it. As to the implementation of the plans in the White Paper, there will, of course, be further opportunities for Members to debate each of the proposals which require legislation and to express their views.

But it is the duty of the Government, in considering the way forward for political development in Hong Kong, to seek a concensus view that will meet the needs of the community as a whole and satisfy a majority of the people.

Sir, I am in no doubt whatsoever that the broad policies contained in the White Paper are in the best interests of the people of Hong Kong, and do have their support. We are committed to evolving a system of government aimed at meeting the aspirations of the people for further representation, while at the same time ensuring the continuation of Hong Kong's prosperity and stability both up to, and beyond 1997. I hope we can rely upon the support of Members of this Council in that most important task.

Sir, I beg to move.

HIS EXCELLENCY THE PRESIDENT: I have received notices to move amendments to the motion from Mr. Martin LEE and Mr. SZETO Wah. The amendments have been circulated to Members. I will call upon those two Members to move the amendments when it comes to their turns to speak.

MR. MARTIN LEE: A point of order, Sir. While accepting you do have the discretion in deciding on what order the proceedings for this debate will take, may I respectfully ask you to reconsider your decision in the light of the fact that no less than 43 Members of this Council have given notice of their intention to speak on the motion standing in the name of the Chief Secretary. Because of the junior standing of Mr. SZETO Wah and myself, we will only be called upon to speak on the motion after the majority of the Members would have spoken on it. These Members will not have the benefit of our reasons for moving our respective amendments. If, therefore, at the end of all the speeches tomorrow, either my motion or Mr. SZETO Wah's motion were to be carried, many of our colleagues may well wish to speak again on the amended motion. For this reason, Sir, may I respectfully ask for permission to speak on my motion to amend now?

HIS EXCELLENCY THE PRESIDENT: Thank you, Mr. LEE. It is the task of the Chair to try to devise rules to provide for an opportunity for all Members of the Council to speak. There will be an opportunity for yourself and for Mr. SZETO Wah to raise your amendments and to speak on those in full at the due time. In reaching the decision on how they should be arranged, I have taken account, both of practices elsewhere and of such precedents as exist in this Council. There is not, and there cannot be, any automatic precedence for those who move amendments. The ruling about the order of speaking should stand.

MISS DUNN: Sir, I support the plans and intentions set out in the White Paper.

The one thing that has come out clearly of the Green Paper consultation exercise is that the people of Hong Kong do want more representative government, or, put another way, a greater say in the way in which Hong Kong

is governed. There is also no doubt that nearly all see the introduction of directly elected members into this Council as the next stage in the development of our system of government, a system which has been evolving for many years.

The one lively issue that emerged from the most extensive survey of public opinion that Hong Kong has ever seen is over the timing of that next step—when the first directly elected seats in the Legislative Council should be introduced. It is a great pity that the outcome of the debate on this issue has been so divisive. Most of us hoped that the survey report would clear the air and leave us in no doubt where the strength of opinion lay. It did not do so. Despite this, some people have made their demand for direct elections this year a touchstone of the sincerity of the Government, even a test of its ability to govern. To them, I would say this. If the views of the community on this issue had been as decisive as those on all the other key issues in the Green Paper, and had clearly supported their demands, I, and I have no doubt, all my colleagues on the Executive Council, would have advised you, Sir, to introduce direct elections this year. But no responsible government can make, or should attempt to make, radical constitutional changes without clear community support. Controversial changes need a broad consensus to sustain them. Whichever way we analyse the results of the survey report, we cannot get away from the fact that public opinion on this issue was obviously split. And it is not a simple question of whether more people were for and less against but whether the Government could ignore the genuine reservations of so many in the community who were against change in 1988.

It is clearly right to introduce direct elections in 1991. I hope that those people who are presently disappointed by this historic proposal will take comfort from the fact that they have won the point of principle, that Hong Kong should have direct elections. I hope that they will now put aside their disappointment and that we can move on together to make a success of direct elections in 1991, and the many other problems that we face in these years of transition.

I am not trying to diminish the importance of the debate over direct elections when I say it is unfortunate that so much attention has been given to this one issue. It has distracted too much attention from other important matters. For instance, scant attention has been given to the notable achievements of the Joint Liaison Group, which has made real progress on a number of issues—GATT membership, travel and identity documents, air services negotiations, the Hong Kong Shipping Register and so on. Nothing could be more important for Hong Kong than co-operation between the parties to the Joint Declaration on matters that are essential to our future autonomy and progress.

And, again, while so much has been said and written about direct elections, little thought has been given to the sort of direct elections Hong Kong should have. And beyond that, there is still too little discussion of the even more important question of how a fully elected legislature will operate in the future. Nor do I think that the community has been taking nearly enough interest in the

drafting of the Basic Law. The people of Hong Kong know better than anyone else how Hong Kong works because we live here and make it work. The Basic Law is to be the blueprint for our capitalist system, our lifestyle, our freedom in the years to come. We must help the Basic Law Drafting Committee to get it right. And to do that effectively, we need to speak with one voice on the things that really matter.

In the two years while the Joint Declaration was being negotiated, we, as a community, did pull together and did speak with one voice. Our unity gave us strength. The British and Chinese Governments could not ignore our wishes. As a result, the Joint Declaration contains much of what we sought. But we have not done so well since the Joint Declaration was signed. As a community, we have wasted far too much time and energy in arguing among ourselves, in indulging in introspection, in chasing shadows and in distrusting our own Government. We must have raised doubts in the minds of many whether we are ready to exercise the autonomy we have been promised. Unless we get our own act together, there is little chance of a successful transition and a secure future for Hong Kong.

What is taking place in Hong Kong has no precedent—a decade to be spent preparing a dynamic, highly successful, open and articulate society for a transfer of sovereignty from a nation with a long-established tradition of liberal and democratic values to a modern socialist state. It is only natural that people do sometimes question how this unique and historic experiment will work. And it is inevitable that, after the initial euphoria in 1984, confidence in the Joint Declaration and in our future should be tempered by realism and caution as time passes.

But in that there are lessons for us all. Both the British and Chinese Governments need to be more sensitive to the anxieties and aspirations of the people of Hong Kong. China's well-publicised attitude to direct elections in 1988 and recent statements about the right of this Council to debate the draft Basic Law have not helped. Equally, the British Government's treatment of such issues as Vietnamese refugees and tough bargaining over defence costs have called into question their understanding of Hong Kong's special concerns.

But, above all, we the people of Hong Kong need to become a much more united community. Only then will we carry conviction when we stand up for the rights and way of life that have been pledged to us by the Joint Declaration. For each of us to go on in pursuit of ideal solutions would be self-defeating, unless when all have had their say, we are prepared to go along with the outcome endorsed by the majority.

Let us not forget, without the Joint Declaration, we could face the certain reversion to Chinese sovereignty with no promise of autonomy. There is no alternative to it and we must unite as a community to make a go of it. Of course, those who want to will always be able to support their thesis that the Joint Declaration will not work and that the governments concerned cannot be

trusted. But what good does that do for the majority of the 6 million people in Hong Kong who have no option of leaving? What good will it do for the rising generation to foster despair and despondency when what young people everywhere need is hope and inspiration? If we do not pull ourselves together, if we continue to argue and bicker among ourselves, if we try to divide this community into the haves and have-nots, rich and poor, Chinese and non-Chinese, elected and non-elected—we risk becoming a fragmented community paralysed by confusion, self-doubt and suspicion. If we cannot reconcile our differences, what chance have we of building a future together?

All of us in this council and everyone involved in public affairs in Hong Kong carry a heavy responsibility for its people. We owe it to them to work together for the future well-being of us all. Of course we have and shall continue to have our disagreements but we must not dissipate our energies by pursuing them to the last syllable. Constructive criticism is fine but carping criticism that will never let go is demoralising and distracts us all from the most important issues that face the community as a whole.

Until recently this has not been a feature of Hong Kong. Perhaps it owes something to a reluctance to face the future. But who can doubt that the future will not be ours unless we face that future positively and confidently, and show our determination to work together in implementing the Joint Declaration? The White Paper brings us one step nearer to that goal. Let us take that step together.

I support the motion.

DR. HO: Sir, if one studies the White Paper conscientiously, he would realise that the decision on political development in the document have been taken as a result of extensive consultation. They represent informed compromises of conflicting realities and demands. They are delicate balances of the wishes among different segments of the community, balances between expectations of change and the need for stability, prosperity and smooth transition; and balances between a high degree of autonomy and the respect for the Basic Law and sovereign authority. In view of the pragmatic nature of these political reforms, the White Paper gained widespread and strong support from the community at large. As a matter of fact, the Marketing Decision Research conducted a poll after the publication of the White Paper and found that two thirds of the respondents endorsed direct election to the Legislative Council in 1991. A separate survey, carried out by a youth agency, likewise indicated that almost 70 per cent of the respondents accepted the timing of direct elections as recommended in the White Paper.

Constitutional developments are matters of utmost importance and enormous complexity. Common sense dictates that these political reforms must be formulated on the basis of careful and full consideration of a host of interlocking factors. Public opinion is but one of these factors which must be assessed in the context of historical, economic, political and geographical constraints and other

wishes of the people in the community. Single-minded obsession with one single factor, say, public opinion, may distort our judgment, will drive us into extremist idealism and result in one-sided unrealistic policy formulation that will affect public confidence in Hong Kong.

I wish to point out that the White Paper has introduced some positive epoch-making plans. If you usher Hong Kong into an era of direct elections for the first time for nearly 150 years in its history, this is a fundamental structural change in government system and is a spearhead of the democratisation process at the central government level. Compared with the issue of direct elections, the number of directly elected seats to the Legislative Council is a change of much lesser significance.

Direct election to the Legislative Council is a much preferred form of election over the indirect election through the district board electoral college. The former allows direct grassroot input into the legislature and direct participation in government affairs. This is in line with the form of participatory democracy our people have been striving for. The proposed geographically based direct elections will also obviate the problem of double representation and will remove the unnecessary conflicts among members of the district boards grouped under the same constituency. However, as the directly elected elements are increased when we approach 1997, I would like to see a seat to be returned to the Legislative Council from each of the 19 district board constituencies.

Now that the White Paper is published, with a firm government commitment to direct elections in 1991, I strongly feel that it will serve no useful purpose to keep on criticising its plans and to mobilise opposition to discredit these plans. Rather it would be in the best interest of Hong Kong if we, regardless of ideology and background, put aside our different views and join together our heart and head to translate the promises in the White Paper into reality and to work and to make direct election work in 1991. A three-year period is a short space of time in terms of political development. Let us start working together now to build up a territory-wide atmosphere, conducive to a more enthusiastic participation and a high voter turnout rate. Let us also be vigilant in monitoring the provisions in the forthcoming draft Basic Law, to see if they are consistent with the intention and spirit of the Joint Declaration. It is this unity of strength and purpose of all sectors of the community that will enable Hong Kong to steer steadily and smoothly through the transition while maintaining stability and prosperity at this crucial moment in our history. Furthermore, the White Paper spells out plans of political development for the period up to 1991 only. There are other longer-term constitutional changes which should take place after 1991 and to which we should, collectively, apply ourselves. One most relevant example is the relationship between the Legislative Council and the Executive Council.

With these remarks, Sir, I support the motion.

MR. ALLEN LEE: Sir, long before this Council had Elected Members, I have advocated that direct election be introduced into Hong Kong's Legislative Council. I recall I have participated in quite a number of public debates on this subject with my colleague and friend, the hon. Stephen CHEONG. We argued the merits and the demerits of direct election. We differed in our opinions but, more important, even though we were at the opposite ends of this subject, we always respect each other's opinion. I believe this time, like me, he will accept the proposals in the White Paper.

When this Council debated the Green Paper on the development of representative government in July last year, I advocated the introduction of direct election in 1988. I said that I thought it would be better if a small number of directly elected seats were introduced into the Legislative Council in 1998—first, to give Hong Kong people more participation in Government and, second, to make an earlier start to preparing for the system of government to be prescribed by the Basic Law. I also said I was duty-bound to respect and accept the majority view, which may or may not be different from mine.

Many predictions were made last summer about what would be in the Survey Office report. I was expecting some clear indication on the subject of the introduction of a directly elected element into the Legislative Council in 1988. After studying the results of the Survey Office report carefully, I can only say, with a clear conscience, that our community is split on the subject of direct elections in 1988. There has been a lot of debate about how much weight should be given to this kind of submission or that kind of submission. Some people have even gone to the extent of totally discrediting the Survey Office report. The fact remains—and there is no denial—that there is a considerable number of people in Hong Kong who want to see direct election introduced in the Legislative Council in 1988. Equally, there is a substantial number of people who feel the opposite. In my view, what is of great significance and importance in the Survey Office report is: there is wide support among the people of Hong Kong for the principle of introducing some directly Elected Members into the Legislative Council but the community is divided over the timing of this move. Faced with this division, it is my opinion that the Government has made a historic decision of introducing an element of direct election in 1991.

What is significant about the White Paper is the commitment that the Government has made to the subject of direct election. It has not proposed that the question of introducing a directly elected element into the Legislative Council be 'reviewed' or 'examined' in 1991. It has made the introduction of direct election in 1991 for 10 of the seats in this Council a part of government policy. In my view, this commitment is a result of public response. I have fought for a commitment to direct elections since 1983 and I advocated their introduction in 1988. Even though it is now going to be in 1991, I must say I am glad to see that it has finally happened.

Sir, in my view, the importance of this What Paper goes far beyond the subject of the introduction of direct elections. It means that instead of spending

the next three years arguing and speculating over whether there should be direct election or not, we can start working constructively towards direct election as a part of the Legislative Council in 1991. And equally important, we can concentrate on the business of this Council, the passing of legislation to improve the way our community works. When the Basic Law is promulgated in 1990, there will be other important issues to sort out other than just direct election to the Legislative Council. For example, the relationship between the legislature and the executive and ensuring a smooth transfer from our present system to the system that will come into being in 1997. It is vital that the single issue of direct election should not be allowed to displace all other important issues that we have to consider.

Sir, when I spoke in July 1987, I said it was quite wrong to argue that direct election is a means of sealing Hong Kong from Chinese interference in the future. It is not to my surprise that there are people in Hong Kong who are currently advocating independence. Where were these people during the Sino-British negotiations? What did they do during the negotiations? It is saddening that these individuals are now using their position to discredit the Hong Kong Government. I want to hear again from those people who have repeatedly said in public that, if we do not have direct election in 1988, we will never have direct election.

Sir, while I was in Paris last week trying to promote French investment into Hong Kong, the Executive Director of the French Commerce and Industry Organisation, CNPF, asked me about some bad press reports concerning Hong Kong which had appeared in some French newspapers in the recent two weeks. I asked him to show me the articles, which he translated for me instantaneously. I found the same names quoted in these articles, saying detrimental things about Hong Kong. All I could say to this gentleman was that Hong Kong enjoys the freedom of speech and people can say what they like. He then shook his head and said that press reports, such as these, would have a very negative effect on the investment promotion seminar. Sir, this is not the first time that I have encountered such a situation. It is always easier to destroy than to build. I hope that the people of Hong Kong continue to contribute and to build a better Hong Kong and not to let a few vocal minorities destroy what we are trying so hard to achieve for the people of Hong Kong. More importantly, we must not be discouraged by these individuals. There will be a lot of work in the years ahead. We need people who are committed to Hong Kong and who believe that Hong Kong will have a bright future. I said it when I began my Green Paper debate last July and I want to repeat myself that I am proud of Hong Kong and its achievements and I take great pride in being a citizen of Hong Kong. I truly believe that the White Paper is a well thoughtout document. It has taken the interests of Hong Kong fully into consideration. I have no hesitation in commending it to the people of Hong Kong.

Sir, I support the motion.

MR. HU: Sir, the White Paper on the Development of Representative Government: The Way Forward, can be regarded as a realistic document which meets the needs of Hong Kong at this stage. On the one hand, it provides for changes to democratise the political structure while on the other, the proposed steps are prudent and cautious enough to preserve the Territory's stability, which is so important during this transition period.

Furthermore, the changes proposed in the White Paper are discreet enough to avoid impinging on the Basic Law which is still being drafted and will thus ensure that developments at this stage will converge with the political structure to be adopted after 1997. This is a welcome sign which indicates a growing sense of co-operation and mutual understanding among Hong Kong, Britain and China.

I am particularly glad that this document enables Hong Kong to untangle itself from the direct election for 1988 controversy and move ahead with changes that are acceptable to the majority of the people of the community.

The planned introduction of direct election to this Council by 1991 is a reasonable solution to bridge the sharply divided public opinions over the timing of this issue. By that time, we will have a clear picture of the provision in the Basic Law and can map out the developments that should take place in the transition period.

Although I support in principle the introduction of direct election in 1991, some problems concerning the details are worth looking at. The White Paper has overlooked a number of steps in the process between now and the introduction of direct elections in that year.

The introduction of direct election to the Legislative Council, as I perceive it, can be carried out in two stages. I raised this point when this Council debated the Green Paper last July and please allow me to repeat them here.

In the first stage, nomination of candidates will have to be recommended by members of the district boards to ensure that the quality of candidates has reached a certain standard. This will put in place the mechanism to make sure the candidates will be capable of serving the community while allowing the public to vote directly for the candidates they support. This stage can be considered as a warming-up period, so that both candidates and the voters will have some experience in direct elections.

At the second stage, there can be direct nominations from the districts to ensure that anyone who intends to stand for election will have a fair chance of doing so. Furthermore, I believe the existing electoral college system should be abolished eventually. The replacement of 10 electoral college seats by geographically based direct election in 1991 is only the first step. The following steps should be the abolishing of the two seats allocated to the Urban and Regional Councils and be replaced by geographically based direct elections.

I also see a need in the future for the existing three-tier system to be modified and merged into a two-tier one, at central and district level, with clearly defined roles. Hong Kong is too small a place to allow too complicated a system to operate. A cumbersome structure will only reduce efficiency and result in waste of resources. However, there is no hurry for such changes; they can be introduced after 1997. Before that year, except for some minor refinements, the existing system should be retained to avoid destabilising the present system unnecessarily in the transition period.

As a matter of urgency, the Government has to work out the detailed arrangements for the 1991 direct elections, such as the drawing up of boundaries for constituencies in particular. The Government has promised in the White Paper that such arrangement will be worked out over the next two or three years but there are concerns whether it will be too late.

Under the present system, the boundaries for constituencies in the electoral college are based on those of the district boards. Such definition has already been criticised as being too arbitrary and unrealistic. Though not satisfactory, the problem can still be overcome under the electoral college system, in which the voters are limited to district board members only. But when direct elections are introduced in 1991, the problems created by the existing definition of constituencies will increase tremendously. Imagine a candidate running his campaign in Tsuen Wan and Sai Kung at the same time—it will be an impossible job if the constituency boundaries are not redrawn.

Another problem is the timing for the redrawing of the constituency boundaries. Under the Government's timetable, the work will only be completed by 1990, or even early 1991, which will pose a very big problem for the aspiring candidates. In the coming direct elections, the whole Territory will be divided into 10 constituencies, which means that each candidate will have to face tens of thousands of voters. It requires them a large amount of time and effort to build up the necessary groundwork for campaigning, but without knowing the boundaries, they will be unable to begin preparation which will have to start long before the election date. I hope the Government will take this into consideration and speed up the redrawing of the constituencies as soon as possible.

Paragraph 29 in the White Paper raises the problem of two parallel systems of geographical representation to the Legislative Council. It says: 'It is difficult to see any advantage in having two parallel systems of geographical representation in the Legislative Council, operating both directly and through District Boards.' I support this argument entirely. What I do not understand is why has the Government chosen to apply such an argument to the Legislative Council-district boards relationship only? This argument is also valid when applied to the Urban Council-district boards relationship. The necessity for cross-membership arrangement is doubtful when considered in such light. I wonder whether it is really necessary to have district board members sitting in the

Urban Council to replace the ex officio membership of Urban Councillors on the district boards. The Urban Council has been functioning satisfactorily under the present system in which its members are half directly elected and half appointed. To increase the number of its members through elections among district boards may only turn it into a political arena as the newly-elected councillors would have to fight for the respective interest of the boards they represent. As a result, the council may be split into fractions and its efficiency will be severely hampered.

It is also unfair to the Urban Councillors who are elected to the Urban Council from the district boards, since their burden will be much heavier than that of their existing counterparts. Under the existing system, the 30 Urban Councillors are all ex officio members on the 10 district boards in the urban area. But according to the White Paper, there will be only one Urban Councillor having formal link with each district board unless other serving Urban Councillors have won a seat in that district board through election.

Under the proposed arrangement, we will have to rely on a single Urban Councillor to serve as a bridge between each district board and the Urban Council. I recall, when this Council debated the Electoral Provisions (Amendment) Bill, 1988 last month, many of my colleagues expressed their concern over whether such a move was the best one and whether there was an urgency to make such a change at this stage. After reading the White Paper and considering the proposal as a whole, I am still not convinced that there is a need to make such a change at this stage.

While accepting that the arrangement between the Regional Council and the district boards should remain intact for the time being, there are other ways to strengthen the links between the district boards and the Urban Council besides those proposed in the White Paper. The Urban Services Department can serve as an effective bridge. Regular meetings between the council and the boards can be held to discuss issues of common concern. I believe these are more effective solutions which would create less complications. But in the long run, all members of the councils and the boards should be elected, be it through direct election or indirect elections. Any aspiring candidate who intends to sit on any council or board has to take part in the respective election. This is more in line with the kind of representative government we are trying to develop.

The 1987 Green Paper put forth for discussion a suggestion that a proportion of the Members of the legislature might in future be elected by a new broadly-based electoral college. I am a bit disappointed that the White Paper has not gone further into this subject, except saying that the public opinion survey commissioned by the Survey Office showed that there was some interest in the community in considering the idea further.

As we all know, there will not be any Appointed Member in the post-1997 legislature. And yet we need a legislature which has a balanced view and represents the interests of all sectors of the community. This, I believe, cannot

be achieved if the future legislature only comprises Members directly elected or elected through the functional constituencies. A broadly-based electoral college will be a practical and effective vehicle to ensure that we will have a balanced legislature in the future.

The latter proposal has been discussed in the Basic Law Drafting Committee and it appears that it has been, in general, favourably received. It is very likely that the future Basic Law will provide some similar arrangement to elect a portion of the members to the legislature. With the benefit of the public comments gathered during the Green Paper consultation period, the Government should begin drafting a more concrete proposal in regard to this idea for further public consultation with the aim of introducing this system at an early stage. We will need time for this new system to settle in and make all necessary refinements to it before 1997.

With the Basic Law still being drafted, it is understandable that the scope for changes to Hong Kong's political structure has to be limited. Major decisions can only be made after the Basic Law is announced but that does not mean that we should fold our arms and do nothing until then. The Government can, in the meantime, prepare for the coming changes. There are a number of changes we can anticipate at this stage. They include the further definition of functional constituencies, the redrawing of constituency boundaries for geographical direct elections, and a closer scrutiny of the new broadly-based electoral college. Only with sufficient preparation can Hong Kong's political development make stable and bigger strides after the Basic Law is promulgated.

With these remarks, Sir, I support the motion.

MR. WONG PO-YAN (in Cantonese): Sir, the political system in Hong Kong needs to evolve in accordance with our society's development and during the process of development we need to take into account the stability and prosperity of Hong Kong. This is clearly stated in paragraph 2 of the White Paper. I believe this is the consensus of the citizens of Hong Kong and I do not think anybody has reasons to raise objections. I think that the White Paper published by the Government on 9 February has accurately reflected this point. At the same time, I am aware that certain members of the public have raised objections to the White Paper because the demands that they have raised during the debate on the Green Paper have not been accepted. I would like to extend my sympathy to them, in particular, to the Heung Yee Kuk in the New Territories because the Heung Yee Yuk has not been listed as a functional constituency. My personal belief is that against the background that the unusual situation in the New Territories will continue to exist for a certain period of time, we need, indeed, to consider their point of views. On the other hand, I think the people who have drafted the White Paper have already assessed the entire situation very carefully before coming to such decisions. The decisions may not please everybody, but I can still say that this is a good White Paper.

Hong Kong is a liberal international city in which all citizens enjoy freedom of expression to a very great extent. As we continuously evolve in a political system, we will inevitably be open to influence from individuals and organisations representing different background and different stances. Such forces are very complicated; they represent different points of views and sometimes they may be confrontational. Under such circumstances, indeed, it is very difficult to draft a White Paper which will please everybody.

Sir, the Sino-British Joint Declaration stated that Hong Kong will be handed back to China as a Special Administrative Region in 1997. This is indeed unprecedented. If we would like to carry out such a historic event successfully and to maintain stability and prosperity, both before and after the transitional period, I think that citizens in Hong Kong, whether they are individuals or organisations, should really put our collective interest, that is, the stability and prosperity in Hong Kong, before the achievement of special objectives. Whenever necessary, we should be prepared to make compromises on certain questions, particularly those questions which do not have absolute answers, so that we will be able to come up with an option, including mutual concession.

In the White Paper just published, the most controversial question is whether we should have direct election in 1988. On this question, the conclusion in the White Paper is the same as what I advocated when I debated the Green Paper on 15 July 1987. Of course, I am very glad that I have no regrets. What is more, the White Paper points out that in 1991 we will have direct election. This has reflected the majority view and I think this is a very reasonable and pragmatic conclusion. I am aware that several surveys by the AGB McNaire Company have come under certain criticisms. I have had the opportunity to study the appraisal written by Mr. Norman WEBB provided by Mr. Martin LEE and distributed by the OMELCO. Here, I would like to submit opinions as a layman.

Now we have professionals belonging to statutory professional groups who possess recognised professional qualifications, for example, architects and medical practitioners. Their professional qualifications are recognised and society accepts and respects what they do according to their professional knowledge. Take the example of an architect: one construction site may be designed by a number of architects and they may have different drafts. After the draft plans are accepted then construction can proceed and finally we will have a building. Other architects may have opinions and criticisms on the plans used, but these opinions certainly will not affect the existence of the building. They may well write long articles discussing the merits of the plans in professional journals, but it is, indeed, very difficult for professionals to come to conclusions with absolute 'yes' or 'no' or absolute merits or demerits. As for nonprofessionals, it is even more difficult for them to come up with any conclusion.

Coming back to our discussion, we have no doubt about the professional knowledge of the AGB McNair Company in the field of research. So, we can

allow different schools of thoughts and opinions on the survey results. But, these criticisms may not necessarily negate the achievement of the company.

The White Paper is a blueprint marking the starting point of our political development. I urge the Government and citizens of Hong Kong to closely monitor the results of its implementation and to review its progress so that our political development will reach the objectives of efficient administration, stability and prosperity. What we need now is to proceed onward and not to debate on how far and wide the step should be after taking one step forward since this will be at the expense of the next step.

Sir, with these remarks, I support the motion.

MR. CHAN KAM-CHUEN: Sir, the direction of the White Paper has to be viewed from different stand points of the various interest groups. Some consider it is the way forward if they gain from it; those in status quo consider it a side-way move with members 'honoured' and 'dishonoured' according to requirement; yet others consider it the way backward if they lose out in the change.

Whilst those casualties of Urban Councillors in the hastily prepared district board election are perhaps groaning with frustration, those who are completely not mentioned in the White Paper are enjoying the status quo and may laugh first and laugh the loudest.

Yet there are those bargain hunters, which in the picturesque way of expression in Cantonese dialect, performed the 'grass skirt dance' (跳草裙舞) with the jingling of medals which they really do not want to depart with, otherwise they would have used the efficient postal service to return them like what the British army officers did some years ago.

All these are interesting details, but what is of paramount importance is paragraph 32, in which the majority is turned into the minority, that is, one signature campaign without mentioning the number of signatories and the number of persons who could not understand the woolly questions in the survey. I quote from the Confucian Analects (論語) the time-tested principle (民無信不立) that is, if the people have no faith in their rulers, there is no standing for the state.

In my speech on 16 October 1984 on the 'Draft Agreement on the Future of Hong Kong', I stated that 'since I am not a prophet, I cannot commend this draft agreement and foresee its full implementation without reservations' and I abstained from voting. Looking back after more than three years, much of what I said still stands.

We have often heard of the 'invisible hands' in economics but we now feel that the 'invisible hands' in politics are even much stronger. If we cannot have direct elections in 1988, then what guarantees do we have that they would not strangle direct election in 1991 or even if one person is against it, one can still

say public opinion is divided? However, the feet are always stronger than the hands and the people still have an 'invisible vote of confidence'. The thousands of containers loaded with their cars, household effects and personal belongings no doubt contribute in a substantial way to help Hong Kong win the neck-to-neck race as the No. 1 container terminal in the world.

By the same token as in October 1984, I shall abstain from voting on this motion. As part of my duties as an Appointed Member is to 'reflect' the feelings and views of the people and with no disrespect to you, Sir, I have to walk out on the two days' debate on the White Paper to reflect adequately the anger, and frustration of the majority outside this Chamber, be they vocal or silent.

MR. CHEONG (in Cantonese): Sir, I was born in Hong Kong, educated in Britain and have worked in many other countries. Hong Kong, by comparison, is the best place to live in. I love Hong Kong and hope that all Hong Kong citizens can live and work happily in a harmonious and stable environment forever, with rising standard of living and improving quality of life. In the past decades, under the leadership of the Hong Kong Government, we have been living and working in a peaceful and prosperous society.

Our society is, of course, not without flaws. There are areas that need improvements. However, the Government has been and is trying hard to overcome the shortcomings and make improvements. I think everyone, except a few, will recognise and acknowledge the endeavours made by the Government. Undeniably, Hong Kong's future in the longer term causes some anxiety because we cannot foresee whether the operation of the Special Administrative Region Government after 1997 will be satisfactory or not. Worries are inevitable. Furthermore, Hong Kong people may probably fear that the Chinese Government will take backward steps and retrograde from the present open policy to the previous closed door policy.

Quite a number of Hong Kong people choose to emigrate if they are financially viable. This is understandable and I can only wish them all the best. But I believe the majority of the Hong Kong people cannot afford to emigrate, thus for those of us who will stay in Hong Kong, that should we do in order to ensure that the place we live in will continue to be our happy home?

Sir, before I approach and explore this question in greater detail, I hope you will allow me to make a statement. I do have the opportunity to emigrate but I will never make such a choice. For the rest of my life and if health permits, I will stay in Hong Kong and devote myself to serving my beloved homeland in the hope that everyone can live peacefully in a prosperous society. My statement is made with deep sincerity and it is not a gimmick to work on people's feeling in order to enhance my political standing. Pondering in this light, I would like to give my comments on the White Paper on representative government.

Firstly, I fully support the spirit in which the Government develops representative government. Hong Kong is a progressive society. With the general level of education of the public being raised, people will be inspired to participate in the operation of the government machinery at various levels. It is wise of the Government to put forth proposals at the right time to satisfy the demands of the public whenever possible. Despite the fact that some members of the public, minority in number, have shown great dissatisfaction towards the pace and measures in the development of a representative government as indicated in the White Paper, it is undeniable that the Hong Kong Government has made a step forward in developing representative government in Hong Kong.

The introduction of 10 directly elected seats to the Legislative Council in 1991 is an advancement. In a free and open society, those in power must listen and collect all the comments and views from different sectors of the community before the implementation of any government policies. Opinions from the district level of course is essential. Thus in 1985, the Government proposed that 10 seats in the Legislative Council should be filled by members elected from the district board electoral college in order to strengthen participation from district level. The concept is correct. But even at that time, many political commentators criticised the proposal and pointed out the abuses that might arise if Legislative Council Members were to be elected from the electoral college. The White Paper now proposed to replace the electoral college seats by direct elected seats in order to enlist persons experienced in district affairs to the Legislative Council. Theoretically, this is a more progressive and logical proposal.

However, some people harp on the argument that the Government is not respecting the district boards and lash out at the proposals. After thorough examination, I think their argument lacks the support of a well-considered logical basis. Furthermore, such comments dwell on emotion of the people. I believe its main aim is to stir up troubles and trigger off district board members' resentment against the Government so that the aim of creating confrontation politics can be achieved. Can this be a blessing to Hong Kong? I would like everyone to give it a second thought.

From a practical point of view regarding the operation of the Legislative Council and in the light of its functions, the composition of the Council should comprise people from various sectors with different working experience. It is not advisable that representation should tilt in favour of a certain sector. If both directly elected seats and electoral college seats are provided in the Legislative Council in 1991, it is most probable that the balance in representation, which is so vital to the composition of the Legislative Council, may be upset.

Sir, the chapter on direct elections in the White Paper has been well-presented, but it has not explored into the details relating to the implementation of direct elections, such as the nomination of candidates and principles on which boundaries of geographical constituencies should be defined and so on. All these are crucial and important issues. It will be conducive to the effective

development of representative government in Hong Kong, if an in-depth examination could be made on these matters, with possible options on their solution. Furthermore it will also facilitate the implementation of direct elections in 1991. I urge the relevant government departments to carry out public consultation as soon as possible and work out the details, so that a strong foundation for the successful introduction of direct elections to the Legislative Council will be built at an early date.

On reading chapter VI 'The Presidency of the Legislative Council' and chapter VII 'Practical Aspects of Elections' of the White Paper carefully, I feel that every decision is well founded. This shows that the Government and Members of the Executive Council have devoted great efforts in considering each problem. They all have my strong support. The only thing that I have to bring out as a reminder is the permitted expenditure for 1988 Legislative Council elections. Consideration should be given to allowing different functional constituencies to have their own permitted limit in expenditure since the number of eligible voters varies with different constituencies. This point has been mentioned in this Council by hon. SZETO Wah, to which I totally agree and give my support.

Sir, at the time when the White Paper was released, I observed that the majority of the people were only concerned about whether direct elections would be introduced in 1988. Naturally enough, many readers were tempted to turn to chapter IV in search of the answer they were most interested to know. After having read all chapters carefully several times, I have found that the most inspiring and thought-provoking part of the White Paper is, in fact, paragraphs 2, 3 and 4 of the 'Introduction' in chapter I. With only a few hundred words and in a plain and concise style, the White Paper has managed to describe clearly the unique situation of Hong Kong, the objectives and key functions of its Government and the various problems it has to face. It is my wish that all of us could keep our heads, ponder on the meaning of these few paragraphs and think hard about the proper course we should take in order to achieve our ultimate objective of maintaining stability and prosperity in Hong Kong in the next 60 years.

I believe that such an objective can only be achieved through our concerted efforts in the following areas:

- (1) In order to maintain continuous and further development of our economy, we need a stable and secure society to convince investors that they can safely carry on with their economic activities in Hong Kong. It explains why our community is vulnerable to excessive impacts of confrontation which will bring adverse effects, though indirectly, on the operation of our Government.
- (2) No one in Hong Kong would wish to see frequent intervention from China in our local affairs in the future, particularly in areas where freedom and fundamental human rights are concerned. To reduce pos-

sible intervention of this kind to the minimum, it is necessary for Hong Kong to continue developing itself into an international centre for trade and for monetary, financial and tourist activities. China will then be able to use Hong Kong effectively as its major route for communication and trade with countries all over the world.

In order to fulfil this important task, efforts must be made to help foreign investors understand better the actual circumstances in Hong Kong so as to encourage them to make investment decisions that are beneficial to Hong Kong. I believe we all know that the important task of promotion in this aspect is extremely formidable and difficult. It requires the combined efforts and co-operation of the dedicated parties including Your Excellency, the Trade Development Council and the Industry Department. Every effort is made to build up a sound foundation for the future development of Hong Kong. Implementation of these activities must have the support and co-operation of all sectors in Hong Kong. Recently, there are signs to show that a minority of people have tried to publicise a gloomy picture of Hong Kong's future through their own connections and by selling half-baked, if not unfounded, views to those international critics and commentators who do not have a very clear picture of Hong Kong. To these people, I make this earnest call. If you are genuinely concerned about the well-being of the majority people who choose to stay behind in Hong Kong after 1997, please be kind enough to stop defending your arrogance, intransigence and ideal at the cost of our future happiness. Our hon. Colleague Allen LEE's recent experience in France while he was there doing some promotion work for Hong Kong is distressful and unwanted.

- (3) The fate of Hong Kong now and after 1997 depends entirely on whether the SAR Government is able to maintain good understanding and constructive relationship with the Chinese Government. This is the key to the success of the one country two systems concept and self administration for Hong Kong. Whether in practice or in theory, I believe that there are quite many difficulties that need to be overcome and problems to be solved. How should we overcome these difficulties and solve these problems? Should we hold dialogue calmly in order to reach a mutual understanding or should we adopt the technique of acute confrontation with the central government? Which way is more acceptable? I believe that if cool-headed consideration is given to this question in the interests of the people of Hong Kong, we will surely find the proper answer. I am of the view that frequent and acute confrontation is not the effective way. Therefore I hope that the reporters of certain English publications will stop lashing out at their counterparts of Chinese publications for being weak and exerting self-discipline in criticising the White Paper in a low-key manner because of the influence of China. They may have great satisfaction for a short moment by venting their discontent with the White Paper for not meeting their expectations. But have the advocates

of such criticisms searched their hearts as to whether such accusations tally with the actual situation? Is the technique of acute confrontation going to bring any good to Hong Kong? They should give it more thoughts.

Sir, Hong Kong's achievements in the past are, generally speaking, something we should be proud of. Can it really serve the interest of the community by railing at Hong Kong and ridiculing the Government as lame-duck? In order to keep Hong Kong a good place to live in and to help most of the Hong Kong people face the future with a positive attitude, we have to follow hon. Lydia DUNN'S proposal to come together as a community and make concerted efforts to do something practical for Hong Kong. Dwelling endlessly over one or two points cannot help matters and instead, may lead to adverse effects that we would not want to see. In order to maintain stability and prosperity in Hong Kong during the transition period and to implement the Sino-British Joint Declaration, as well as for the future and well-being of the majority of Hong Kong people who will stay in Hong Kong after 1997, I hope that all sectors of the community will respond to hon. Lydia DUNN's appeal and come together to make concerted efforts in doing something for Hong Kong that can achieve practical results.

Sir, I am certain that the various proposals contained in the White Paper are announced after careful consideration. Generally speaking, they are practical and progressive. On clear conscience, the people of Hong Kong should be able to accept them.

Sir, with these remarks, I support the motion.

MR.CHEUNG (in Cantonese): Sir, when the Government implemented the White Paper on the further development of representative government in Hong Kong in 1985, it promised that there would be a review in 1987. In May last year the Government published the Green paper on the 1987 Review of Developments in Representative Government. Afterwards the Survey Office was asked to collate public opinions on the future developments. This proves that the developments in representative government have followed the original planned programme. I understand that, owing to various constraints, to map out a plan for Hong Kong's political system which can, at the same time, converge with the Basic Law, meet the demands for democratisation during the transition, maintain social stability and prosperity and become a firm basis for Hong Kong's representative government, is definitely not an easy task. Therefore, it is understandable that certain provisions in the present White Paper have led to heated debates among members of the public.

The most controversial point in the White Paper apparently is the Government's decision to delay the introduction of direct election to the Legislative Council until 1991. As I am in support of having direct election in 1988, therefore, I feel very disappointed in the White Paper's rejection of introducing

direct election in 1988. Although I also agree that change in Hong Kong's political system should be evolutionary and converge with the Basic Law, I am still not convinced that it is not evolutionary and it will not converge with the Basic Law by introducing direct election in 1988.

Even though I felt disappointed, there is no harm for us to accept the second best, that is, to agree to the introduction of direct election to the Legislative Council in 1991 as a pragmatic response. Because, at least, we have the Government's commitment to introduce direct election. We work hard for direct election. Now our efforts have born fruit.

The system of functional constituencies since inception has gained popular support from the community. The only form of contention is whether the groupings covered by the nine functional constituencies are in line with the principle of comprehensiveness. During the debate in this Council in January, 1985 on the White Paper, I have called on the Administration to include the accountancy profession and the Heung Yee Kuk as additional functional constituencies of Legislative Council or to take other steps to allocate a statutory seat to the Heung Yee Kuk, which was established nearly 60 years ago and which has built up a deep rooted image of our New Territories residents. I welcome the provision of the White Paper to increase two seats for election by functional constituencies. As one of the seats will be for a representative of the accountancy profession, I feel that the Administration has taken heed of public opinion. Nevertheless, the Government has still not agreed to give a statutory seat in the Legislative Council for a representative of the Heung Yee Kuk. In this regard I am deeply disappointed. This shows that Government has overlooked Heung Yee Kuk's previous support to the Government in its administration of the New Territories and the Kuk's even greater contribution in the future. I also consider this as a shortcoming of the system of representative government.

Sir, another controversial point of the White Paper is the Government's decision that in 1991, 10 members directly elected from geographical constituencies will be introduced to take over the 10 seats now indirectly elected from the district boards. I support this provision. I do not know whether I am considered as a member of the group calling for direct election, but I always believe that if Members of the legislature are returned through elections, the effect should be better than indirect election. In theory, direct election can provide a firmer basis for the Government and in practice residents can really participate in the democratic process through direct elections. In the 1970s, Hong Kong began to introduce a system of representative government. In the early '80s, the spirit of representative government was still not widely accepted and residents were not fully familiar with the functioning of representative government. Therefore, there was a need for introducing indirect elections. Nevertheless, at present, residents have become more knowledgeable about civic education and elections. Now that the White Paper has contained a firm commitment that there will be direct election to the Legislative Council in 1991,

it is a natural step in the development of political system to give the public the right to have direct election to the central council of government by that time. Moreover, if there are both directly elected members and indirectly elected members from the district boards within the Legislative Council, that is equal to having two types of members, one through direct election and the other through indirect election from the same geographical basis. This arrangement has no advantage, but will only disturb the overall composition of Legislative Council's membership and will easily lead to confusion. Therefore, we should not take this decision as a retrogressive measure. On the contrary we should accept it from a positive angle. To replace district board electoral college election by direct election signifies further growth of Hong Kong's representative government. It is also a first step to introduce direct election into the Legislative Council forming the foundation for more direct elections in the future for the representative government.

Finally, the White Paper basically has not altered the present three-tier political structure in Hong Kong. In particular, its effects and influence on the Regional Council are minimal. Therefore, from the angle of the Regional Council, I accept the proposals in the White Paper with pleasure. All along I agree that inspite of uniformity, each district should retain its special characteristics in the implementation of district administration. Different regions could be provided with different management structures and methods of implementation for there are certain advantages by doing so.

Sir, I fully support the call by our Senior Member, the hon. Miss Lydia DUNN on Hong Kong people to join hands to work hard for the stability, prosperity and future of Hong Kong.

With these remarks, I support the motion.

4.27 pm

HIS EXCELLENCY THE PRESIDENT: Members might welcome a short break at this point.

4.46 pm

HIS EXCELLENCY THE PRESIDENT: The Council will now resume.

MRS. CHOW: Sir, I congratulate the local press and media for having faithfully, objectively and accurately reflected the majority mood of Hong Kong towards the White Paper. I wish the same could be said of the international press, but I shall return to that later. For whether it is through direct contact with people of various sectors of the community, or from the independent surveys conducted by interested and disinterested bodies, the findings have been one of general acceptance of the White Paper as a workable policy paper both in pace and in balance pointing to a realistic and practical way forward. I share this view.

In any democratic process, ample opportunity must be given for all views to be aired and debated upon. But in that same democratic process, there must come a time when decisions have to be made, even to the displeasure of some, bearing in mind no decision can please everyone. To protract public debate beyond that point by casting doubts on the wisdom and integrity of those decisions and the people who made them can only result in a dangerously destabilising effect on this community, which is already highly sensitive to confrontation.

Sir, I believe a campaign is afoot to create on the international scene an impression, and a false one, I might add, that the Hong Kong people are being short-changed, betrayed and suppressed by the decisions taken in the White Paper by the Hong Kong Government. And in protest, the people are taking to riots in the street to rebel against this suppression.

When I was in London over Chinese New Year, a number of people on several occasions, all ordinary folks, some of whom may not even be able to point Hong Kong out on a map, let alone take an interest in our politics, asked me whether it was still safe for them to visit Hong Kong. When I asked them where on earth they got the impression that Hong Kong was unsafe, 'the papers of course', they said. This I am sure, comes as good news to those who worked hard to achieve the extensive coverage. Do they not realise in their headstrong effort to be heard that they are doing a tremendous disservice to Hong Kong by distorting the truth and by creating an ugly mirage of instability, totally uncharacteristic of our community, an image which would be so very harmful to international confidence in Hong Kong, which at this stage in our history we must all want and seek to maintain and build. Do they really believe their action is in Hong Kong's interest? Before they come up in their own defence that they only did it for a more democratic Hong Kong, I suggest they ask themselves whether what they have done and what they have achieved reflect the wishes of our people, and whether they have contributed to the well-being of our beloved community.

Some activists have publicly denounced the White Paper, not only for its decision not to introduce direct elections in 1988, but also for its proposal to replace the district board's electoral college in 1991 with direct elections. We do not need a long memory to recall that only in 1985, immediately after the first round of electoral college elections, the same people criticised the existing indirect method as divisive and harmful to the harmonious co-operation within the district boards and advocated that it should therefore give way to direct elections. I remember well, for I have personally reflected that view in this Council. Now that such views have been accepted by Government as the basis for the substitute of indirect by direct populist elections, the original advocates have become its critics. No rationale has been given for this U-turn. None exists. To replace one with the other renders the method and the system simpler, cleaner and therefore more effective. It eliminates the question of double loyalty, and the representatives so elected are held directly accountable to the electorate.

There is a view, presently championed by academic and political organisations that the White Paper is the cause for the low turn-out of voters in the recent district board elections. Such an opinion must be based on the assumption that most candidates who joined the district board elections have their eye on a seat in the legislature. I wonder how such an assumption can be substantiated for the vast majority of district board members I have met have been dedicated solely to improving the quality of life in their own districts, rather than treating their role as the stepping-stone to the Legislative Council. In other constitutional structures, it is not unusual to separate the local councils from the state or national parliaments; in any case they serve very different functions. In our context district boards can serve as excellent training ground for talents who have the political aspiration for higher things. However, as it stands, I do not think Government is being progressive enough in ushering the right sense of responsibility by letting go the appropriate proportion of authority to district board members. Up to this point, there is still no official channel for proper co-ordination between the boards, and their parallel district management committees. Generally there is resistance among officials for board members or even chairmen to participate, even as observers on the district management committees. This must change. It is only by breaking down the barrier between the non-official advisers and the local officials that the worrying tendency of the energy of district boards being gradually channelled to a pressure group type mentality, due to continuous frustration, can be reversed. We have plenty of talents in the district boards and we must aim to draw more talents into them in the future. This can only be achieved by a fundamental change of attitude and approach within the Administration.

Sir, I hope the White Paper heralds a new age of co-operation and good-will, of constructive criticism and tolerance, of teamwork, dedicated to the single cause of making a better future for the five and a half million of us who are determined to make a go of 1997. To prepare ourselves for the advent of direct elections in 1991, we must prove we can resolve differences and controversies in a democratic and responsible manner, always aiming at solution rather than creation of problems, going for compromise rather than polarisation. We must remind ourselves that we are one community, and any effort to undermine that cohesiveness and unity must be suspect. It is only with this determination that the future and further development of representative government can serve Hong Kong well.

Sir, I support the motion.

MISS TAM (in Cantonese): Sir, Rome was not built in a day. In Hong Kong, the development of our representative government towards a high degree of autonomy with Hong Kong people governing Hong Kong has also to go through a similar maturing stage. In the White Paper we are debating today, it is very clearly stated that Hong Kong has evolved over the years a system of government which differs from those elsewhere in the world and Hong Kong's

stability and prosperity owes much to consistent policies and prudent development. What is more important is that during the period leading up to 1997, the people of Hong Kong have confidence that this system of government will continue after 1997.

Let me state things from an objective angle. Since the drafting of the Basic Law in July 1985, we have the need for Hong Kong's political development to converge with the Basic law, and the need for the first SAR Government to retain the people now working in the Hong Kong Government, the legislature and the Judiciary, and that the only thing necessary is to select a chief executive. Such are no longer academic questions but are real needs.

However, in considering whether there should be direct elections to the Legislative Council in 1988, I have only taken into consideration the information collected by the Survey Office, and the report of the two monitors.

The Survey Office report shows that the majority of people feel that before 1997, there should be directly elected members to the Legislative Council and the difference is in timing. Part two paragraph 13.28 of the Survey Office report contains the above information. At the Legislative Council, Urban Council and district boards, a lot of members have spoken on these issues. There are people who are for introducing direct elections in 1988 and there are those who are against it; the figures have been quoted by Sir David FORD and I do not wish to repeat them. Judging from these figures, views expressed by members at various councils and boards on introducing direct elections in 1988 are equally divided. But they are all well thought out arguments. I have listened to my colleagues in this Council and they have criticised one point, that is, many of the submissions are in fact, in preprinted forms and very often they may have been organised. Therefore when we look into these submissions we will have to distinguish very clearly how many in fact are in preprinted forms and how many in fact are individual submissions.

First, regarding group submissions. Those who are against direct elections or against introducing direct elections in 1988 is 359 and those who are for or who do not object to it is 229. Therefore the first group has the majority. As for individual views, the first group is in preprinted forms. Of these, 67 370 are against and 1 313 are for introducing direct elections in 1988. The second group is in the form of questionnaires. Of these, 10 301 are against and 26 745 are for direct elections. The third group is in the form of letters. Those who are against numbered 8 941 and those who are for numbered 7 071. Therefore if we exclude preprinted forms or questionnaires in order to eliminate the possibility of its being organised, and if we merely look at the third group, the majority in this group are against direct elections in 1988.

A number of surveys conducted by AGB McNair and also by a concerned group of lecturers in tertiary institutions reveal that the majority are against having direct elections in 1988. However, there are another 33 random samplings and most responses are for the introduction of direct elections in 1988. There

are about 128 additional surveys done through questionnaires. They indicate that as far as individuals are concerned, most are for direct elections in 1988. I feel that the questionnaire designed by AGB McNair is too complicated. Regarding the question of whether there should be direct elections in 1988, there are two questions: whether there should be territory-wide or constituency-based elections or whether they should replace the system of members returned by the district boards. The respondents therefore could see the crux of the matter easily. However, after being given explanations, in a face-to-face interview, about the existing structure of Government, 21 per cent are for direct elections but not in 1988, and 19 per cent feel that the composition of the Legislative Council should be changed including the introduction of direct elections.

I feel that AGB McNair's survey is not perfect, but after taking into consideration the way the exercise is conducted, its value as reference material cannot be negated.

Signature campaigns are launched and 230 371 signatures have been collected. In the Survey Office report, there is no other additional information for reference. I do not therefore wish to speculate on how many people have in fact refused to sign or whether those holding contradictory views are given a chance to air their opinions or whether all those who have signed really believe that in 1988 there should be direct elections, or whether they do so merely to join the front. It is likely that all these four possibilities exist. Turning to newspaper coverage on 14 September 1987, We can see that the organisers of such signature campaigns have different views regarding whether this is scientific or representative. Should we only look at the quantity? I personally feel that whether scientific or representative, signature campaigns with a large collection of signatures are definitely substantial. However, on important issues they cannot be taken as decisive, otherwise no country in the world would need a government or council or referendum; all questions can be solved by signature campaigns. I know that by explaining at such lengths my views on the Survey Office report I would invite the displeasure of those who are for direct elections in 1988. However, I do not think I should avoid the issue. Today is the day we should show our stand. To sum up in an objective manner, I feel that we should take an overall view and we should not take any particular approach. And I feel that in Hong Kong, on the question of whether we should have direct elections in 1988, the views are definitely very divided, individuals against individuals, groups against groups and surveys against surveys, and a lot of respondents in fact do not really give an opinion. This is a very important issue and it cannot be resolved by signature campaigns since views are divided. To introduce direct elections now will not be prudent and therefore in 1991, when civic education has made progress and when the whole community is more adequately prepared, the introduction of direct elections will be more suitable. I therefore feel that the collective decision made by the Executive Council is in fact the correct decision.

Sir, in speaking on the introduction of direct elections, to choose representatives of the people, I do not suffer from sour-grapism. And in fact, ever since 1979, I have, in fact, taken part in many elections and have supported a lot of people who stand for elections. I hope that we will be able to find people who are willing to contribute to Hong Kong and at the same time are willing to support the Government so that we can maintain the strength of our community in the interim period so that Hong Kong will remain prosperous and stable. In that way we will reduce the danger of interference from China. I hope that Hong Kong people's confidence will not be eroded by certain politicians or by Don Quixotic approaches to things. There are many people in Hong Kong who still hope that in these 10 years Hong Kong will remain a paradise whether they leave or stay. They can prepare for what is to come after 1997 and ensure that the Hong Kong system and lifestyle will remain unchanged.

In fact, the Joint Liaison Group has worked with success to maintain Hong Kong as an international city and trade centre after 1997. Hong Kong Government's long-term investments in education and infrastructure will increase. We take part in such discussions and we are responsible for the allocation of funds. Why should we overlook these facts? If we merely think that the political reforms are not quick enough and therefore criticise the Government for being incompetent in its determination to govern Hong Kong, then this is in fact a rather radical and wrong approach. Hong Kong people wish to have direct elections but it is not necessary for us to have direct confrontation and bloodshed. It is after cool discussion that we can come to a clear and good conclusion. It is made very clear in the White Paper that in 1991, Hong Kong will have direct elections. It shows clearly that Hong Kong Government and Hong Kong people have in fact obtained a breakthrough. In this way, we will be able to grow gradually and this is a success that should be recorded.

I feel that a lot of decisions in the White Paper will help us to progress in a stable and steady manner, and the elected element will be increased gradually. In this way, we will have a political system that is firmly rooted in Hong Kong. At the same time, both local and overseas confidence will be boosted and we will have more investors. Hong Kong's political system will also continue, and it is important that we have co-operation. It is only through co-operation that this will succeed, and what Miss Lydia DUNN has said should be taken into serious consideration by everybody.

Sir, I support the motion.

DR. IP: Sir, it is an impossible task to please everyone if diversified views exist. Vocal minority groups would continue to voice their discontent unless their demands are met. Both the diversity of views and freedom of speech is healthy for a community. What is even healthier, Sir, is the ability of a government at the end of a day, to make a decision, stand by it, and carry it through, firmly and conscientiously in spite of the diversity of views and

demands. The recent trend of increasing voiced demands have made all Government's tasks difficult. For those who treasure a strong and decisive government, more support can be given to it as long as its proposals in the White Paper are safe, workable and heading in the right direction according to the wishes of the people. And in my opinion, it is! There is always room for further changes in the future.

I am grateful that the majority of my requests made in July 1987, and they have been consistent ones, are met; namely the introduction of accountants, dentists, paramedical professionals, and absolute majority with preferential voting into the functional constituencies; reducing the number of Appointed Members; keeping the Governor as President of the Council; not to introduce staggering elections nor direct elections and so on. I would like to make a special note of praise for the ingenious way in which Government has tackled the difficulty to introduce absolute majority into the functional constituent elections by using the preferential elimination system of voting. The beauty lies in obtaining absolute majority, yet allowing complete freedom for voters to enter one or more preferential votes and expediting the task without the need for revoting, not revolting.

Sir, some of my proposals are not yet met. In my opinion, it is a matter of time and need that the total number of Legislative Council Members as well as the length of their term be increased. This will ensure adequate representation from each district and leaving more time between elections for members to contribute in making law. I will await patiently for such changes.

I would like to conclude by saying, 'The way forward', in light of the Government's declared policy to introduce direct elections from the districts in 1991, must be to do so cautiously. The numbers of candidates standing for direct election in a district must in some ways be limited to a reasonable number, and their qualities and ability must somehow be screened. I could not foresee how both can be achieved except through nomination of some kind perhaps, by the respective district boards.

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

MR. CHAN YING-LUN (in Cantonese): Sir, in the City Forum held on 14 February, the topic for discussion was whether the direction of the White Paper on the development of representative government was correct. Two Legislative Councillors, Mr. Stephen CHEONG and Mr. HUI Yin Fat participated as panellists; their eloquence had contributed to a most lively discussion. I surely think it was a remarkable debate in which both sides did well. But how did our Legislative Councillors look at it? My friend for example, said the atmosphere of the debate made him worried. He wondered whether Hong Kong had become chaotic and whether the people of Hong Kong would drain themselves of their last ounce of energy with such internal turmoil before 1997. Now, his might be a word of warning, but how many people share the same feeling?

Nobody knows. However, I hope that fellow councillors would set their eyes on the general good of the whole of Hong Kong.

I participated in the district board elections this year; the pressure was immense but it made me realise the difference between Appointed and Elected Members. I would like to take this opportunity to say something about the meaning of elections. Elections help councillors know more exactly the needs of the people; they also exemplify the real meaning of speaking out on behalf of the people and fighting for their benefits.

The well-off in society do not always understand the predicaments of the average citizen who has little power. The average citizens cannot help feeling dissatisfied about the Government at times, and sometimes they feel that they are belittled, for example, when civil servants are impolite or when government departments work half-heartedly or when government departments pass the buck around when dealing with complaints from the public or that his livelihood might be jeopardised and his future at stake because of inappropriate policies. The average citizen resigns himself to the fact that power is in the hands of the Government. Even with the many channels of complaints, the average citizen is too tied up with making a living to go and lodge a complaint. Therefore unless the Government does something grossly wrong which greatly affects his interest, he would prefer to pour oil on troubled waters.

However, when they are unfairly treated, they would prefer to talk to district board members or councillors for a solution. They seldom contact government officials. Their sincere wish is that councillors speak up for them and fight for their benefits. But, how can councillors really speak up on their behalf? This, I believe depends on whether councillors have power or otherwise.

In my view, be it a country or a community, and however democratic it is, the ruler cannot devolve power to each and every member of the public. The only thing he can do is to give everyone the right to vote, so that they elect representatives who will exercise their right of speech on their behalf. The representatives would be bridges between the ruler and the ruled so that public sentiments would always reach the top. The people would then feel more at ease when there are councillors who fight for their benefits.

However, the present elected district boards only reach officials of the middle level. In the end, only direct election into the Legislative Council can bring about direct communication between the public and policy-makers and heads of government departments. I have observed that requests are met more readily if one has somebody to fight on his behalf within the circles of power. Any reasonable requests, as long as they reach the highest person in charge in the hierarchy, will be dealt with satisfactorily. People's needs could also be considered when policies are being drawn up and there would not be any bias. Since the more directly elected councillors come in contact with the public, the better, I advocate direct election for the Legislative Council. I also support that when direct election is introduced into the Legislative Council, seats returned

by electoral colleges should be abolished. Elections held once every three years remind councillors of their task of speaking up on behalf of the people and fighting for their benefits.

The White Paper has clearly delineated the jurisdiction of the three tiers, it stipulates that district boards are only to look at district affairs. But should district affairs require the attention of the central government, we need a channel to follow the issue right to the top. Therefore, when seats returned by electoral colleges are abolished, I think the Government should send high-ranking officers to attend district board meetings when there are issues that need assistance from the central government to help identify possible solutions.

Sir, after speaking on direct communication, I now turn to the question of councillors having responsibilities but no power. How can the Government devolve its power to tie in with the development of the Legislative Council? This is what the public is waiting for.

After the introduction of indirectly elected seats into the Legislative Council, this Council has worked better than before. The Government has accepted amendments proposed by councillors more willingly, but I feel very disappointed with policy-making aspect. The Government is becoming more distrustful towards this Council which represents a big step towards democracy. A lot of first hand information about the Government can only be obtained from the press.

In July last year, when we debated the Green Paper in this Council, I registered my worry that the Legislative Council would be reduced to just a Council for voicing grievances. But I did not say very clearly about what I thought because I feared that this might dampen the enthusiasm of the public in the fight for direct elections and affect the consultation exercise on the Green Paper. Yet now, the way ahead is clear. I can say clearly that direct election does not equal power. In order that the ruler may devolve power, he must be assured that if power were devolved, there would not be any chaos, otherwise the louder the voice of demand the stricter the standards of relaxation. And I suspect that because the Government does not want to see chaos, it has deleted altogether the issue of the relationship between the Executive and the Legislative Councils as contained in the 1984 Paper.

In my view, when we fight hard for democracy and demand devolution of power from the ruler, we should really think how we can fight on behalf of the people. Some people would like to belong to the opposition side but I do not want to do that. I really would like to contribute my efforts for the Legislative Council.

Sir, I think what we want to do now is to expand the powers of the Legislative Council and to do a better job. To achieve this aim, Elected Members must first of all get the support of the appointed counterparts and work as a whole,

and should not, just because they are fighting for democracy, accuse Appointed Members of acting against their conscience and saying that they are blind followers of the Government. If they do so, a line will be drawn between the appointed and the elected. This has indeed infuriated and alienated me. Secondly, the elected should try their best to join all advisory and policy-making bodies so that eventually, a certain proportion of seats in these bodies will be permanently set aside for Legislative Councillors. In this way we can reflect public opinions more effectively and thus influence Government's policies.

I start off with the question of power and would like to go on to say something about direct elections and the question of confidence in China, because this is related to the preservation of Hong Kong people's confidence. After 1997, China will exercise sovereignty over Hong Kong: can Hong Kong people then lodge their dissatisfaction with Beijing? As I said earlier, the views of the people must reach the top; this is very important. But direct election is no guarantee that this will be so. During these years, more and more Hong Kong people open factories and conduct business in China; they have a chance to experience for themselves the very different ways of doing things and people's different attitudes in Hong Kong and China. For example, some Chinese-funded organisations sent the Minister for Education to oversee economic matters; the Minister had a lot of power and he did not have to listen to his Hong Kong staff. If such mind-boggling arrangements are there, then how can Hong Kong people have confidence in the future? China is such a vast area and since there are so many officials, Beijing cannot possibly attend to every detail. Therefore I think the possibility of Hong Kong people's views reaching Beijing directly is one of the most important factors in preserving the confidence of the Hong Kong people. The first draft of the Basic Law to be released in May should be studied in depth.

Having dwelled lengthily on issues which apparently have nothing to do with the White Paper but actually have everything to do with it, I must address the motion and speak on the White Paper itself. Sir, I am very disappointed by the decision of the White Paper against direct elections in 1988; it will be too late to introduce direct elections in 1991 and also the 10 directly elected seats are replacement for indirectly elected seats for electoral colleges. In other words, the number of elected Legislative Councillors will remain unchanged in 1991. In my view, since electoral colleges are to be abolished, then directly elected seats should be increased. The insufficiency of directly elected seats will not only reduce the chance for the public to participate in representative government, but more importantly, after the gradual step in 1991, there will be a major change in 1997 to tie in with the stipulations of the Sino-British Joint Declaration. This would contradict the principle of developing gradually and progressively our political system. I would say that the directly elected seats should be increased from two to four, otherwise Elected Members may not be able to serve their constituencies which are likely to be very big.

The Government should also decide and consider increasing the seats further after 1991.

Sir, I support the motion.

MRS. FAN: Sir, I welcome the publication of the White Paper. Ever since the Green Paper was made public last May, indeed even when the Green Paper was still being drafted, discussion on whether there should be direct election to the Legislative Council in 1988 has dominated the news media. If the frequency in which the topic of direct election in 1988 appears in local press is used as a measure of its importance vis-a-vis other topics such as trade, housing, transport and education which affects the daily life of our citizens, one may well go away with an impression that the success of Hong Kong is dependant on the introduction of direct election in 1988. I have no doubt that there are those who subscribe to this view. But I do not believe that the majority of Hong Kong people will necessarily agree with this view. Various survey reports have shown that the majority would like to see an element of direct election in the Legislative Council, but they do not insist that this must happen in 1988. The difference of three years can hardly be a matter of life and death. The firm commitment made in the White Paper to have direct election in 1991 is definitely welcomed by many people as this puts a stop to speculation, uncertainty and clears the air. People are bored by this ongoing argument. Time has now come for us to put the matter in motion and start preparing for the 1991 direct election to make it more meaningful and more representative.

Sir, the efforts of some of our hon. Friends in this Council to demand direct election in 1988 do deserve recognition. They have mobilised considerable support for their cause through sheer persistence and organisational power. Their success will not go un-noticed. But, is it necessary to be so rigid on the timing, particularly when the community of Hong Kong is prepared to accept 1991. Will democracy be lost to Hong Kong just because there is no direct election in 1988? In looking forward we must remember that our people are realistic, pragmatic and possess a lot of common sense. We must recognise that the development of representative government can well progress after 1997. Under such circumstances, the timing of 1991 or 1988 does not really make that much difference. Can it be just a political stance to insist on 1988? Or does it stem from the desire to win an argument at all cost? The wise and discerning people of Hong Kong will come to their own conclusion.

In the Green Paper debate last July I advocated an increase in functional constituency seats and the replacement of indirectly elected seats filled by the geographical electoral college, by directly elected seats. I am pleased to see that relevant steps have been taken in the White Paper. The functional constituency system has been criticised by some people as being undemocratic and devious. However, experience over the past 26 months has proved that members returned by functional constituencies are not only concerned with the interest of their own constituency but with territory-wide issues. Moreover, views from

different professions and trades have enriched discussion in this Council and enabled legislation to be more thoroughly scrutinised. While respecting the theoretical and academic arguments on possible shortfall of the functional constituency system, I believe further expansion of seats in this category is well supported by actual experience in this Council as a suitable element in the legislature of Hong Kong. In particular I would like to see the inclusion of the tourist industry as a functional constituency at a future date, in view of the significant and substantial contribution to our economy.

The proposal to replace the 10 seats currently allocated to geographical electoral college by directly elected seats has been criticised by some as a retrogressive step. I hold a different view. I believe that this is a progressive step towards democracy. It is reasonable and natural to replace indirect election by direct election after the implementation of the former for a period of time. Some people predict that the status of district boards will be lowered as a result of the removal of the electoral college. This reservation is understandable, but the prediction is not necessarily correct. In fact, any far-sighted district board member would work even harder at the district level so that performance can help to pave their way for direct election in 1991. Furthermore, serving district board members will gain importance in direct election on district level because the voter know them and have confidence in them. Candidates running in the 1991 direct election cannot afford not to seek the support of district board members in that district. While the number to be elected is 10 in 1991, I do not see why this number cannot be increased after 1991 to cover each of the 19 districts and the population in each district, so as to allow a larger element of direct election in the Legislative Council.

Sir, I have been approached by lobbyists before this debate. Their main concern was that public opinion had been ignored, that the Hong Kong Government had bowed to pressure from China, and that the Hong Kong Government was considered by them as a liability to the people. Their conclusion is that I should reject the White Paper. I listened to their views and considered them most carefully. Although I appreciate their feelings and their sincerity, I do not share the same view. Contrary to their belief that the Government had used the AGB McNair survey to cheat the public, I believe the Government had genuinely considered the opinions expressed by all sectors of the community and the emphasis placed on the AGB McNair by the lobbyist is misplaced. To take into account the views expressed by officials in China who have an exceptionally close relationship with Hong Kong is what one would expect a sensible and responsible Hong Kong Government to do. If common sense can be labelled as bowing to pressure, are we expected to accept childishness as integrity? As regards the concern that Hong Kong Government is a liability to the people, this does take quite a stretch of the imagination to visualise. If real life is similar to that of a court of law, then this line of argument may well be used by defence counsel to introduce an element of doubt, the benefit of which always goes to the defence. But real life hinges not on one point

and certainly not on mere political argument nor on eloquence. It depends on an overall assessment of the actual performance and achievements. What better measure have we got than the social stability and economic prosperity of this community? How can a government which have achieved such results be a liability? My conclusion therefore is to support the White Paper.

Sir, there are bound to be differences of opinion among Members in this debate. Harsh words and emotional phrases will probably be used to strengthen the points that the speaker wishes to make. All this taken in a positive light maybe described as a show of freedom of expression, but in the midst of heated debate, let us all take note, that the people of Hong Kong want a Legislative Council that works for the interests of the whole community. Our citizens expect this Council to be concerned about all matters that affect their daily life and they like to see Members working together rather than wasting time bickering with each other. During the transition period, Hong Kong needs all its talents to work in close co-operation for a better future. Like it or not, we are all in the same boat. Therefore should we not illustrate by our deeds and our words that we are here to serve the people, to enhance their interest in every respect and that we can work in harmony. We are not here primarily to play to the gallery and participate in the political drama. Such dramatic performance may enhance a councillor's personal image through increased media coverage or even achieve international fame, but what real benefit will it bring to the people of Hong Kong. Worse still, when it is overdone, will it not damage the sense of belonging to Hong Kong amongst our citizens and reduce their confidence in the Legislative Council?

Sir, I appeal to the good sense of my hon. Friends, as Members of this Council, we should be realistic, rational and responsible. Let us show that reason rather than emotion prevails in this Council?

Sir, I Support the motion.

MRS. NG (in Cantonese): Sir, the publication of the White Paper 'The Development of Representative Government: The Way Forward' marks a new stage in the development of representative government in Hong Kong.

In July last year the Legislative Council debated the Green Paper. At that time I said 'Everybody may have different views on the future development of our political system. Personally I think we should progress gradually and we must not spoil things by being excessively enthusiastic.' I think the White Paper has already taken into account the special environment in Hong Kong, the provisions in the Sino-British Joint Declaration and also the Chinese Government's progress in the drafting of the Basic Law for the future SAR Government. I think the White Paper has already taken into account the opinions expressed by the citizens during the period of consultation.

Since various proposals in the White Paper are in agreement with my request during the debate on the Green Paper, I support the White Paper, including the

following proposals. First of all, there should be a reduction of Appointed Members, that is from 22 to 20. Second, in 1988, there should be two more seats given to the functional constituencies so that more professionals can elect their representatives into the Legislative Council. Third, we should have direct election not in 1988 but in 1991. Fourth, when we introduce direct election in 1991, we should delete the 10 indirectly elected seats coming from the district boards.

On the implementation of direct election in 1991, I have further suggestions to make. Since citizens' participation is very important to the success of direct election, the Government should pave the way for direct election by promoting civic education. Schools should allocate more time and put in more effort to promote civic education. The colleges of education should provide more professional training for their students. The Education Department should give more financial support to schools so that they will have the money to buy teaching materials. The district offices should also give more support to MACs, OCs, ACs which form our grass root organisations so that our citizens will have a better civic sense and a greater sense of belonging. As for the general public we should also try to enhance the general public's civic education in families, in the neighbourhood and in the district level so that this will tie in with the Government's efforts.

Finally, I would like to express my dissatisfaction to the fact that the White Paper did not mention anything about the membership of the Executive Council. We know that the membership of the Executive Council is closely related to our political reform and it is indeed regrettable that this point has been omitted in the White Paper. I must stress one point. There should be representatives from the grass root level in the Executive Council so that the Members of the Executive Council would show more concern for the public and bring more good to Hong Kong.

Sir, with these remarks, I support the motion.

MR. PETER POON: Sir, I entirely agree with the objectives of the development of representative government in Hong Kong mentioned in chapter 1, paragraph 5 of the White Paper on the debate. Hong Kong is a unique place. The adoption of any single system of government in the world may not be suitable to us or in our best interests. I firmly believe we should strive for evolutionary changes with a gradual and prudent approach. Hong Kong has no natural resources apart from its hard working people and therefore we should not venture into any changes without the wide support of our people and recognition of the political realities and consequences of any such changes on the community as a whole and the smooth transition to 1997 and beyond.

I am pleased to note that the White Paper proposes an enlarged financial constituency by granting one additional representative in Legislative Council which will come from the accountancy profession, and the new constituency

will be renamed 'Finance and Accountancy' constituency. There are nearly 4 000 professional accountants and 12 000 accountancy students registered with the Hong Kong Society of Accountants. They are engaged in public practice as well as in the financial, commercial, industrial, government and education sectors. They are serving a wide spectrum of the community and have made significant contributions to the growth and prosperity of Hong Kong. As Hong Kong is a major financial centre, professional accountants ought to have their own representation in the Legislative Council through the functional constituency system. I am grateful for such recognition and the support from my fellow council members in this respect and I am sure accountants will continue to perform their useful role in Hong Kong's community affairs.

The retention of the three-tier system of Government which has served Hong Kong well and has demonstrated in the past few years is welcome. The suggested rationalisation and improvement of their structure and the effectiveness have been carefully considered and are reasonable at this stage of our constitutional development. The clarification of the respective responsibilities and guidelines to the Administration to implement as far as possible the suggestions of district boards are timely and would greatly assist the work of district board members.

There is no doubt that the majority of the people in Hong Kong are in favour of direct elections in Hong Kong. The only question is when would be the best time for its introduction. There is a strong lobby for direct elections in 1988. However, from my own observations, opinions and surveys differ as to whether there is an overwhelming support for such a move. After considering all the circumstances I accept that it would be better to have direct elections in 1991 and am pleased to see Government's commitment in this regard. We should now be concentrating our efforts to make it a success in integrating this concept into our development of representative government. We should also be directing our attention to the proposals in the forthcoming draft of the Basic Law which will eventually be the blueprint of our political structure after 1997.

Sir, with these remarks, I support the motion.

MR.YEUNG (in Cantonese): Sir, the White Paper: 'The Development of Representative Government: The Way Forward' published by the Government is an important document in shaping the way of development of representative government during the transitional period. It puts forth four objectives, namely: the system of representative government should continue to evolve; its development should be prudent and gradual; any reforms should have wide support and the changes in the government system should permit a smooth transition in 1997. Undeniably, the unique political background and the specific social pattern in Hong Kong have determined that democratic form of government should be introduced gradually and that the mode of conducting business in our local system of representative government should take measured

steps and aim at striking a suitable balance. The intention and concept behind these objectives are in line with the objective necessity and actual circumstances of Hong Kong today. The White Paper also stresses the need of 'not to force the pace of reform to an extent that might introduce instability and uncertainty into the administration of the territory'. During the transitional period, the responsibility of administering Hong Kong lies with Britain. Drastic changes will affect the operation of the Government tremendously and exert pressure on senior officials of the Civil Service, thus undermining their morale. To maintain stability and prosperity before 1997, it is of paramount importance that the Hong Kong Government should govern Hong Kong effectively as stipulated in the Sino-British Joint Declaration. Hasty and drastic changes introduced without thorough consideration will definitely affect political stability and economic developments. As such, the objectives of the White Paper taken as the basis and guidelines for the development of representative government should be welcomed and endorsed. The White Paper can be described as a well-balanced and down-to-earth report on the evolution of the system of government in Hong Kong.

In the development of Hong Kong's political system, China, Britain and Hong Kong share a common interest in the political and economic aspects. A gradual evolution will be widely welcomed as a cautious move and thus enhance people's confidence. What Hong Kong needs now is a 'rational mainstream' to bring things in conformity with reason. The adoption of direct elections is a historical decision and the White Paper has chosen to implement direct elections in 1991 after taking into account the actual situation during the transition period. With direct elections being introduced in 1991 and if future development meets the aspiration of the public and is within the provisions of the Basic Law, the issue of smooth transition and smooth transfer which have caused so much public concern will be easily resolved. Although the White Paper has clearly stated that direct elections will be introduced in 1991, the methods and details of the election system itself have not yet been clearly defined. The onus is with the Government to promptly work out the detailed arrangements for the conduct of direct elections in 1991 and to elucidate its methods of introduction so as to ensure that directly elected candidates can be returned under a fully democratic system. Consideration should also be given by the Government to increase the number of directly elected seats by phases after 1991 and to strengthen its efforts in grooming potential candidates to participate in Government and political affairs. From now till 1991, we have three full years to become acquainted with the concept of 'direct elections' and to look for the right candidates to fill the seats. With the accumulation of knowledge, it is only natural that we can make a good choice and exercise the right of election appropriately. Only in this way can the real meaning of direct elections be brought into full play.

Sir, in handling draft Bills and other matters, the Legislative Council is required to solicit and make reference to the views of the people from various sectors with different working experience and educational background to ensure

that the policies adopted are acceptable to the general public. As far as this requirement is concerned, the functional constituencies can fulfil such a role to a certain extent. I am glad that the Government is going to increase the number of seats elected through functional constituencies from 12 to 14. One of the additional seats will be given to an enlarged financial constituency. This constituency is to be renamed the 'Finance and Accountancy' constituency so as to include the accountancy profession. The other additional seat will be allocated to an enlarged medical constituency which is to be renamed the 'Medical and Health Care' constituency. It will comprise two divisions: one consisting of doctors and dentists and the other of nurses, midwives, pharmacists and five paramedical professions. The gradual expansion of functional constituencies should be encouraged and commended since it not only recognises and endorses the functions of the groups represented, but also takes note of their importance. Hong Kong being a financial centre, it is indisputable that the political power of the financial sector should be strengthened. The inclusion of the accountancy profession in a functional constituency would certainly help consolidate and raise Hong Kong's status as a financial centre. Furthermore, instead of just providing service to their own clients, this group will be able to undertake more responsibilities for the community and make more contributions to Hong Kong in the areas where assessment of taxation and overall economic development are concerned.

Sir, history is itself an ongoing process of progress and politics is a matter of compromises. We must face the reality and take a positive attitude towards the future. By taking a pragmatic and practical approach, the White Paper has depicted clearly the political situation in Hong Kong and presented us a broad guideline as to what course our political reform should follow. What we should do now is to actively commit ourselves to the practical work of developing a future political system for Hong Kong within the framework prescribed in the White Paper. With regard to public discussion on our political system, we have now entered into another stage where the Basic Law has become the focus of discussion. Hence, members of the public should give active response during the forthcoming consultation period of the Basic Law so as to ensure that the terms agreed in the Sino-British Joint Declaration will be truly honoured.

Sir, with these remarks, I support the motion.

MR. CHAM: Sir, the publication of the White Paper marks a step forward in the evolution of our government. Looking ahead, more thoughts must be given to develop a government structure that conforms with the elected legislature as contained in the Joint Declaration.

Specifically, our government structure must be accountable to the public and responsive to community needs. Above all, when its performance falls below public expectation some discipline must be imposed. Along this line, it is time for us to give serious consideration to the operation of our future Legislative Council. Some governments adopt a ministerial system, but surely, an exact

duplication of any model is inappropriate for Hong Kong. However, serious consideration should be given to a select committee structure, evolving from our existing practice of standing panels and ad hoc groups. The existing panels have already been examining policies and special issues in depth, while our ad hoc groups have been scrutinising legislation after Bills are published. As a first step to further develop our existing practice along the lines of a select committee system, the chairman of a select committee should in the future introduce Bills into this Council with the initial backing of the select committee concerned. Thus, some support for a Bill can be assured before it is introduced into this Council. As the next step, the chairman of the select committee should answer questions in the legislature. By so doing, we will avoid the pitfall of having councillors who serve only to criticise government. This direct involvement will ensure that councillors will be monitored and responsible for legislation as well as implementation. Hence, Members must avoid being purely idealistic and non-pragmatic. My experience in the Urban Council is that select committees do work well when supported by a capable team of officers. The group action of a select committee will ensure that the enactment and the implementation of legislation is considered and monitored thoroughly in the process. I hope that serious consideration will be given to the use of select committees when we next introduce changes into our legislature.

At the municipal level, the Government has decided that in March 1989, 10 urban district boards will each elect a representative to sit on the Urban Council while Urban Councillors will cease to be ex officio members of the urban district boards. Before we address this proposal critically, we should examine the present operation of the district boards and the Urban Council before considering the constitutional link between the two bodies. Currently, there is considerable input from district boards to the Urban Council. For instance, the Urban Council capital works programme is annually placed before each district board and priorities within the programme are adjusted to meet district board needs. This is to ensure that all members of district boards are consulted on important programmes such as capital works. Secondly, the Urban Council through its district relations select committee summarises matters raised at district board meetings which concern the Urban Council. As the Urban Council select committees are organised on a functional basis, the functional select committee concerned also monitors points raised at district board meetings. Hence, consideration on a two pronged basis is given to any matters raised by district boards concerning the Urban Council. Furthermore, all these must be looked at in the light of the operation environment in the urban districts, which is different from that of the Regional Council. One must not forget that the new towns in the New Territories are many miles apart whereas the physical separation between districts could be as close as the next street. In this context, despite prospects of introducing inefficiencies and controversies into the Urban Council, one might be tempted to try out the idea of one representative per district board on the Urban Council. However, the indicated date of discontinuing Urban Councillors ex officio membership in the

district boards in 1989 should be given further consideration. Indeed, it would be sensible to adopt a phased approach where the introduction of district board representatives on the Urban Council can be effected in March 1989, the cessation of ex officio membership of Urban councillors and the district boards could be reviewed before 1991 when the next district board election is to be held. This phasing in and phasing out process will permit evolution, not revolution to the Urban Council. This can be compared with the implementation of a computer system, where one would always adopt a parallel run approach by phasing in new elements into the system and phasing out old elements. After all, the system can still be salvaged if the new elements in a system do not function as expected.

On direct elections, I said in my last speech that based on the findings of the survey report, even though change is not opted for in 1988, the way to move ahead is to lay down specific plans for future implementation. This is indeed identified in the White Paper with a commitment to introduce directly elected members in to this Council in 1991. Furthermore, having witnessed election campaigns last week, it is clear that ample time is needed for candidates to organise themselves diligently for the 1991 election. The three years ahead will be appropriate for candidates to prepare themselves to achieve a good standard of organisation exhibited in the last district board elections.

Last but not the least, I welcome the introduction of a seat for the accounting profession, it is most deserving.

With these words, Sir, I support the motion.

6.00 pm

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

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.

MR. JACKIE CHAN (in Cantonese): Sir, the Sino-British Joint Declaration states clearly that after 1997, Hong Kong will enjoy a high degree of autonomy and will practise the principles of 'one country, two systems' and 'Hong Kong people ruling Hong Kong'. The Joint Declaration also states clearly that Hong Kong's future legislature will be formed through election. Although the Joint Declaration is formulated by two countries which have totally different political ideologies, social systems and styles of living, capitalistic-sounding slogans stressing that there will be a high degree of preservations of the existing style of living, social stability, prosperity, continuity of horse-racing and social dancing,

have removed to a certain extent residents' doubts about the reliability of the contents of the Joint Declaration. In fact, we have shared the fruit as well as the joy of Hong Kong's stability and prosperity. No resident wishes to see that after 1997, his lifestyle should be completely different from that of the present. All residents are dreaming that Hong Kong will continue to have a high degree of autonomy, stability and prosperity. With these sweet dreams, delusions have appeared recently. Sir, there are interferences to our beautiful dreams and we will soon be awakened abruptly.

In our daily life we have to strive hard for a good future; we should make use of the fading light of dusk to prepare for a better tomorrow. The post-1997 Hong Kong is our unknown tomorrow, but the twilight of dusk fades away easily. If we do not make good use of the limited time available to make preparations for tomorrow, I am afraid we will find the time for action has passed and we will become confused, frightened, and will not know what to do. Can Hong Kong and its people cope with the sudden and drastic changes? The outlook makes people feel worried.

Sir, the White Paper concludes that direct elections to the Legislative Council will not be carried out in 1988. This decision betrays and intentionally misrepresents the wish of the majority of Hong Kong residents. It also reverts the usual preference for gradual evolution by the Government. The promise made in the 1984 White Paper has been forgotten. At that time, the Administration stated with confidence that it aimed to develop progressively a system of government, the authority for which is firmly rooted in Hong Kong. Now direct elections will not be introduced until 1991; how much time is left for the Administration before the transitional period lapses? 1991 will be followed by 1994 and then 1997, that is three years plus three years, and how many three years are there in the run up to 1997? Does the Administration have sufficient time to democratise Hong Kong's political systems?

The Government regularly emphasises that it acts according to public wishes. However, the review of the developments in the political system, as well as the Survey Office report and the contents of the latest White Paper, give the impression that the Administration is claiming to base its policy on public opinion while doing exactly the opposite. Obviously it is a laughing-stock that the Administration even insists that the formulation of the White Paper is based on careful consideration of public opinion and popular support from the community. Using such untruthful argument to confuse the public is in fact an insult to our residents' wisdom.

In the past, the main factor for Hong Kong's stability and prosperity has been the rule of law which generates confidence among residents, and a democratic political system is the best guarantee for the rule of law. At present, Hong Kong residents are being protected by the British democratic system. We need not be afraid of human rights being eroded and of government officials acting outside the law. After 1997, Hong Kong will no longer be under the British Administra-

tion and the protective shield of a democratic system will also be removed. If the present system does not promote a democratic political system, there will be difficulty in future to protect the existing well-functioning rule of law, without mentioning the maintenance of Hong Kong's stability and prosperity. In fact, most of the local residents love China; they are willing to contribute to China's modernisation programme which will be enhanced by Hong Kong's stability and prosperity. We long for democratic reforms for two sincere objectives: firstly, to maintain Hong Kong's stability and prosperity and secondly, to promote national development in China.

I feel that it is the Hong Kong Government rather than Hong Kong residents who is afraid of China. The Government's policy is out of proper control mainly because, I guess, the Chinese leaders make varied comments at different times. I feel the Administration is over-worried. Have we not frequently heard Chinese leaders making consoling remarks such as—'These are matters for the British Administration.' or 'These are matters for Hong Kong.', and these remarks convey to us a very good message that the Chinese Government respects Britain's present administration over Hong Kong. But unfortunately, the Administration very often overlooks such remarks. It ties its own hands in handling various matters. Nevertheless, it may also be an act of courtesy of Hong Kong Government to China, an act to hoist the white flag to welcome the red flag.

Sir, because of the Administration's continuous lack of sincerity to promote democracy, many people doubt whether Hong Kong's stability and prosperity can be maintained in future; they follow one another to find a safety exit by emigration. With regard to applications for 'Certificate of No Criminal Conviction', the figures are rising significantly, from 23 000 applications in 1984 to 53 000 in 1987. The Administration must face up to the unfavourable consequences brought about by political uncertainties, otherwise the situation will continue to worsen.

Sir, the Administration should, I still believe, introduce direct elections in 1988 to Legislative Council; the White Paper proposal for direct elections in 1991 can be introduced in 1988. And in 1991, we should have an even more open proposal to extend the number of seats of direct election to each district board. In fact, we have sufficient seats in this Chamber to accommodate more members so there should be no ground for Government's worry.

Sir, the Administration has frequently broken its promises and distorted public opinions. I am afraid that no matter what beautiful things the Government will say in the future, the residents will simply take them as noise nuisances only.

MR. CHENG: Sir, I support the White Paper on 'The Development of Representative Government: The Way Forward' for the major points covered in the White Paper, in particular on the key issue of direct elections, coincide with my views and principles.

While there are divided views within my constituency regarding the timing of the introduction of direct elections, we nevertheless share a common view that direct elections should eventually be conducted to form part of the election system in our legislature. This is in line with the terms of the Sino-British Joint Declaration and would prepare Hong Kong for a smooth transition in 1997 when China regains sovereignty over the Territory.

Sir, last July when I delivered my speech on the Green Paper on the 1987 Review of Developments in Representative Government, I queried the wisdom of introducing sweeping changes to our present system of representative government, which has been in operation for a mere two years. I then said 'I am also opposed to making major changes to a system which has not been adequately tested'. And indeed, as reflected in the White Paper, two years is an abnormally short testing time in such a significant area, an area which will have far-reaching consequences on the future of Hong Kong and on the livelihood of its people. I therefore agreed without hesitation or reservation that direct elections should not be introduced this year, and I am happy to see that the views expressed in the White Paper are similar.

1991, to my mind, is the appropriate time to introduce direct elections to the Legislative Council. Appropriate because by then our existing structure of representative government introduced in 1985 will have had sufficient time to be tested. Six years, I would say, is a reasonable duration to allow a new system to be adequately screened and it would therefore be more sensible to make further changes to the system at that point in time.

I also think 1991 is a suitable time for introducing direct elections because it is my firm belief that any changes to a system as important and as vital as the political system should be evolutionary and gradual. This will not only eliminate the possibility of putting our system at risk, a risk which we can hardly afford, but would also be consistent with the spirit of the Sino-British Joint Declaration, which places great emphasis on the continuity and the step-by-step evolution of our political structure. This is important, as the Government has to take full account of the provisions of the Joint Declaration in considering the next steps in the development of representative government.

The Chief Secretary in his speech on the White Paper delivered to this Council last month said, 'Many people in Hong Kong have a firm, real conviction that change in Hong Kong's political system should be evolutionary'. Sir, I cannot agree more with such a conviction.

Furthermore, as I pointed out in my earlier speech in July, any attempt to introduce substantial innovations at this stage would almost certainly be interpreted as pre-empting the future Basic Law for Hong Kong; I believe that the people of Hong Kong would unanimously agree that it is of paramount importance to achieve a smooth transition in 1997 in order to maintain the prosperity and stability of the Territory. In so doing, it is essential to ensure that developments before 1997 are compatible with a framework to be established in

the Basic Law which is due to be promulgated in 1990. It is therefore wise not to introduce major changes to the legislature this year.

Turning to the number of directly-elected seats in the Legislative Council in 1991, I have no objection to the proposed figure of 10 which I deem sensible and reasonable for a start-off figure to start off with. Nor do I have any objection to the basis on which directions are to be carried out—the single-seat geographical constituencies. Representative government should however, be taken a step further between 1991 and 1997, to facilitate a smooth transition and to allow the new form of election to become firmly established. How this should be done should also be in line with the terms to be set out in the Basic Law, to ensure a high degree of continuity beyond 1997.

Sir, in the light of the consensus of the public regarding direct elections, more efforts should be made between now and 1991 to intensify the process of civic education, to prepare the people of Hong Kong for the change in 1991. In voicing my opposition to the introduction of direct elections in 1988, I once said, 'Time will not be available for intensifying the process of civic education, a process which I believe is an essential prerequisite to direct elections'. As it has now been decided that direct elections should not be carried out before 1991, we shall have time to develop further the civic-mindedness of the general public.

I would now like to turn to the district boards and the municipal councils. The provisions set out in the White Paper to allow each of the urban district boards to elect a representative to the Urban Council is, in my view, a move worthy of support. I have always been in favour of representatives from the urban district boards being elected to the Urban Council, to enhance cross-membership. This, I believe will ensure that the views and the concerns at each level of Government are adequately represented at the next higher level, and will in turn enable our present three-tier structure to co-operate even more effectively.

With regard to the issues of the Presidency of the Legislative Council, the number of Official Members on this Council as well as a number of Appointed Members, I am glad that my views have been reflected in the White Paper, that the Governor should continue to preside over this Council, that the number of Official Members should be maintained, and that the number of Appointed Members be further reduced.

But, Sir, it was not without some disappointment that I read through the White Paper. My personal disappointment lies in the fact that the Government has failed to provide an additional seat for the architects and surveyors and the planners, who are outnumbered by the engineers, within my constituency. I earnestly hope that the Government will strike a fair balance between these professionals in the Legislative Council when future appointments are made. I am also disappointed that the Government has ignored the substantial contribution of members of the Real Estate Developers' Association and the

Building Contractors' Associations to the Hong Kong economy. Sir, I have urged that the members of these two bodies be represented on this Council. Today I echo that sentiment.

I am glad that in drafting the White Paper, the Government has taken full account of public opinion, the provisions set out in the Sino-British Joint Declaration, and the fact that any developments in representative government should converge with the yet to be promulgated Basic Law. None of these factors is dispensable when it comes to maintaining the prosperity and stability of Hong Kong during this period of transition. Today's Hong Kong cannot withstand any sudden changes without adequate preparation. It is high time that we, the people of Hong Kong, after all these heated debates and discussions on the wide variety of issues, should now put our heads and hearts together to rebuild a better Hong Kong. To achieve this, a steady and gradual approach is essential for Hong Kong, to maintain political stability and economic prosperity as we head towards 1997.

Sir, I support the motion.

MR. CHEONG-LEEN: Sir, the two sentences in this year's White Paper that struck me with the greatest impact were in paragraph 77, chapter VIII—'The Way Forward': 'The framework of government after 1997 will be incorporated in the Basic Law which is due to be promulgated in 1990. Decisions will therefore need to be taken during the period up to 1997, to enable Hong Kong's system of government to evolve in a way that is compatible both with the aspiration of the Hong Kong community and with the framework set out in the Basic Law.'

It is clear from these two sentences that the era of convergence between the British and the Chinese Governments in implementing the terms of the Joint Declaration is already well underway.

Two months from now, the first draft of the Basic Law will be promulgated for public discussions. It is anticipated that the second draft will be issued in 1989 again for public discussion before being brought before the National People's Congress for final adoption in the first half of 1990.

It is now very clear that henceforth China will play a bigger role in determining the direction, structure and pace of political development in Hong Kong during the transition period.

It is therefore an absolute necessity that as Hong Kong inexorably moves towards the resumption of Chinese sovereignty in 1997, the confidence of her nearly 6 million people will on no account be eroded.

Both the British and Chinese Governments are committed to preserving the stability and prosperity of Hong Kong in the implementation of the terms of the Joint Declaration.

The faith of the people of Hong Kong in their future and indeed, their faith in the future of China's open policy and modernisation programme will depend very much upon how the two Governments proceed in implementing the Joint Declaration during the coming nine years.

Both China and Britain will have to be seen to be giving full recognition of and respect for the views of all sectors—and I repeat all sectors, of the community in Hong Kong. Judging from the public comments on the 1987 Green Paper and the 1988 White Paper, many young professionals and young intellectuals are disillusioned over Britain's apparent retraction from her commitment to develop by 1997 a system of representative government rooted in the people and the community.

Unless the British and Chinese Governments show greater sensitivity to public opinion, the level of immigration especially from this important segment of the community, could reach very worrying proportions in the early '90s and put Hong Kong's economic growth and even China's modernisation plans and economic development in some jeopardy.

Hong Kong people have always enjoyed freedom of movement, the right to enter and leave Hong Kong without obstruction, and this fundamental right must be preserved at all costs, failing which Hong Kong's stability and prosperity will be seriously jeopardised. But what we do not want to see is a rapid flow of immigration of our talented people in the years just before and after the passage of the Basic Law which might be crippling to Hong Kong's economic and social development.

China's strong indirect influence on public opinion when the survey report on the Green Paper was organised, contributed to the disquiet and anxiety of many professionals and intellectuals in regard to Hong Kong people being allowed in future to exercise a high degree of autonomy, at one time hailed by some as 'Hong Kong people ruling Hong Kong'.

The manner in which the Chinese top leadership will handle the consultation process on the draft Basic Law in showing genuine respect and understanding for the views of the people of Hong Kong including professionals and intellectuals, will be closely monitored by the 20 million Chinese in Taiwan, where political changes are also taking place.

A question that is being asked by many is whether or not the pace of democratisation in Taiwan will be moving ahead faster there than in Hong Kong in the next two to three years.

If Hong Kong is to take its rightful place as one of the three components of the Greater China Prosperity Sphere, the other two components being naturally mainland China and Taiwan, the pace of democratisation and the support of the majority of the Hong Kong people for such base must not lag or be found wanting.

With Hong Kong becoming the principal base commencing the middle of this year for the Joint Liaison Group, I would urge both the Chinese and British Governments to be seen to be working all out for the best long-term interests of the Hong Kong people.

The 'one country, two systems' concept should not be thought of merely in economic terms. Equal consideration should be given to the lifestyle, social values, the rule of law and respect for individual liberty to which Hong Kong citizens have all along been accustomed.

With the adoption of the Basic Law expected to take place in 1990, it is assumed by many that this year's White Paper is Britain's last major review of constitutional development for the transition period. The next review can in no way ignore the existence of the Basic Law.

If the confidence of the Hong Kong people in their future is to be strengthened, it will be up to the Chinese and British political leaders to co-operate closely and move in tandem in order to fulfil the aspirations—political and otherwise, of Hong Kong people in the run up to 1997. Otherwise the number of talented people emigrating from Hong Kong will increase even more during the '90s.

China will have to aim for a Basic Law that will be acceptable to all sectors of the community, and not to just one influential sector, so that after the Basic Law is passed in 1990 Hong Kong people will be more than ever willing to regard Hong Kong as their permanent home.

For the rest of the transition period, if the British Government is still to retain any credibility of sorts, the least it should do is to ensure immediate world-wide acceptability of the BNO passport by both Commonwealth and non-commonwealth countries but in particular, by Britain itself. The genuineness of Britain's commitment to Hong Kong would be more self-evident if Hong Kong BDTC and BNO passport holders were to be allowed to stay in Britain for a one-year period, instead of passing legislation now to reduce the period to six months. It is sad and disillusioning to see that Britain, the mother of western parliamentary democracy and freedom, has slammed her doors shut to Hong Kong people wishing to reside in Britain. Other countries such as Canada, the United States and Australia, have thrown their gates open to Hong Kong people who will later on be invaluable in promoting economic and cultural ties between these countries and the greater China, of which Hong Kong will become an integral part in 1997. I still find it almost unbelievable that there are today more Hong Kong people residing in metropolitan Toronto alone, than in the entire British Isles.

Those of us who have more or less decided to stick it out in Hong Kong until 1997 and beyond, and are committed to Hong Kong's continued stability and prosperity, are very concerned at the rising number of Hong Kong people emigrating.

In 1985, the number of applications for issue of Certificate of No Criminal Conviction was 23 063; in 1987 it increased dramatically to 53 471. These certificates are required for immigration processing. What will be the figure in 1988, 1989 and in the early 1990s?

I now turn to the controversial subject of direct elections to the Legislative Council in 1988. I think it would be fair to say that the questionnaire drawn up by AGB McNair on direct elections was convoluted, clumsily framed and not too easily understood; this was most unfortunate to say the least.

On the other hand, even if the AGB McNair report had indicated that 50 per cent or more of the population were in favour of direct elections in 1988, the fact remains that China had put it to Britain in no uncertain terms that it did not want direct elections until after the Basic Law is passed in 1990, and on the understanding which seems to be now openly agreed upon, that an element of direct elections would be included in the Basic Law.

This is a situation of real politic which the people of Hong Kong have to face up to in a realistic way, and without losing hope that the process of democratisation will continue to develop steadily during the transition period.

As one who has always advocated an element of direct elections, I personally would have preferred direct elections to be introduced in the Legislative Council this year. At the same time, a sizeable portion of the population have expressed either publicly or not publicly, that they were not in favour of the introduction of direct elections in 1988, but rather at a later date, that is, 1991. To what extent China's attitude did influence local public opinion in this respect is difficult to quantify but certainly it did have a marked bearing.

It would seem therefore, that having direct elections to the Legislative Council in 1988 is still highly controversial today, while deferring it to 1991 would be not so progressive but less controversial and attract less objection from certain influential sections of the community and from China.

This White Paper is, in frank terms, primarily a holding operation pending the adoption of the Basic Law in 1990.

The people of Hong Kong will from now on have to focus their attention on studying the draft Basic Law which will be promulgated in May for public comment; only if we ensure that direct elections to the future legislature have been incorporated in the Basic Law, will it be feasible for the Legislative Council to have them from 1991 onwards.

I would urge the people of Hong Kong to study the draft Basic Law and make their views known to China if they want to keep their present lifestyle and push for greater democracy, stability and prosperity.

Even though the White Paper is virtually a document to mark time pending the adoption of the Basic Law by the National People's Congress, I must express surprise at the conservative proposal that there should be only 10 directly elected seats in 1991 to replace the district board electoral college seats.

In terms of population, the district board electoral college seats are too disproportionately divided; I would have thought that the minimum number of directly elected seats to start off with should be 12, in the proportion of one elected seat for about 500 000 population.

Many district boards are unhappy that the electoral college seats will be taken away from them in 1991.

Does this foreshadow that the electoral college system will be replaced by a grand electoral college?

What would be the composition of a grand electoral college, and in which way would it be more representative and more democratic in actual practice?

Or will the grand electoral college become a system of managed voting that will not give Hong Kong a high degree of autonomy promised it under the terms of the Joint Declaration?

Will further consideration be given to expanding the base of the electoral college system, so that while some electoral college seats are reserved for district boards to return members to the Legislative Council although reduced in number, other electoral college seats would be allocated to territory-wide groups including advisory groups, non-government organisations?

As regards the functional constituencies, I am surprised that it was not thought fit to expand the education constituency to include an additional seat for the tertiary level.

Sir, several crucial questions to be addressed during the Basic Law consultation period by the public and by the OMELCO Constitutional Development Panel are: what should be the minimum proportion of directly elected seats in the Legislative Council compared to other types of indirectly elected seats? What will the relationship be between the Legislative Council and the Executive Council? Will civil servants remain non-political or will they be given seats in the Legislative Council through a proposed grand electoral college? What is the future of the OMELCO system, especially the 20 plus panels which perform a bridging role between the Executive and Legislative Councils? Should some of these panels be replaced by standing and select committees in the Legislative Council?

On the White Paper proposals that urban district boards should in 1989 elect 10 representatives to the Urban Council and that Urban Councillors lose their ex officio district board seats at the same time, I would urge the Government to postpone implementation from 1989 until 1991.

Such postponement would enable the Urban Council with the Finance Branch of Government to rebuild the existing Urban Council Chambers in order to accommodate the additional 10 councillors with requisite supporting facilities.

Furthermore, it would give the Urban Council a reasonable period of time to adjust to this significant expansion in membership, bearing in mind that there will be changes in Urban Council membership in 1989 on both elected and appointed sides.

Sir, as a Member of this Council, I take note of the plans and intentions contained in this White Paper and commend my views as expressed today to the Hong Kong Government and the British and Chinese Governments.

MR. SOHMEN: Sir, when the next generation looks back on this and our previous debates on constitutional reform, the kindest comment that they might make is that we all tried to do the best for Hong Kong. I doubt that we shall be complimented for being bold, or imaginative, or particularly wise. The White Paper, in my view, is not really a way forward, only a step sideways into what I fear could be a blind alley.

Of course, as a gradualist who has consistently argued for a cautious approach to progress on these very complex and fundamental issues, I am pleased that any major changes to the political structure have been deferred at least until 1991. The desperate urgency suggested by some hon. Members and by others in the community for changes within this year has always been a myth. So was and is their claim that the significant majority of the Hong Kong population is in favour of the introduction of direct elections into the legislature in 1988. No amount of bickering about the details of the Survey Office efforts and results, no local and international media campaigns, and no speculation on the hypothetical outcome of a referendum can hide this basic fact.

If proof was needed that the public at large in Hong Kong is not yet fully aware or convinced of the benefits of democratic participation in the political processes, the recent district board elections should have provided it. To blame the disappointingly low voter turnouts on the publication of the White Paper is an ingenious but rather bizarre argument, even if the voting percentages had not simply confirmed the historic trend. If, as the proponents of the early introduction of direct elections claim, the people of Hong Kong were now so terribly anxious to have a chance to express their political will through universal suffrage, why did the voters not make use of this ready opportunity to demonstrate this desire convincingly once and for all? Especially since the debates on the Green and White Papers and the attendant publicity must have helped to raise political consciousness? One can of course make facile distinctions between district board and Legislative Council elections, but this does not alter the reality of a low participation rate in the elections last week, particularly when measured against the total number of eligible voters, in practising democracy through direct elections at grass root level.

Sir, I would like at this point to congratulate all the candidates who were successful in the district board elections. Their enthusiasm and their sense of public service in helping with the administration of this Territory, even without the immediate prospect of glory, power, or acclaim, really deserve our admiration and support.

Sir, the stark truth is that the political activists in our midst do not have the broad-based support which they cite as justification for attacks on Government and on the findings of the Survey Office. If the activists wish to be seen as responsible politicians, they must learn to show a better understanding and acceptance of majority sentiment. And while in the Orient the burning of paper may well be a rite of purification or exorcism, the public demonstrations in front of the Government Secretariat and in the New Territories immediately following the publication of the White Paper brought to my mind memories of one of the most evil totalitarian systems the world has ever produced. These scenes strengthened my conviction that Hong Kong still has a long way to go on the road of political education and that precipitous changes in our government structures and processes without adequate preparation could easily backfire.

I have on earlier occasions voiced criticism about the manner in which the Administration has presented the follow-up to the 1984 proposals, particularly their reticence in fully explaining the need for subsequent modifications. On the other hand, I believe the Government has been scrupulous in reflecting the current situation of and in Hong Kong and I am convinced that the Governments, both here and in the United Kingdom, are acting in good faith and in the public interest, as that interest is perceived. Accusations of 'betrayal' or 'sell-out' are therefore totally irresponsible and wholly demagogic in nature. At best, these attacks evidence the naivete??? of people inexperienced in the affairs of state; but they are also indicative of a remarkable inability to accept and adjust to changing circumstances and to seek workable solutions on the basis of consensus.

This is regrettable but perhaps unavoidable and of course does not mean that differing views and their dissemination should be stifled, or that we can disregard sincere expressions of disappointment which undoubtedly are now part of the political landscape in Hong Kong. Plurality of opinion, unrestrained in expression, is one of the hallmarks of a free society and we must ensure that the authorities in China also understand that people in Hong Kong seek its preservation as a major test of the efficacy of the 'two systems' arrangement for Hong Kong and that it is not a sign of disloyal or unpatriotic behaviour or of hostile intent. This is particularly important as we approach the time of public debate on the first draft of the Basic Law. And by the way, since it is one of the White Paper's stated objectives to assure that 'the system in place before 1997 should permit the smooth transition in 1997 and a high degree of continuity thereafter', we are effectively already debating aspects of the future Basic Law today and tomorrow.

The controversy surrounding the contents of the White Paper and of the Green Paper and the Survey Office report before it, have given birth to the stigmatic labels of 'democrats' and 'anti-democrats' or 'conservatives' and 'liberals'. These categorisations are inappropriate in the Hong Kong context and tend to largely confuse the issues and misrepresent the views of the protagonists, particularly so outside Hong Kong. The practical attributes of western democracy undoubtedly exist in Hong Kong, although they are not institutionalised in the same form as in the present mother country. And it is simplistic and misleading to argue that a system of universal suffrage by itself would readily ensure greater local democracy, better representation, a higher degree of accountability, or greater autonomy after 1997. So to postulate, completely disregards the political traditions of Hong Kong to-date, the nature of our society, the constraints placed on the development of new political structures by the non-sovereign status of this Territory, and last but not least, the need to find the best possible accommodation with China. These superficial generalisations also overlook the present lack of a composite picture for the future form of our government and suggests, if I may use this analogy, Sir, that we are able to visualise the rest of Michelangelo's David from a fragment consisting only of the statue's vital parts.

The current debate should therefore be seen mainly as one between pragmatists and idealists, and we might diffuse some of its confrontational character if we abandon the other labels. Whatever blueprint for Hong Kong's internal political future is eventually decided upon, the machinery had better work in practice if collectively we want to maintain a high degree of autonomy based on social stability and continuous economic success, even if it does not meet all the expectations of our more idealistic compatriots. Our idealists should also bear in mind that Hong Kong is largely a community of practical people and not of dreamers. I will in turn readily admit that I respect the idealists' fervour and tenacity although I disagree with their approach and their conclusions. I also believe that they ultimately may have more to contribute to the discussions than some British Members of Parliament or the international media who so sanctimoniously but often in blissful ignorance of the real facts admonish Hong Kong and the Hong Kong Government.

Sir, I have little difficulty with the proposals in the White Paper for the maintenance of the three-tier government structure and the strengthening of the advisory role of the district boards. I am conscious of the arguments against the increase in the size of the Urban Council and the future inclusion in its ranks of elected district board representatives, but on balance I support these plans. I had previously endorsed your continued presence, Sir, as President of the Council although I believe that in accordance with the terms of the Joint Declaration this position will need to be filled by a Speaker elected from among Council Members latest by 1997. I see no reason to object to the retention of the voting age at 21 years although I had suggested the possible reduction to 18. I continue to be in favour of the preferential elimination voting system for

functional constituency and electoral college elections, and of the other administrative proposals contained in the White Paper for legislative and municipal council elections. I would have liked to see a somewhat greater expansion of the functional constituency system in 1988, if only by the widening of the constituent membership in existing ones beyond the accountants, nurses, midwives, pharmacists, and physiotherapists.

But, Sir, where I do part company with the White Paper in questioning the practicability of its recommendations is on the overall composition of the Legislative Council and on the total lack of any indication or direction as to how the new system will work or how it will progress beyond 1991. In confronting the White Paper on this point, I feel like Alice in 'Through the Looking Glass': 'Somehow it seems to fill my head with ideas—only I do not know exactly what they are'.

I accept the logic of awaiting the outcome of the Basic Law drafting effort to avoid any need for further backtracking or sidestepping during the transition period. But on the other hand, would the same logic not suggest that the changes now proposed for 1991 might also be premature? What happens if the aspirations of the Hong Kong community are for a continuous increase in the number of directly elected Legislative Council Members in the period up to 1997—a not totally hypothetical assumption—while the Basic Law, on the other hand, retains a fixed minority—which is an equally strong possibility judging from the latest drafting discussions? Should the White Paper not have addressed this potential conflict to forestall a new wave of disenchantment building up before or after 1991? What indeed is the logic or the attraction of having partial direct elections, creating an impotent minority of legislators but who are personally accountable to the electorate at large, if ultimately all legislators have to be elected anyway to satisfy the Joint Declaration? Sir, are we not creating a hybrid that will give us the worst of all possible worlds?

In previous debates on 5 November 1986 and 16 July 1987, I have at some length explained the reasons for my opposition to a Westminster-style parliamentary system and to direct elections to this Council at this particular stage of Hong Kong's political development; reasons that are considered valid and shared by others in the community. I shall not waste Members' time in repetition, and since the majority view has expressed itself in favour of direct elections, I naturally accept this verdict. But public opinion was not at all definite about the timing of direct elections after 1988 and clearly not fully conversant with the potential drawbacks in the creation of a confrontational style of government in a small and so far very cohesive community that has prospered under the umbrella of consensus: drawbacks that will be incurred for the intangible benefit only of having a minority representing the public at large in a partially directly-elected legislature. No real effort was made by Government to analyse the pros and cons and to present the progressively expanding system of indirect elections as an additional strong option for public considera-

tion. The expressed public preference for having direct elections in addition to, rather than instead of, direct elections by the electoral college was also simply ignored in the White Paper proposals.

By just reacting to the concentrated pressure on a single issue, I believe Government has let itself be pushed unnecessarily towards a deadline commitment and has missed an opportunity to act more deliberately, creatively, and decisively. At some risk to its credibility, the Administration has foregone the chance to design a comprehensive and inherently consistent plan for representative government based on the consultative system and one that would be both practical and truly suited to Hong Kong's unique environment, in favour of just another short-term and impractical expedient. The result is not greater certainty as to where we are heading, but added confusion and continued dissatisfaction across the whole domestic political spectrum. This confusion is not surprisingly mirrored in the difficulties experienced by the Basic Law drafters.

As we now shift our focus onto the Basic Law, it may well be that many of the recent deliberations of this Council will look superfluous in retrospect and many of our internal arguments appear unnecessary or petty. Let us hope this next effort will produce more definite plans and clearer signposts for the future. Let us also hope that we can still also convince the Chinese authorities that it will be in the country's own best interests to encourage a full and frank discussion here. The idealists could assist in this process by finally accepting the futility of bashing their collective head against the 1988 wall, and by instead concentrating their efforts and their energies, firstly, on helping to educate the wider public on the need to take a more active interest in the workings and benefits of our present political system and, secondly, by an intensive and constructive involvement in the commentary on the draft provisions of the Basic Law. It is in that forum where Hong Kong ultimately has to protect its rights and freedoms and its guaranteed life-style, and where we really need to move ahead with more unity and clarity of purpose.

Sir, with these comments and reservations, I support the motion to note the White Paper.

MR. TAM (in Cantonese): Sir, at the invitation of the Foreign Ministry of Australia, I would be visiting the country for 10 days starting from tomorrow. As such, I have to deliver my speech today and I would like to apologise to the President and Members.

The present review on Hong Kong's political system conducted by the Government has generated a comprehensive and lengthy discussion from all sectors of the community. In this Council we have conducted three debates including this one. The content of these debates may sound repetitive but in my view it at least makes clear two points. First, all sectors of the community are very concerned about this political review. Second, there is marked divergence of views as to what should be included as part of this political review.

These debates, as they are, have an important impact on the development on Hong Kong's political system. In its widest sense I think the people of Hong Kong now concern themselves more with political affairs as a result of these debates. Civic awareness has also been promoted. On the other hand, parties that have actively participated have been trained up and this would be beneficial to Hong Kong's political machinery as it matures step by step. During this transitional period, it is of utmost importance that we enhance civic awareness and make Hong Kong's political machinery more mature. If Hong Kong people can become more enthusiastic and involve themselves more in community and political affairs on this basis, then this will contribute towards the implementation of Hong Kong people governing Hong Kong in future.

The White Paper 'The Development of Representative Government: The Way Forward' has set out the basic thinking of the Hong Kong Government on the development of representative government in Hong Kong from now onwards. It outlines specifically changes to the system in the coming few years. The White Paper rules out direct election into the Legislative Council this year. This decision is for the benefit of Hong Kong in its current situation. As to whether other decisions relating to future political development as covered by the White Paper are desirable or not, it will have to depend on the stipulations of the Basic Law. Any long-term development in Hong Kong will have to take its root from the Basic Law.

I support directly elected seats for the Legislative Council. I will fight for its inclusion in the Basic Law. The first draft of the Basic Law will be published slightly more than a month later and the views of Hong Kong people will be collected. I hope that members of the public will participate actively in the discussion of the Basic Law and give their views.

Sir, with these remarks, I support the motion.

ATTORNEY GENERAL: Sir, I move that the debate be now adjourned so that we can proceed to the other business on the Order Paper. Included in the Order Paper, Sir, for resumption of Second Reading debate is the Housing (Amendment) Bill 1988. As Members are aware, there is some urgency in this Bill and it is the Administration's hope that it may pass through this Council before the Easter recess. Adjournment of the debate on the Chief Secretary's motion would enable the Council to get on with the remaining business on the Order Paper. Sir, I beg to move.

Question on adjournment of the motion proposed, put and agreed to.

6.53 p.m.

HIS EXCELLENCY THE PRESIDENT: Before we continue with the business down on today's Order Paper, I think Members would benefit from another short break.

7.18 p.m.

HIS EXCELLENCY THE PRESIDENT: Council will now resume.

PUBLIC FINANCE ORDINANCE

THE FINANCIAL SECRETARY moved the following motion: That—

1. Authority is hereby given for a sum not exceeding \$17,427,373,000 to be charged on the general revenue in advance of an Appropriation Ordinance for expenditure on the services of the Government in respect of the financial year commencing on 1 April 1988.
2. Subject to this resolution, the sum so charged may be expended against the heads of expenditure, and expenditure for each such head shall be arranged in accordance with the subheads, shown in the draft Estimates of Expenditure 1988-89 or, where such estimates are changed under the provisions of the Public Finance Ordinance as applied by section 7(2) of that Ordinance, in accordance with such estimates as so changed.
3. Expenditure in respect of any head shall not exceed the aggregate of the amounts specified in respect of each subhead in that head, by reference to percentages, in paragraph 4(a) and (b).
4. Expenditure in respect of each subhead in a head shall not exceed—
 - (a) in the case of a Recurrent Account subhead, an amount equivalent to—
 - (i) except where the subhead is listed in the Schedule hereto, 20 per cent of the provision shown in respect of it in the draft Estimates;
 - (ii) where the subhead is listed in the Schedule* hereto, that percentage of the provision shown in respect of it in the draft Estimates which is specified in relation to that subhead in the Schedule *; and
 - (b) in the case of a Capital Account subhead, an amount equivalent to 100 per cent of the provision shown in respect of it in the draft Estimates,

or such other amount, not exceeding the provision shown in respect of the subhead in the draft Estimates, as may in any case be approved by the Financial Secretary.

		SCHEDULE		[para.4]
				<i>Percentage of provision shown in draft Estimates</i>
<i>Head of Expenditure</i>		<i>Subhead</i>		
24	Audit Department	002	Allowances.....	40
91	Buildings and Lands Department	221	Clearance of Crown land—ex-gratia allowances.....	35
		259	Enforcement of the Buildings Ordinance—works on private property.....	35
28	Civil Aviation Department	170	Airport insurance.....	100
40	Education Department	152	Scholarships, bursaries and maintenance grants.....	35
		154	External activities for government primary schools.....	50
41	Education Subventions	330	Assistance to private secondary schools and bought places.....	30
		350	Refund of rates for private schools.....	30
		355	Assistance to the Lingnan College.....	50
		365	Grants towards selected adult education services.....	30
		489	Miscellaneous educational services.....	25
46	General Expenses of the Civil Service	013	Personal allowances.....	30
50	Government Land Transport Agency	225	Traffic accident victims assistance scheme—levies.....	100
29	Government Secretariat: Civil Service Training Centre	002	Allowances.....	35
60	Highways Department	273	Highways maintenance.....	30
62	Housing Department	228	Clearance.....	25
		230	Management of cottage areas.....	25
		231	Management of temporary housing areas and transit centres.....	25
		232	Squatter control.....	25
		268	Clearance of the Kowloon Walled City.....	25
72	Independent Commission Against Corruption	204	Investigation expenses.....	30
73	Industry Department	002	Allowances.....	25
76	Inland Revenue Department	002	Allowances.....	30
		149	General departmental expenses.....	25
		209	Special legal expenses.....	30
34	Internal Security: Miscellaneous Measures	195	Defence Costs Agreement: cash contribution.....	25
90	Labour Department	255	Storage of explosives.....	25
104	Medical Subventions	382	Cheshire Home.....	25
		383	Community Nursing Service.....	25
		394	St. John Council for Hong Kong....	25
		401	Refund of rates (non-profit-making hospitals).....	25

<i>Head of Expenditure</i>	<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
106 Miscellaneous Services	123 Write-offs	50
	189 Interest on tax reserve certificates ...	30
	190 Other miscellaneous items	50
	191 Payment to Cross-Harbour Tunnel Company Ltd.....	100
	192 Refunds of revenue	100
	262 Subscription to the General Agreement on Tariffs and Trade	100
120 Pensions	015 Civil and police pension benefits and compensation.....	25
	016 Gratuities for officers on contract ..	25
	017 Widows' and children's pensions, widows' and orphans' pensions and increases	25
	026 Employees' compensation.....	70
122 Police: Royal Hong Kong Police Force	245 Pay and allowances for the auxiliary services.....	25
130 Printing Department	002 Allowances.....	25
134 Public Debt	257 Loans (Government Bonds) Ordinance, Cap. 64: borrowings for General Revenue: interest, service charges and listing fees	50
167 Royal Hong Kong Regiment (The Volunteers)	001 Salaries	40
	245 Pay and allowances for the auxiliary services.....	30
	246 Training expenses for the auxiliary services.....	30
170 Social Welfare Department	177 Emergency relief	100
172 Social Welfare Subventions	410 Rehabilitation services (grants).....	25
	411 Social welfare services (grants).....	25
	412 Refunds of rates.....	25
176 Subventions: Miscellaneous	432 Far Eastern Relief Fund.....	25
	462 United Nations Fund for Drug Abuse Control	100
	488 Hong Kong War Memorial Fund	30
	504 Hong Kong Council on Smoking and Health	25
	505 Special transport facilities for the disabled	25
	506 Trade Policy Research Centre	100
	509 Hong Kong University of Science and Technology Council	25
178 Technical Education and Industrial Training Department	468 Grant (Recurrent) Vocational Training Council	25
181 Trade Department	002 Allowances.....	25
186 Transport Department	233 Student travel scheme—payment to operators.....	35

<i>Head of Expenditure</i>	<i>Subhead</i>	<i>Percentage of provision shown in draft Estimates</i>
188 Treasury	002 Allowances.....	30
190 Universities and Polytechnics	002 Allowances.....	30
	169 Visitation.....	35
	483 Interest payments for City Polytechnic temporary premises	25
	492 Grants to universities, polytechnics and Baptist College	25
	496 Refund of rates—universities, polytechnics and Baptist College ...	25

He said: Sir, I move the motion standing in my name in the Order Paper.

The purpose of this motion is to seek funds on account to enable the Government to carry on existing services to start of the financial year on 1 April 1988 and the enactment of the Appropriation Bill.

The funds on account sought under each subhead have been determined in accordance with paragraph four of the resolution, by reference to percentages of the provision shown in the draft Estimates. As the draft Estimates are changed from time to time, by the Finance Committee or under delegated powers, the provision to which the percentages are applied will also change. Thus the provision on account under each head is not constant but may vary, with every increase being matched by an equal decrease. The initial provision on account under each head is shown in a footnote to this speech. The aggregate total under all heads is fixed, however, at \$17,427,373,000 and cannot be exceeded without the approval of this Council.

The resolution also enables the Financial Secretary to vary the funds on account in respect of any subhead, provided that these variations do not cause an excess over the amount of provision entered for that subhead in the draft Estimates or an excess over the amount of funds on account for the head.

A vote on account warrant will be issued to the Director of Accounting Services authorising him to make payments up to the amount specified in this motion and in accordance with its conditions. The vote on account will be subsumed upon the enactment of the Appropriation Bill, and the general warrant issued after the enactment of the Appropriation Bill will replace the vote on account warrant and will be effective from 1 April 1988.

Sir, I beg to move.

Question proposed, put and agreed to.

FOOTNOTE

<i>Head of Expenditure</i>	<i>Amount shown in the Draft Estimates \$</i>	<i>Initial amount of provision on account \$</i>
21 His Excellency the Governor's Establishment.....	9,274,000	1,933,000
22 Agriculture and Fisheries Department.....	190,443,000	53,106,000
25 Architectural Services Department.....	569,684,000	114,876,000
24 Audit Department.....	39,313,000	8,066,000
23 Auxiliary Medical Services.....	13,552,000	2,711,000
91 Buildings and Lands Department.....	508,529,000	112,498,000
26 Census and Statistics Department.....	121,112,000	27,527,000
27 Civil Aid Services.....	24,711,000	5,591,000
28 Civil Aviation Department.....	224,745,000	63,006,000
43 Civil Engineering Services Department.....	322,103,000	71,771,000
30 Correctional Services Department.....	642,559,000	136,531,000
31 Customs and Excise Department.....	345,404,000	73,512,000
40 Education Department.....	1,023,563,000	211,933,000
41 Education Subventions.....	5,704,598,000	1,283,870,000
42 Electrical and Mechanical Services Department.....	689,172,000	150,148,000
44 Environmental Protection Department.....	161,202,000	95,826,000
45 Fire Services Department.....	701,251,000	189,332,000
46 General Expenses of the Civil Service.....	1,703,554,000	360,855,000
47 Government Data Processing Agency.....	86,255,000	25,407,000
48 Government Laboratory.....	51,127,000	15,242,000
50 Government Land Transport Agency.....	20,928,000	7,375,000
52 Government Secretariat.....	362,655,000	78,374,000
53 Government Secretariat: City and New Territories Administration.....	343,316,000	79,018,000
29 Government Secretariat: Civil Service Training Centre.....	65,187,000	13,077,000
56 Government Secretariat: Lands and Works Branch.....	46,289,000	10,363,000
57 Government Secretariat: Municipal Services Branch.....	75,844,000	17,580,000
96 Government Secretariat: Overseas Offices.....	88,207,000	20,042,000
58 Government Supplies Department.....	82,611,000	17,155,000
60 Highways Department.....	545,117,000	140,902,000
62 Housing Department.....	343,086,000	85,866,000
70 Immigration Department.....	502,580,000	102,692,000
72 Independent Commission Against Corruption.....	198,249,000	41,856,000
73 Industry Department.....	63,433,000	30,134,000
74 Information Services Department.....	91,738,000	18,826,000
76 Inland Revenue Department.....	341,684,000	73,306,000
34 Internal Security: Miscellaneous Measures.....	166,836,000	94,301,000
80 Judiciary.....	222,411,000	46,958,000
90 Labour Department.....	178,477,000	37,065,000
92 Legal Department.....	210,918,000	43,150,000
94 Legal Aid Department.....	121,758,000	24,352,000
100 Marine Department.....	272,929,000	74,567,000
102 Medical and Health Department.....	3,385,600,000	742,772,000
104 Medical Subventions.....	1,464,092,000	328,792,000
106 Miscellaneous Services.....	4,684,964,000	1,191,857,000
112 Office of Members of the Executive and Legislative Councils.....	24,695,000	4,999,000
120 Pensions.....	1,408,850,000	353,678,000
121 Police Complaints Committee.....	3,700,000	740,000
122 Police: Royal Hong Kong Police Force.....	3,351,194,000	778,709,000
126 Post Office.....	864,764,000	181,519,000
130 Printing Department.....	123,051,000	43,266,000
134 Public Debt.....	100,139,000	50,070,000
136 Public Service Commission.....	2,034,000	407,000

<i>Head of Expenditure</i>	<i>Amount shown in the Draft Estimates</i>	<i>Initial amount of provision on account</i>
	\$	\$
160 Radio Television Hong Kong.....	209,943,000	57,302,000
162 Rating and Valuation Department.....	87,215,000	17,751,000
164 Registrar General's Department.....	132,428,000	27,564,000
165 Registry of Trade Unions.....	3,431,000	687,000
166 Royal Hong Kong Auxiliary Air Force.....	50,406,000	29,635,000
167 Royal Hong Kong Regiment (The Volunteers).....	28,659,000	11,185,000
168 Royal Observatory.....	62,185,000	19,100,000
170 Social Welfare Department.....	2,711,573,000	546,473,000
172 Social Welfare Subventions.....	788,930,000	197,233,000
174 Standing Commission on Civil Service Salaries and Conditions of Service.....	5,138,000	1,028,000
176 Subventions: Miscellaneous.....	789,350,000	180,045,000
178 Technical Education and Industrial Training Department.....	534,870,000	168,227,000
180 Television and Entertainment Licensing Authority.....	11,616,000	2,381,000
110 Territory Development Department.....	117,968,000	23,780,000
181 Trade Department.....	82,753,000	18,033,000
184 Transfers to Funds.....	7,410,000,000	7,410,000,000
186 Transport Department.....	456,547,000	135,341,000
188 Treasury.....	97,533,000	22,216,000
190 Universities and Polytechnics.....	2,236,503,000	561,148,000
194 Water Supplies Department.....	1,269,303,000	260,735,000
Total.....	<u>49,975,838,000</u>	<u>17,427,373,000</u>

First Reading of Bill

HEUNG YEE KUK (AMENDMENT) BILL 1988

Bill read the First time and ordered to be set down for Second Reading pursuant to Standing Order 41(3).

Second Reading of Bills

HEUNG YEE KUK (AMENDMENT) BILL 1988

THE SECRETARY FOR DISTRICT ADMINISTRATION moved the Second Reading of: 'A Bill to amend the Heung Yee Kuk Ordinance'.

He said: Sir, I move that Heung Yee Kuk (Amendment) Bill 1988 be read a Second time.

The Bill is the result of extensive discussion between the Administration and the Heung Yee Kuk on their proposal to name some of their ex-members as non-voting permanent advisers and to expand the membership of their full council and executive committee by additional co-opted councillors.

It has always been the Kuk's intention to widen their representation and recruit more talents so as to enhance their capability and efficiency. They have therefore suggested to the Administration that the constitution be amended to allow for the recruitment of 15 more members who need not be selected from amongst the indigenous New Territories population. However, the Kuk would take care in identifying personalities who have long-standing connections with the New Territories and are thus capable of contributing to the well-being of the New Territories residents.

The selection of co-opted councillors will be closely scrutinised. The candidates for selection will have to be nominated by five members of the Kuk's executive committee, one of whom being the chairman or a vice-chairman. The nominations will then be vetted and approved by myself before they are finally put to the full council of the Kuk for confirmation.

To give recognition to long-serving members and in order that experience and knowledge can be retained, it is also proposed that members of their executive committee who have served for two consecutive terms and all past chairmen should be made permanent advisers of the Kuk.

Besides the expansion in membership and introduction of permanent advisers, the Bill introduces some technical amendments to facilitate the orderly conduct of elections and smooth operation of the Kuk. In brief, the Bill is aimed at enhancing the Kuk's efficiency and capability.

Sir, I move that the debate on this Bill be adjourned.

Question on adjournment proposed, put and agreed to.

HOUSING (AMENDMENT) BILL 1988

Resumption of debate on Second Reading (9 March 1988)

Question proposed.

MRS. CHOW: Sir, as Convener of the Legislative Council ad hoc group formed to scrutinise the Bill before Council, may I first report the points raised during our deliberation.

Before I move to the substance of the Bill, let me first express concern, widely felt among Members not only within the ad hoc group, but also of most non-official Members, over the timing of the announcement of the designation of the first unofficial chairman of the Housing Authority. This was seen as a pre-emptive move on the part of the Administration, which presumed the

passage of the Bill before deliberation by the group and debate by this Council were concluded. This procedural oversight is deeply regretted by our Members.

However in spite of this complaint, when the group approached the Bill, we decided to adopt an entirely open mind regarding the timetable, determined neither to be rushed, nor to delay its passage simply to get back at the Administration. We acknowledged the fact that we were kept informed of the Government's intention to introduce the proposed changes to the Housing Authority when the statement on the Long Term Housing Strategy was published last year, that the reorganisation package was endorsed by the Housing Authority, that the Bill was gazetted in mid-April, allowing ample time for study and reaction, that the OMELCO Housing Panel had been informed of the Bill and its intended legislative timetable immediately following Executive Council's decision to introduce it into Legislative Council.

Notwithstanding the above, we would like to advise the Administration that as a principle it is best that steps are not taken in anticipation of the passage of a Bill.

I move on now to the Bill itself.

Members of the ad hoc group were unanimous in our support in amending clause 2(a)(i) so as to afford more flexibility regarding appointment of the vice chairman. There is no objection to the Director of Housing taking up this post at this point, but it was agreed that there ought to be enough scope for change should the need arise with changing circumstances in the future.

The ad hoc group has also pointed out that clause 1(2) of the Bill does not achieve the intended effect of bringing about the proposed changes to the Housing Authority on 1 April 1988. The Administration has subsequently agreed that an amendment should be moved to the clause to achieve the desired effect.

Mr. F. K. HU will accordingly be moving amendments at Committee stage to the above clauses.

There was discussion as to whether an ex-civil servant should be appointed to the chairmanship of the authority. In the end, the consensus of those present was that with this particular job, there should not be any objection, but the appropriateness of appointing ex-civil servants to chairmanship of similar autonomous authorities should be considered individually and separately.

Clause 7 empowers the authority to make allocation to reserves and the Financial Secretary to direct the authority to pay any surplus to the Government. Members considered this against the background of the new financial arrangements, accepted the former as an operational necessity and found the latter an acceptable provision to ensure a balance between the interest of the authority in terms of the public it serves and the interest of the wider public.

Another important question surfaced in the course of discussion. Members were specially concerned whether the reorganisation would adversely affect this Council's right to monitor Government's performance in the housing area. We were assured that the authority's accounts and annual report will continue to be laid on the table of Legislative Council, and Members will be free to raise any questions in this Council. The Public Accounts Committee of this Council will still be able to question the authority's financial matters, and the close working relationship between the OMELCO Housing Panel and the Administration will continue. Members present seemed to be by-and-large satisfied.

Comments received by the ad hoc group from some public housing representatives on the Bill have focussed on the following main points, in addition to some of the issues I have already addressed:

- (1) Membership should have a wider representativeness.
- (2) There is a call for a gradual move towards election of members into the authority.
- (3) Concern has been expressed that the surplus of the authority might be the result of escalating rent charged to public housing tenants.
- (4) Government should continue to be liable for the financial risks undertaken by the authority.

As the last point raised was relevant to clause 3 of the Bill, we have subsequently sought clarification from the Administration, and are satisfied that it does not constitute an unbearable burden on the authority. In any case, section 12 of the Ordinance states that the authority may borrow only with the approval of the Governor. The Government would as sole owner of the authority provide guarantee for its liabilities.

The remaining points are not directly relevant to the Bill, they may serve a more useful purpose as reference for the Administration and the reorganised Housing Authority.

Sir, I support the motion.

MR.CHEUNG (in Cantonese): Sir, the proposed reorganisation of the Housing Authority on 1 April 1988 as announced by the Secretary for Housing at the end of last November touched off extensive discussions in different sectors. While some are in favour of the proposal, many others feel concerned about the reorganisation and raise their queries. Today, I intend to express my views on some of the concerns of the general public regarding the reorganisation of the Housing Authority.

Firstly, I would like to comment on the 'independence' of the Housing Authority. In collating the arguments on this issue, it is not difficult to detect contradictory views. On one hand, many people are concerned that the

reorganised Housing Authority will be so 'excessively' independent that it will no longer be subject to the monitoring of the Government and the Legislative Council. As a result, the daily operation of the authority and its procedures in formulating policies will be out of line with other government institutions and their policies. Such concern is to some extent related to the doubt about the Government's giving up its commitment in the provision of public housing. On the other hand, some are of the view that the reorganised Housing Authority is 'not' independent enough. They criticise the retention of the existing appointment system after the reorganisation of the Housing Authority and worry that the appointment of the Director of Housing as the vice-chairman of the authority will affect its independence. In fact, I think that the independence of the authority should be viewed from two aspects, namely, 'co-ordination' and 'check and balance'. By 'co-ordination', I mean the apportionment of duties and co-operation among the various institutions concerned. By 'check and balance', I mean the division of powers and cross-monitoring among these institutions.

Judging from the reorganisation proposal, I think that the proposed reorganisation has taken a step in the right direction. After reorganisation, the relationship between the authority and OMELCO will generally remain unchanged, that is, major strategic changes will still require Executive Council's endorsement, while Legislative Council will continue to deal with proposed amendments to Housing Ordinance and examine new or amended housing policies; the Finance Committee of Legislative Council will still be responsible for the approval of the relevant funds. Indeed, after reorganisation, the authority will enjoy greater flexibility in formulating and carrying out day to day policies, thus enabling the authority to implement the Long Term Housing Strategy more effectively. Since the authority has been doing remarkably well in the last 10 years or so, we should have more confidence in its future performance.

Another point at issue concerning the proposed reorganisation is the new financial arrangements of the Housing Authority. Some people worry that the Housing Authority will become a 'profit-making' body but in fact, such allegation is groundless. Firstly, the authority is still required to formulate its rental and pricing policies in accordance with the principle approved by the Executive Council, that is, according to people's affordability. The reorganisation of the Housing Authority or otherwise will not bring any changes to these policies. As regards commercial tenants, there is no reason why the Government should subsidise them. On the contrary, the Housing Authority should be commended for being able to yield profits from the leasing of commercial units. Secondly, we should not forget that the Government has given and will continue to provide large subsidies, both in terms of land and capital, to public housing. It is unreasonable, from the accounting point of view, to take account only of the income of the Housing Authority without having due regard to the amount of government subsidy. Some people are concerned about how the future

surplus will be put to use. In fact, it is too early to bother ourselves with this question as it is still unknown whether there will be a surplus or not. But one thing for sure is that our Government is expected to provide a subsidy of about \$60 billion in the aggregate, both in land and capital, to the Housing Authority in the coming 12 or 13 years. Even if surpluses do occur one day, I think the Government should be entitled to determine how part of the surpluses is to be used. Owing to constraints in resources, it is necessary for our Government to allocate resources not only to meet housing demands, but also other needs in different sectors of the community.

The Government's announcement of the appointment of Sir David AKERS- JONES as the first non-public-officer chairman of the Housing Authority has triggered off some criticism. I believe that any judgment on the wisdom of such an appointment at this stage is premature as Sir David has not yet assumed office. Viewing from another angle, with his many years of valuable experience in the Civil Service and his past involvement in the various committees of the Housing Authority, Sir David will surely be able to render useful service in guiding the Housing Authority.

When we debated the 'Long Term Housing Strategy' last July, many Members supported the new policy. The Housing (Amendment) Bill 1988 is designed to ensure effective implementation of the Long Term Housing Strategy. I therefore support the passage of the Bill.

MR.CHAN YIN-LUN (in Cantonese): Sir, I support the Second Reading of the Housing (Amendment) Bill 1988 but I wish to make two comments.

Concerning the tenure of members, the Bill provides that it should be two years for the unofficial members but there is no stipulation as to the tenure of the chairman. Originally I would like to propose limiting the maximum length of tenure to enable new members to join the Housing Authority regularly. The People's Council on Public Housing Policy and the Community Organisation Association have suggested that the tenure of the chairman should not exceed six years. After discussion, the ad hoc group agrees that if such limitation is to be imposed, it will be impossible to retain experienced members. I agree with this opinion. But I propose that the Governor, in making appointments to the Housing Authority, should consider the need of introducing new blood to the authority periodically. If all members serve too long, the public will think that the Government wants to over-protect the existing housing policies. This goes against the Administration's aim to have open government.

Another point is about the role of Legislative Councillors in the Housing Authority. Following the reorganisation of Housing Authority, other independent management and monitoring organisations, such as the Hospital Authority will be set up one after the other. The public is concerned about the extent of participation and monitoring by the Legislative Council. Just now when I speak on the White Paper, I have emphasised the importance of Legislative Council-

lors in participating in policy formulating organisations. At present there are seven Legislative Councillors appointed to the Housing Authority; so the ratio is quite large. Legislative Councillors' participation is purely dependent upon appointments made by the Governor. There is no statutory protection. The law does not stipulate how many should be appointed. To be in line with the principle of open government, the law should provide that the Governor should appoint at least a certain number of Legislative Council Members to the Housing Authority to reaffirm Legislative Council Members' right to play a part in formulating important policies affecting the public's well being. This will strengthen Legislative Councillors' role in monitoring the Housing Authority and will also enhance the image of the Housing Authority. Legislative Councillors' participation in other bodies should also be governed by similar statutory requirements.

Sir, with these remarks, I support the motion.

MR.CHEONG-LEEN: Sir, it is with much pleasure that I rise to support the Housing (Amendment) Bill 1988 since it is designed to enable the Housing Authority to more effectively implement the Government's Long Term Housing Strategy which was debated in the Legislative Council on 8 July 1987.

The adoption of this Bill will not make the Government any less responsible to provide more and better public housing on the basis of need. If anything else, the Government's commitment and responsibilities should increase by reason of the Housing Authority, as the Government's operating arm, becoming even more flexible and efficient in its work; this in turn should enhance the authority's capability to implement the Long Term Housing Strategy much faster than would have been the case.

The amendments proposed by the Legislative Council ad hoc group are sensible and practical and have my full support.

The reorganised authority, with its wider responsibilities and chaired by a non-official, should provide more and better quality public housing, whether for rental or under the Home Ownership Scheme, between now and the end of the century.

Because of rising incomes and aspirations, there is a strong demand for home ownership. It is therefore clearly desirable not only to give proper priority to the provision of public rental housing on the basis of need, but equally to plan to meet the rising demand for Home Ownership Schemes which will undoubtedly deepen the roots of community responsibility and belonging. Should the trend be reversed due to a cyclical economic downturn, the authority could no doubt readily adapt its programme to provide more rental accommodation.

However, I believe that Government must remain totally committed in its policy to encourage more home ownership so that by the end of the century, 80 per cent of our citizens would be living in their own homes. This I believe is a highly desirable social objective that is worth planning for and attaining.

In this connection, the Government should make continuous efforts to keep mortgage rates on Home Ownership Schemes for our middle and lower income groups as steady and affordable as possible.

Another area of priority has to do with the redevelopment programme for the older public rental estates where 125 000 families now reside. I am concerned that this redevelopment programme will not be completed in the decade of the '90s but will drag on into the next century. Even today, environmental conditions in many of these older estates are, in my opinion, not good enough for modern Hong Kong. I would urge that the revamped Housing Authority keep this redevelopment programme very much in mind. The support and co-operation of the private building sector in the implementation of the redevelopment programme should be fully explored.

A further point worth stressing is that any demand-led strategy in the older public rental estates in urban Kowloon must take into account changing environmental conditions and the growing interest for earlier urban renewal.

In a nutshell, as I understand it, the reorganised Housing Authority's objectives, with the co-operation of the private real estate sector will be to:

- (a) satisfy the demand for public rental housing by the year 1995,
- (b) meet the demand for home ownership by the year 2001—how much more challenging it would be if that could be met before 1997, and
- (c) complete the redevelopment programme of the older rental estates by the end of the century or the early part of the next century.

A final observation on the demand-led strategy of the reorganised Housing Authority; with the rising living standards and changing living habits, the trend is for retired citizens to live independently rather than with their children or close relatives. With no national pension scheme or central provident fund to give a measure of financial security in their old age, many of our senior citizens now look to the Housing Authority to provide them with a decent roof in a pleasant environment where they can peacefully enjoy their old age.

Sir, I support the motion.

MR. HUI: Sir, I have long waited for this opportunity to express my views on a topic concerning the livelihood of some 2.5 million people in Hong Kong. Indeed, housing, being one major social issue in Hong Kong, has always been the centre of public controversy. Of the 340 new cases about the Housing Department brought to the Complaints Unit of the OMELCO in 1987, 238 or 70 per cent of them were related to housing policies. It is evident that the need for more citizen participation in the formulation of our housing policies is long overdue.

However, the Housing (Amendment) Bill, which gives effect to the reorganisation of the Housing Authority has failed to achieve this objective. For with the reorganisation, the appointment of an unofficial to be the chairman is

about the only major change in the structure of the Housing Authority membership. One would have hoped that an overall restructuring of the Housing Authority would bring about some elected members as well as appointed members who represent a wider spectrum of the public housing population.

This brings up the whole question of the effectiveness of Government's consultative machinery and procedures. Following the Long Term Housing Strategy debate last year, members of the OMELCO Housing Panel have requested, and the Administration has promised, that the panel would be consulted on the reorganisation of the Housing Authority before the legislative proceedings. The fact that the Administration failed to keep its promise by submitting the reorganisation proposal directly to the Executive Council and by-passing the Housing Panel has turned the panel into a tool for rubber stamping Government's housing policies, discredited member's constructive opinions and sullied the image of the panel as a consultative body on housing matters. Moreover, the announcement to appoint an ex-civil servant as the chairman designate of the Housing Authority prior to the passing of the amendment Bill by this Council not only tends to reinforce the Housing Authority's susceptibility to toe government line, but also prejudices Members' deliberations on the Bill.

With the removal of the Secretary for Housing, the monitoring function of the OMELCO Housing Panel has also been undermined. It would therefore seem necessary for a new communication channel to be established for Members of this Council to make enquiries about the Housing Authority's activities and to conduct open hearings wherever necessary. Ideally, the Housing Authority should eventually be accountable to this Council which should assume greater responsibility which is now confined to endorsing the Housing Authority's annual reports.

While acknowledging that the reorganisation brings about better coordination of public housing projects, I tend to share the public's concern over the way the Housing Authority should deal with its surplus funds. The amendment Bill allows the Housing Authority discretion in making allocations to reserves, but a sizable part of the excess is to be returned to the public coffer. It has been estimated that under the new financial arrangement, the Housing Authority would be able to repay 70 per cent of its loan from Government by 2001 and would then be financing its own building projects. Contrary to the popular belief that public housing should be provided by the Government as a social service to the community, the reorganisation of the Housing Authority would enable Government to turn a social responsibility into a profitable investment.

I therefore venture to suggest at this stage, Sir, that an independent trust fund be established for channelling accrued surpluses into developing better public

housing and other social service amenities for the local population. Furthermore, I would recommend, Sir, that this Council be given the authority to examine and approve the Housing Authority's budget estimates.

Sir, with these reservations, I support the motion.

MR. ANDREW WONG (in Cantonese): Sir, I rise to support the Bill because I feel that the Bill can further improve Government's efficiency and commitment in the provision of public housing and I would like to take this opportunity to give my views.

Firstly, regarding privatisation. A lot of people look at this Bill and other proposals, for instance, the establishment of the Hospital Authority, as a way towards privatisation. But personally, I feel that this does not comply totally with the concept of privatisation. The Government can employ its own staff in the provision of services. At the same time, it can also contract out the services required, for example, the cleaning of government offices can be done by private cleaning companies. This is actually the hiring of services and of course some major services cannot be done in this way. For instance, in the United States of America, some prisons' services are also contracted out and this has greatly damaged the Government's dignity. This is not privatisation but one way of providing services.

Secondly, certain kind of services may be directly provided by the Government at the initial stage through various government departments but these may turn into public corporations later on. For instance, the KCRC was previously a government department but later turned into an independent corporation. The MTRC on the other hand started as a public corporation. This is in fact hiving-off: it seems that they detach themselves from the Government after maturity. But the thing to consider is whether they will be more efficient as independent bodies. This Bill is again a very good example of hiving-off. Basically, the Housing Authority became independent in 1973 and now, we further widen its relationship with the Government. Perhaps the next thing that we can think about is to make the Housing Department a department under the Housing Authority. Privatisation is something different. When a government department is totally detached and is financially independent, then it is privatisation. However, in this case, the Government still finances the Housing Authority's projects. Thus, the revamping of the Housing Authority should not be taken as a case of privatisation.

Coming back to the point about appointments. At the moment, you, Sir, can appoint six public officers and a certain number of non-public officers to join the Housing Authority and the Secretary for Housing will be its chairman. However, after the revamping, the Director of Housing will replace the Secretary for Housing, and not more than three public officers and a certain number of non-public officers will be appointed. Under this particular Bill, Sir, you can also appoint a non-public officer to be the chairman of the Housing

Authority. In this way, the Housing Authority, in making its decision, will not be influenced by public officers. At the same time, the Administration is planning to abolish the Housing Branch. I feel that all these amendments will enhance efficiency.

The third point that I would like to make is, when OMELCO interviews certain organisations, some of them say that clause 3 of the Bill actually replaces the existing section 4(2) which is about the authority's power to make loans or accept securities for loans and mortgages. They doubt whether the Housing Authority will have to shoulder too many loans. But according to the amended 4(2)(ia), by taking over the HOS and PSPS schemes, the Housing Authority will have to shoulder the responsibility when there are defaults. Secondly, it is responsible for guaranteeing to the private contractors or developers certain amounts. The total amount involved in the HOS and PSPS schemes is only \$5.7 billion, but judging from past experience, we have only paid about \$800,000. As regards the guarantee to private developers, the total amount involved is \$9.2 billion, but all that we have paid previously is \$142 million and that in fact is an agreement with the PSPS developers. However, there is no definite formula and that is the reason why we have to shoulder a substantial amount. However, if we now have a certain formula and if anything is below market price, then it will be worked out accordingly.

As for accepting securities for loans and mortgage guarantees, the Bill enables the Housing Authority in 1988-89 to give loans to about 2 500 households. The loan to each family is \$70,000 and the grand total would be \$175 million. But as the unit can be mortgaged, the financial burden is not really that great to each household. The existing section 12 provides that, if approved, individual household can mortgage the unit. However, if the Government owns the Housing Authority totally, then when the loan is approved and the unit is mortgaged, the financial burden will have to be borne and guaranteed by the Government.

The fourth point I would like to talk about is the question of chairmanship. Before the passing of the Bill, Government announced that Sir David AKERS-JONES, our former Chief Secretary had been appointed as chairman designate, and this would come into effect after the passage of the Bill. I feel that in future, if we do have such appointment, could Legislative Councillors be appointed so that the communication between the two can be enhanced? In this way, the Housing Authority, in implementing its policies, will be more effective and accountable to this Council.

Sir, I support the motion.

MR. EDWARD HO: Sir, Hong Kong's public housing programme started after a squatter fire in Shek Kip Mei in 1953. It has now provided homes at affordable price or rent to some 2.7 million people or 48 per cent of the total population of

Hong Kong. By securing better living conditions to such a large proportion of our community, the programme has undoubtedly contributed much to the social stability that we have enjoyed in the past three decades.

Yet, if one examines the Housing Ordinance for the first time, one would not be able to find in it any reference to the public housing policy that has guided the Housing Authority since its formation.

The basic aim of Hong Kong's public housing policy is not covered in the Housing Ordinance. Housing policy is not determined by the Housing Authority. It is formulated by Government, although the Housing Authority is responsible for advising the Governor on all public housing policy matters.

In recent years, issues affecting public housing such as the Domestic Rent Policy and the Housing Subsidy to Tenants of Public Housing, have been decided by Government after advice had been given by the Housing Authority and after public consultations had been conducted. More significantly, the Long Term Housing Strategy is a major policy that has been decided by Government in a similar manner.

The Housing Authority's function is to implement these policies with the most effective use of the resources of the public sector.

With improved economic conditions in Hong Kong, there is an increased expectation for improvements in living conditions, and a growing aspiration to own one's home rather than to rent.

It has been projected that from now to the year 2001, 960 000 additional flats will have to be constructed to satisfy demand for housing, out of which 100 000 households (more than half of whom will be sitting public rental housing tenants) will have home purchase aspirations. These aspirations cannot be satisfied by the existing housing strategy that relies solely on the resources of the public sector.

In view of this, Government has approved the adoption of the Long Term Housing Strategy, the main objective of which is to ensure that adequate housing at an affordable price or rent is available to all aspiring households, and to promote and satisfy the growing demand of home purchasers by the year 2001.

The Long Term Housing Strategy is a strategy that will make the most effective use of the resources of the private sector in addition to that of the public sector in housing production. In so doing, it will require a high degree of sensitivity in gauging the changing needs and aspirations of the community in housing as well as the constant evaluation of the capabilities in housing production in both the public and private sector to meet these demands.

It is because of this that certain changes have to be made to the organisation of the Housing Authority, especially in its financial arrangements, so that the Housing Authority can have the degree of flexibility and financial autonomy necessary to implement the Long Term Housing Strategy.

The Housing (Amendment) Bill 1988, which introduces amendments to the Housing Ordinance in respect of the Housing Authority's establishment and constitution and other matters, is aimed at increasing the flexibility of the Housing Authority to fulfil its functions to accomplish the Long Term Housing Strategy. The amendments proposed in the Bill do not change the fact that the Housing Authority must abide by the policies in housing that have been approved by Government. This is no different from the position under the existing Housing Ordinance.

I have heard suggestions by some members of the public that the reorganisation of the Housing Authority is an indication that Government will diminish its commitment on public housing. There is nothing in the Housing (Amendment) Bill 1988 nor in the proposed reorganisation of the Housing Authority to suggest that this would be the case.

On the contrary, it is encouraging to note that the Long Term Housing Strategy will enhance the scope of our housing programme. Public housing in Hong Kong is a vital element of the social services available to our community. It is up to us as Members to monitor and to ensure that Government will continue its commitment on public housing through the Housing Authority.

Sir, with these remarks, I support the motion.

SECRETARY FOR LANDS AND WORKS: Sir, the Housing (Amendment) Bill 1988 is the end-product of a process which began with the publication of Government's Long Term Housing Strategy in April 1987 and a debate in this Council last July. Following the debate, the Administration met with the OMELCO Housing Panel on 21 September 1987 and again on 11 February 1988 to discuss the reorganisation of the Housing Authority, which is an integral part of the strategy and the reason for the Bill. These meetings resulted in the minor amendments which Mr. F.K. HU will introduce on 3 May.

I am grateful to Mr. CHAN Ying-lun, Mr. CHEUNG Yan-lung, Mr. Hilton CHEONG-LEEN, Mr. HUI Yin-fat, Mr. Edward Ho, Mr. Andrew WONG and Mrs. Selina CHOW for the attention they have given to the reorganisation proposals and for their support of the Bill.

Before I come to other comments I should say a word about Mrs. CHOW's and Mr. HUI's criticism of the timing of the announcement of the new chairman designate of the authority. We accept that it would be better to have made the law and the announcement in that order. I can only say we were anxious to meet the time-table of introducing a new arrangement on 1 April and in particular to give to the chairman designate who was incidentally appointed under existing powers the opportunity to prepare himself for his new responsibilities. Certainly no disrespect to this Council was intended. But, nevertheless, we accept the point made and we will try to do better next time. Members should not feel browbeaten into voting for the Bill if they do not want to.

I am sorry to hear that Mr. HUI is still concerned over the future authority's membership, accountability and financial arrangements. I can only repeat the assurances that the Administration has already given on these issues and which I believe other Members have accepted as being necessary and reasonable.

In brief, Sir, the future authority will comprise fewer official members and these will no longer be able to form a quorum or a majority. Other membership will continue to reflect a wide range of interests and expertise, including estate tenants, professionals, district board members and Members of this Council, with a balance of both old hands and new blood being maintained.

Upon reorganisation, the authority will enjoy greater freedom in day-to-day affairs, but will otherwise retain its present relationship with the Government which will continue to provide subsidised land including free land for rental housing indefinitely, with this Council the Finance Committee of which will continue to vote funds for the authority, and the OMELCO Housing Panel. Government will still be accountable to the public for the authority's affairs.

The financial arrangements are a give-and-take package which attempts to be equitable to all parties. Its benefit is an increased financial flexibility which will enable the authority to place its resources where its priorities are, so as to implement the Long Term Housing Strategy most effectively.

To conclude, Sir, the reorganisation and amendments proposed in the Bill before this Council will increase the authority's freedom without reducing Government's public obligations. Housing will remain a major social commitment, continuing to be provided on the basis of need and charged on the basis of affordability.

Question put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

Committee stage of Bill

Council went into Committee.

HOUSING (AMENDMENT) BILL 1988

Clauses 1 and 2

MR. HU: Sir, I move that clauses 1 and 2 be amended as set out in the paper circulated to Members.

*Proposed amendments***Clause 1**

That clause 1 be amended by deleting subclause (2) and substituting the following—

‘(2) This Ordinance shall come into operation on 1 April 1988.’.

Clause 2

That clause 2 be amended—

- (a) in paragraph (a)(i) by deleting ‘, who shall be the Vice-Chairman of the Authority’; and
- (b) in paragraph (b) by deleting the proposed subsection (3) and substituting the following—

‘(3) The Governor shall appoint—

- (a) one of the persons appointed under subsection (2)(b) as the Chairman of the Authority; and
- (b) one of the persons referred to in subsection (2) as the Vice- Chairman of the Authority.’

The amendments were agreed to.

Clauses 1 and 2, as amended, were agreed to.

Clauses 3 to 12 were agreed to.

Third Reading of Bill

THE ATTORNEY GENERAL reported that the

HOUSING (AMENDMENT) BILL 1988

had passed through Committee with amendments. He moved the Third Reading of the Bill.

Question on the Bill proposed, put and agreed to.

Bill read the Third time and passed.

Private Bill**Second Reading of Bill****DEUTSCHE BANK (MERGER) BILL 1988****Resumption of debate on Second Reading (9 March 1988)**

Question proposed, put and agreed to.

Bill read the Second time.

Bill committed to a Committee of the whole Council pursuant to Standing Order 43(1).

Committee stage of Bill

Council went into Committee.

DEUTSCHE BANK (MERGER) BILL 1988

Clauses 1 to 3 and 5 to 15 were agreed to.

Clause 4

MR. LI: Sir, with the leave already obtained from you under Standing Order 45(2), I will move amendments to the Deutsche Bank (Merger) Bill 1988. These amendments are only those which have been required by the Foreign and Commonwealth Office as a result of this Bill having been referred to it. They are essentially technical requirements and do not in any way affect the substance of the Bill other than to ensure that it applies only to Hong Kong law and does not have extraterritorial effect. I now move that clause 4 be amended as set out in the paper circulated to Members.

Proposed amendment

Clause 4

That clause 4 be amended by deleting clause 4 and substituting the following—

- | | | |
|--|----|---|
| ‘Recogni-
tion of
vesting of
DB Asia’s
under-
taking in
Deutsche
Bank | 4. | On the appointed day that part of the undertaking of DB Asia which is governed by Hong Kong law or the transfer of which is governed by Hong Kong law or which is derived from the Hong Kong business of DB Asia shall be deemed for the purpose of Hong Kong law to be transferred to, and vest in, Deutsche Bank to the intent that Deutsche Bank shall succeed to such part of the undertaking of DB Asia as if in all respects Deutsche Bank were the same person in law as DB Asia.’ |
|--|----|---|

The amendment was agreed to.

Clause 4, as amended, was agreed to.

Preamble

MR. LI: I move that the preamble be amended as set out in the paper circulated to Members.

Proposed amendment

Preamble

That Preamble of the Bill be amended by deleting paragraph (5) and substituting the following—

- ‘(5) for the better conduct of the business of the Deutsche Bank group of companies, it is expedient that provision be made for the merger of undertakings by which that business is carried on by merging into Deutsche Bank the undertaking of DB Asia and that that merger of undertakings should be facilitated without interference with the conduct and continuity of that business;’

By deleting paragraph (9) and substituting the following—

- ‘(9) it is expedient to make provision to facilitate such merger insofar as it relates to that part of the undertaking of DB Asia which is governed by Hong Kong law or the transfer of which is governed by Hong Kong law or which is derived from the Hong Kong business of DB Asia.’

The amendment was agreed to.

Preamble, as amended, was agreed to.

Long Title

MR. LI: I move that the long title be amended as set out in the paper circulated to Members.

Proposed amendment

Long Title

That Long Title of the Bill be amended by deleting the long title and substituting the following—

- ‘A BILL TO Provide for facilitating the vesting in Deutsche Bank Aktiengesellschaft of the undertaking of Deutsche Bank (Asia) Aktiengesellschaft; and for other related purposes.’

The amendment was agreed to.

Long title, as amended, was agreed to.

Third Reading of Bill

MR. DAVID LI KWOK-PO reported that the

DEUTSCHE BANK (MERGER) BILL 1988

had passed through Committee with amendments. He moved the Third Reading of the Bill.

Question on the Bill proposed, put and agreed to.

Bill read the Third time and passed.

Suspension of sitting

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

Suspended accordingly at eleven minutes past Eight o'clock.