

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 22 October 1992

The Council met at half-past Two o'clock

PRESENT

THE DEPUTY PRESIDENT

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

THE CHIEF SECRETARY

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

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.B.E., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, C.B.E., J.P.

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE EDWARD HO SING-TIN, O.B.E., J.P.

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E., J.P.

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, O.B.E., J.P.

THE HONOURABLE LAU WAH-SUM, O.B.E., J.P.

DR THE HONOURABLE LEONG CHE-HUNG, O.B.E.

THE HONOURABLE JAMES DAVID MCGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE MRS ELSIE TU, C.B.E.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE TIMOTHY HA WING-HO, M.B.E., J.P.

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE SIMON IP SIK-ON, J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE GILBERT LEUNG KAM-HO

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE HENRY TANG YING-YEN, J.P.

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., J.P.

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

ABSENT

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

THE HONOURABLE STEPHEN CHEONG KAM-CHUEN, C.B.E., J.P.

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

THE HONOURABLE DAVID LI KWOK-PO, O.B.E., J.P.

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., J.P.

THE HONOURABLE LAU WONG-FAT, O.B.E., J.P.

THE HONOURABLE MRS PEGGY LAM, M.B.E., J.P.

THE HONOURABLE PETER WONG HONG-YUEN, J.P.

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, J.P.

REV THE HONOURABLE FUNG CHI-WOOD

DR THE HONOURABLE PHILIP WONG YU-HONG

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR CLETUS LAU KWOK-HONG

Member's motion**MOTION OF THANKS****Resumption of debate on motion which was moved on 21 October 1992**

DEPUTY PRESIDENT: Council will resume and continue with the debate on the Motion of Thanks.

MR MARTIN BARROW: Mr Deputy President, in his "Agenda for Hong Kong", the Governor has given our community a bold and visionary lead for the next five years. It clearly has considerable support across the community.

Economic issues

I wholeheartedly welcome the restatement of the Government's philosophy of minimum interference and of its desire to preserve Hong Kong as the most business-friendly place in Asia. I also welcome the pledge to keep taxes low but would go further to suggest that a small part of the current surpluses could be used to roll back this year's tax increase. I also believe that the social programmes can be achieved without undermining these successful policies. The commitment to holding government spending down so that it does not outpace economic growth is equally welcome to the business community.

The four tasks set for the Governor's Business Council lie at the very heart of Hong Kong's quest for continuing success. As I have said many times in this Council, there remains a need to dam the flood of new legislation. Given the enormous task for the Administration and this Council alike to bring existing legislation into line with the Basic Law, I do not see how we can cope with so much new legislation as well.

While the Governor is right to say that consumers must have redress against unscrupulous business practices the remedy lies with more vigorous use of existing legal sanctions, for example a greater readiness to prosecute and to impose long sentences. It must not mean more legislation, more red tape in other areas, a regulatory environment which will stifle enterprise and, in retarding economic growth, deprive us of funds for improving social services. Minimum interference has served Hong Kong well and must continue to do so. We must resist the temptation to seek a legislative solution to every perceived abuse. It simply will not work. The determined criminal will breach the rules however complex while the enterprise of the honest businessmen will be stifled.

A case in point is the regulation of the securities industry. Hong Kong now has some of the most complex securities regulation in Asia while still further complexity is planned. The Government must strive for a better balance in both the structure of the rules and in the way they are presently being

administered, between free, open and responsive securities markets and adequate investor protection.

I am delighted by the Government's commitment to reassess existing policies that stand in the way of progress. As President BUSH put it recently:

"We must clear away the obstacles to growth, high regulation, red tape, and yes, wasteful government spending.

Departments and agencies will carry out a top to bottom review of all regulations, old and new, to stop the ones that will hurt growth, and speed up those that will help growth.

I will not neglect my responsibility for sound regulations that serve the public good, but regulatory overkill must be stopped."

Hong Kong's free enterprise has brought prosperity to the people of this territory. The business community shares the Governor's determination to safeguard this against the assaults of the nanny state.

On many occasions I have called for a more vigorous programme of privatization. I am reassured that the Government will continue to pursue this area and I endorse Mr David LI's comments on this topic yesterday.

Lastly, on economic issues, this is the fifth policy debate in succession in which I have referred to the labour shortage. But the responsibility of the Government to explain its labour importation policies and the need to eliminate bureaucratic bottlenecks is no less pressing than before.

For example, our service standards as a major tourist centre can only be sustained if there are adequate staff to meet growing needs. Business as well as the Government can play its part by supporting retraining programmes but with unemployment at under 2%, the growth target of 5% or 6% can probably only be achieved with continued flexibility in the supply of labour from overseas. New schemes must, however, be surrounded by less red tape than in the past.

Serving the community

As in last year's policy address, I state my admiration for the dedication and loyalty of our Civil Service.

Last year I called for radical reform, for refocussing civil servants on serving the customer, not the boss. I called for mountains of achievement, not of paper. I am therefore delighted to learn of the Government's commitment to a culture of service through performance pledges. While it is encouraging too that civil service managers have responded to this new challenge, it is disappointing that some civil servant unions have suggested that it will lead only to overwork. No one suggests that civil servants do not work hard. But they

miss the point. The effect of these proposals will be to reduce mountains of paperwork. Civil servants should themselves take the initiative in coming up with ideas. I know at least one civil servant who has been fighting the bureaucratic steeple chase for some years.

A case in point was the extraordinary Security Branch policy of imposing a paper chase of work before visas could be issued to certain visitors to Hong Kong. Now that needless paper work has been excised, the Immigration Department's workload has reduced. Further simplification in procedures of issuing Taiwan visitor visas, would reduce the workload further.

But other examples remain. In the same area, why should it be necessary to queue for hours to get an ID card or a passport? Cannot more of this activity be undertaken through the post? The Governor mentioned driving licences. In the United Kingdom a licence is valid until the age of 70. Why do we have to renew here every three years?

A "culture of service" must apply equally to customers in businesses. Is the Administration aware that it can take an entrepreneur six to nine months to obtain all the approvals to open a new restaurant? Health or fire regulations must exist but unclear and frequently changing regulation must be scrapped and replaced with a client-friendly system which will give all approvals within, say, 21 days.

As a member of the Efficiency Unit, I look forward to developing these plans.

Law and order

I wonder how many years have passed since the Governor's address could last afford the luxury of no reference to Vietnamese migrants. I congratulate the Hong Kong and British Governments for reaching agreements with Vietnam and for the way in which these have been implemented. Hong Kong must continue both to look after those who remain in Hong Kong and to handle returners with sensitivity. For the past two months, the numbers awaiting return have remained at about 3 000. Bureaucratic blocks to rapid progress must be lifted, with initiatives to be taken by the Vietnamese side. As soon as the United States election is out of the way, the Administration must urgently press the United States to lift their trade embargo on Vietnam. The United Kingdom appears to have done little to help on this aspect and they must have it firmly on the agenda with the expected new United States administration. By giving hope for improvements in their economy, this will provide the psychological boost to encourage migrants to return home.

Another point on law and order relates to illegal immigrants. Is it right that illegal immigrants caught on building sites should be jailed, while those who are caught at the border are sent straight back? The former seem no more guilty than the latter. I see no evidence that jail sentences deter, while they cost

the taxpayer over \$500 million and impose extra burdens on the police and the Correctional Services Department. A change of policy is long overdue.

Finally on law and order, let me commend the Governor for the courageous decision to proceed with the abolition of capital punishment. I urge Members of this Council to support that move.

Conclusion

Mr Deputy President, I returned yesterday from Beijing and therefore missed the talk of Mr LU and Mr PANG's bridge building activities, as well as the quotes from Aesop's fables. However, during my meetings in Beijing I was advised of a well known Chinese proverb "不打不相識"。對不起，副主席先生，我用普通話講。I apologize, Mr Deputy President, for speaking in Putonghua which, I know, is not permitted under Standing Orders. (*laughter*) But let me explain the meaning of this proverb: If one does not start with a bit of a fight, one does not build a close understanding. As I am sure Mr Andrew WONG knows, this is often referred to in both classical and modern Chinese literature. It seems to me that the Hong Kong community should remember this and not overreact to the first round of discussions. I am sure the bridge will be built in time.

I do not wish to repeat the many points which had been made on constitutional development, but I note that some Members of this Council are disappointed that the proposals do not go even further. They quote recent opinion polls, but I believe we must be careful in interpreting these "motherhood" type questions. The latest City and New Territories Administration poll gave the following responses to the question: What do you think the Hong Kong Government can do to boost public confidence? 22% of respondents said develop the local economy, another 22% said maintain good relations with China and only 6% replied quicken the pace of democracy.

These results demonstrate the complex nature of community attitudes and I suggest we should all take care in interpreting research findings.

Finally, I have spoken many times in this Council on the economic relations between Hong Kong and the Mainland. Now that the 14th Party Congress has reaffirmed the policy of market orientated economic reform, Hong Kong should do everything it can to support these developments, to broaden its investment in China and to build its own infrastructure to meet the growing trade. Hong Kong's re-exports to China have grown by a staggering 1 000 times since the start of the open door policy. China is poised for economic take-off. If we stick to an economic agenda which benefits both the Mainland and Hong Kong we will be putting in place the best possible insurance for ensuring a good future for the people of Hong Kong.

With these words, I support the motion.

MR VINCENT CHENG: Mr Deputy President, I refrain from telling fairy tales because I have done it quite enough. I have to do it every night when I have to put my daughter to bed.

I welcome the Governor's speech although there are areas I have doubts. On the whole it is cleverly crafted and packaged. That is why it has received such wide support even though the spending proposals are well within our fiscal guidelines. I am glad to hear that the Government's approach to business will remain one of minimum interference and maximum support. I am glad to know that we will provide more assistance to those in genuine need. I also welcome the establishment of the Governor's Business Council which has gone a long way to allay the business sector's fear over the fast pace of outlined democratic development in Hong Kong. The experience and insight of the members of the Business Council should provide useful input to the Government in formulating business policies.

Since many of my colleagues have already commented extensively on the Governor's policy proposals, I will confine my comments to a few specific areas which I feel strongly. The first area is competition.

1. Competition

I agree with the Governor that competition is the key to our economic success. It holds down costs, raises efficiencies and benefits consumers. We must therefore allow as much competition as possible in each and every sector of our economy. However, we also have to bear in mind that competition is only a means to an end; the end is whether consumers can benefit and, equally important, whether the market would continue to deliver goods and services at a speed and with such quality that society's demands can be fully met.

While competition is conducive to consumer protection, we must avoid equating competition to consumer protection. If we look at the complaints made to the Consumer Council, we will find that many of these complaints are not in areas where we lack competition. Rather many of those complaints are on unethical business practices of individual businessmen who cannot face competition and therefore have to resort to unethical and indeed illegal means to generate revenue. In addressing this issue the Government must distinguish between unethical business practices of individual businessmen, such as some electrical appliances shops and some second-hand car dealers, and genuine collusion on an industry-wide basis. It must also bear in mind that competition does not lie in the number of suppliers. If there is no surplus production capacity, there will be no competition regardless of the number of suppliers because suppliers find no incentive to compete when demand outstrips supply.

I would like to lay down the criteria of how I see a good competition policy:

A good competition policy should encourage production. It should encourage investors to produce more, better goods and services. It should eliminate whatever non-market barriers to entry for new comers.

A good competition policy should recognize the limit on the optimum number of firms imposed by the size of the market and should not sacrifice efficiency for competition.

A good competition policy should recognize the need for market stability. In industries where stability is essential to society, we have to accept arrangements of market participants provided that such arrangements are transparent, known to the public, and produce benefits without penalizing consumers. In other words, these arrangements are not used by firms for profit maximization.

Some colleagues have asked for more legislation and more watchdog bodies to protect consumers. While I support any legislation which would give consumers more protection, I am sceptical about legislation which would distort markets and resources allocation. Indeed I think I oppose those legislation. We must allow market forces full play if we want genuine and not artificial competition. Already there is legislation giving consumers the full redress against unscrupulous business practices. However, consumers seldom resort to legal proceedings because of the troubles they have to go through in undertaking such an act. I also disagree with the setting up of more committees and Quangoes as watchdogs. The Consumer Council has done a great job and we should continue to support their work. The need for more official bodies for consumer protection is not there.

2. *Monetary Authority*

I am glad to hear the Government's plan to form a Monetary Authority after months of speculation in Hong Kong on whether we would have one. Many commentators welcome the idea. But I must admit that I have not been thrilled to death by this piece of news, for the simple reason that the Government has said nothing about the role of the Monetary Authority. Before I know the details of its power, its structure, and how it would ensure monetary stability, I would reserve my judgement. If it is just a new name for two existing monetary departments — or what Mr Andrew WONG called old wine in new bottles — I do not see why I should feel elated. If it is more than a name, I would like to know what benefits it would bring to the people Hong Kong and the financial community. Nevertheless, knowing the talents of our monetary officials, I believe we will benefit from this restructuring. I do not agree with the idea of an independent Monetary Authority. Hong Kong is too small to have two independent economic decision making bodies. The last thing the financial market wants to see is the Government's left arm fighting with the right arm.

3. *Rehabilitation*

As a volunteer in the field of rehabilitation, I welcome the Governor's proposals to increase spending in this area. We must do more for the less fortunate members of our community, particularly disabled children. We have to ensure that more resources are assigned to special schools and normal schools with handicapped children, so that they have their resources to perform their tasks. While I welcome the provision of more residential facilities for the disabled, I would strongly urge the Government to pay more attention to the issue of employment of the disabled. Rehabilitation is not just helping handicapped people to overcome their disabilities, but rather to help them to live a useful life through work. Perhaps the Governor does not know, while he was promising more resources for rehabilitation, the resources the Government put in helping the disabled to get jobs have actually been cut back. I have just found out that the number of placement officers in the Labour Department to help the disabled to get jobs has actually been reduced. What is the point of training up the disabled and then sending them directly to sheltered homes? My colleagues on the Rehabilitation Employment Subcommittee have urged me to draw this to the Governor's attention.

4. *Government efficiency*

I welcome the formation of the Efficiency Unit in the Government and the publication of performance pledges. The Governor has listed several examples. But in my view, they are the easy ones and are far from sufficient. The Government should publish for each department a set of performance standards in the next six months. I fully appreciate the practical problems, but the Governor should try very hard to ensure that his pledge to increase civil service efficiency is supported by the whole Civil Service. If a government department fails to come up with performance standards, it should explain publicly why. To be honest, I remain sceptical whether any real achievement could be made in this regard. But I will keep an open mind.

5. *Constitutional development*

The constitutional development package outlined by the Governor, if implemented, would give Hong Kong a pace of democracy even faster than the OMELCO consensus. Let us be honest. Although the proposals themselves are not in breach of the Basic Law, it would in effect give Hong Kong 39 directly elected seats in 1995. While no one would and can argue against democracy, we have to bear in mind that democracy is only a means and not an end. We must not lose sight of the final objectives of government and our political system which are freedom, prosperity and stability. Although democracy is the best system of government, it is not perfect and it has its problems. We only have to look at the United Kingdom if we want to find a real example. I will support a faster pace of democracy; I just hope that we are ready for it. I have great doubts about the formation of a 10-member Legislative Council committee. This is not a healthy arrangement because it would deprive Members who are

not on the committee the opportunity to discuss government policies directly with the three heads of the Government. I do not know the background to this proposal and I cannot help but think that this idea might have been influenced by Mr PATTEN's experience in the British Parliament where meetings are much less orderly and personal abuses abundant. I can assure him that our In-House meetings are nothing like that. If the first meeting we had with him two weeks ago is any guide, he should know that he has no trouble handling this lot. In the last Session, Executive Council decisions are discussed in our OMELCO In-House meetings. Despite the large number of Members present, discussions were orderly and useful. Each Member had a chance to voice his or her opinions and concerns on each Executive Council decision that was put on the table. I do not see how a 10-member committee can represent the wide range of views of this Council. I therefore urge the Governor to withdraw this proposal, come directly to the Legislative Council and explain his policies to all the Members rather than just a handful. I, for one, will not be bound by any decision of such committee and I will vote according to how I see the policies.

Mr Deputy President, with these remarks, I support the motion.

MR MOSES CHENG: Mr Deputy President, I would like to join my colleagues in thanking His Excellency the Governor for what many have deemed "a blueprint for Hong Kong's future". His Excellency's recent address to this Chamber represents bold steps toward breathing new life in issues and attitudes that have been dormant for too long. The response it has generated thus far indicates that the people of Hong Kong largely endorse the principles that are paramount to his propositions. Since my Co-operative Resources Centre colleagues and I have made it clear that we are largely aligned with these principles to fortify the future well-being of our citizens, I will focus my remarks on the practical and pragmatics of pushing forward key aspects of the agenda.

The premise upon which the success or failure of the Governor's proposals heavily rely is the continual growth in real terms of 5% per annum in our economy. The basic ingredients conducive to economic growth must therefore be preserved at all costs and dominant in our considerations. Our competitive economic edge, in terms of a low and simple tax system, hard-working people with enterprising initiatives and a stable and efficient government, must be maintained.

To lay out my primary purpose as a part of the Legislative Council, I want to share my belief that, beyond all other duties we serve here, there is no greater calling than actively promoting the strength and sanctity of family welfare, particularly the younger generation. Most children cannot, of course, vote; they have no business or economic clout; and their voices are largely unheard in the politically-charged atmosphere of competitive interests. But they do represent the purpose of all our planning, and the pinnacle of all our hopes. So I make it clear now — as I did one year ago during debate on the youth

charter, and on several subsequent occasions — it is my intention to vigorously vouch for the younger generation and the families that hold them together. I appreciate the Governor's expeditious and direct response to the shared concerns in this critical area which my colleagues and I offered weeks earlier, and I believe the public must be comforted by the knowledge that their government institutions and leaders are united in this spirit. I am pleased with the pronouncements that encompass our recommendations of scaling down class sizes, trending towards whole-day schooling and boosting teacher training, amongst others, and I hope to move these proposals into legislation with the fleet attention these issues deserve. However, there is even more room for improvement to be sought in this vital area. The commitment of dollars signifies the Government's seriousness, but simply throwing money at the educational system falls short of guaranteeing success. Any meaningful, real, and lasting solutions must involve parents and families in a creative and comprehensive plan of youth development.

It is a positive measure to improve the working conditions of the territory's educators, but it is equally important that social workers have their conditions improved commensurate with their importance to community development. Such suggestions were noticeably missing in the "blueprint". They are too important to be omitted from our future, and I trust the Administration will co-operate with our efforts to insure that it is not.

Reducing the extraordinary stress and workload of our children must be a key concern. This is not a knee-jerk response to the tragic spate of suicides that seems a dangerously contagious idea amongst our young people. Rather, it is a long-term practical prescription for a happier and healthier population — one that can find contentment with working for a living, without living for work alone. People of all ages should be allowed the basic human instinct to find joy in life. Let us pursue proposals that will sustain their God-given right to exercise the joy of youth, and alleviate the massive burden of stressful expectations that suppresses their freedom at critical stages of growth. This more than any thing else, I contend, can enhance the prospects of democratic and open thoughts with an optimistic outlook for the next generation.

Most Members are aware of my keen concern in the fields of justice and taxation in our run-up to transition. I would be remiss not to address these in greater detail. Again, I am fully supportive of the Governor's commitment to principles that have assured Hong Kong's dynamic growth and domestic peace in these fields. So I will direct myself to practical measures. In sharing the Governor's stated intention to maintain minimal interference, I hope the Government will seek to put its hands only in those trouble spots that demand its presence, such as improvements in the environment and combating inflation, and restrain from putting its hands in other places, such as our wallets and pocket books. In short, any efforts to increase taxes in the future must be publicly substantiated. The Governor's package proposed for welfare must be efficient in meeting the genuine needs of our community, while neither saddling the economy with superfluous debt, nor penalizing the personal income of our

hard-working citizens. If we ensure in our legislation that the Government will live within its means and prudently invest in the future, we can afford not only these proposals, but others that the coming era will bring from the benefits of growth. But my responsibility here is to responsible government, and I will not vote to manage or spend the people of Hong Kong's purse, in a way that I would not manage my own. So in the field of taxation and public finance, we must do all that is necessary to enhance this community without robbing our citizens of the ability to enhance their own fortunes first. In addition, we must be on guard against institutionalizing a growing overhead in intrusive regulations and public expenditure, both of which build bureaucracy and seem to generate lives of their own. "The government which governs the best, governs the least."

Having said that about taxes and spending, I should note another facet of government, where an increased hands-on approach can work to the benefit of stability and security in our community. I was most pleased to hear the Governor affirming his support to the police, and most of us here are eager to provide greater deterrents to crime by putting more police patrols on the street, better-equipped and outfitted to combat a chronic criminal element creeping into our streets and neighbourhood districts. I am equally eager to continue and enlarge the cross-border co-operation that has characterized recent efforts to mutually pursue and reduce criminal activity. Though recruitment may be more successful, to strengthen the police department as a whole, improvements in the management structure should be immediately implemented to retain a quality standard of efficiency and cost-effectiveness within the force. The public has already voiced its support and desire for police reform proposals which should be put forward quickly and professionally, and I urge they be considered to streamline the process of insuring public safety.

Lastly, on the topic of justice, I must again infer that the Administration intends to pursue paths of greater efficiency and more rapid localization in both the Legal Department and the Judiciary. Let there be no doubt that I, and many in this Council, across all political lines, would prefer the kind of directness the Governor has offered on other issues, to the inferences of implicit language he has limited on localization. We have an urgent and pressing duty to promote qualified Hong Kong locals in those vital areas, as well as the Civil Service, and the sooner the Administration begins a co-operative and comprehensive strategy to move as rapidly as possible, the better local officers will be trained and the more experience they can gain in administering senior posts. We must single out the Legal Department and the Judiciary for their unique difficulties in drawing from a limited pool of qualified candidates. To attack this problem at its root, more opportunities for training must be introduced. It is essential that we cast a wider net for local candidates in our search for excellence. No extraneous posts should be built into these bureaucracies to accommodate displaced expatriates, nor should these workers be given advantage over locals in promotion considerations. Much remains to be done in this regard, but I intend to persist in putting forth ideas to act as a catalyst of more expeditious localization. Our institutions of justice are the cornerstone of Hong Kong's image of stability, and necessarily they deserve disproportionate scrutiny and

attention. They must be made leaner, more efficient, and modernized, not only with machinery, but with qualified manpower. I would like to think that the proposed performance pledge is equally applied with a high degree of seriousness to these institutions. But I believe it may take more ingenuity by this Council to streamline these agencies, and guarantee swift and fair justice under the rule of law.

In conclusion, I want to make clear my fundamental tenets about the necessity of maintaining the right outlook on the future, since it is crucial to the positive passage of proposals in the Governor's plan. Just as I encourage optimism in our young people, I believe we must operate from a positive premise to obtain the best debate and discussion from Members of the Legislative Council. While we all agree to work for a better Hong Kong — one whose "cup runneth over", eventually, I believe we should lead the citizens of our great community on the promise that the cup is now half-full, rather than half-empty. How we view our good fortune, and our future, reflects on the hopes and dreams of millions who aspire for broader fairness, and expanding certainty of both peace and prosperity. Too often during the past Session this Chamber was divided by some who seem only to stir doubt about what is wrong with Hong Kong, rather than broaden their scope to give a more objective critique of fine-tuning flaws in a system that has worked right for most of our modern history. I would suggest that isolating and politicizing issues out of their greater context is counterproductive to the seriousness of our task and serves only to demean this Council and arouse public contempt. Antagonistic and negative leadership garners neither votes nor victories, and if we all truly intend to contribute to bettering the future, I suggest we begin anew, by putting the past in its place, and pushing ahead with a more noble and positive stride towards 1997 and the next century.

Mr Deputy President, with these remarks, I support the motion.

MR CHEUNG MAN-KWONG (in Cantonese): Mr Deputy President, the main theme of the policy address this year is "the Agenda for Hong Kong". The future represents both hope and uncertainty to Hong Kong people. When we take a look around ourselves, we can see that Hong Kong is actually a centre of hope because it has great potential and plays an important part in the economic development of the Asia-Pacific region generally, and of the Pearl River Delta in particular. However, when we face up to the prospect of political change and turmoil resulting from the reversion of Hong Kong's sovereignty to China, it looks as though we were in the depths of uncertainty. It is at this monumental juncture that one can find the co-existence of both uncertainty and hope which together orchestrate our collective destiny.

At this monumental juncture we need great talents to build the future of Hong Kong. And education is the "Project Hope" of tomorrow. We can see in the current policy address that investment in education is disappointing. The Government projects an annual real growth rate of 5% for our Gross Domestic

Product between now and 1997. However, the average real growth rate for education over the next four years is only a mere 3.7%. This shows that our investment in education is not growing at the same pace as our economy. That is the first shortcoming of the educational package of the policy address.

But I must admit that the current policy address has attached greater importance to a balanced development of tertiary and basic education. In terms of tertiary education, it stresses the promotion of academic, scientific and technological research with increased resources. This is a step in the right direction, particularly in view of the economic restructuring which is taking place in Hong Kong. With the relocation of labour intensive industries to the Pearl River Delta region, there is greater need than ever before for Hong Kong industry to move towards high technology and better quality. The promotion of academic, scientific and technological research in our tertiary institutions will give a strong impetus to our economic restructuring and development into the 21st century and beyond.

However, the most disappointing feature about the proposed development of tertiary education in the policy address is the lack of a long-term plan and overall commitment in the development of the Colleges of Education. The Government only undertakes to make interim improvement to the Colleges of Education over the next year. That is a feeble cosmetic undertaking at best. The view of the education circles is that, in addition to improved facilities and teaching resources, the future Institute of Education should have a separate and unified campus, like the City Polytechnic and the Lingnam College. That is the only way the Institute of Education will have the competitiveness and room for development which it needs to attract more well-qualified people to join the ranks of the teaching profession. In this regard, the neglect of the Institute of Education in the policy address is the second shortcoming of the educational package.

The policy address has a number of forward looking innovations with regard to basic education. For example, the abolition of the policy to combine classes and increase class size that will result in the reduction of the class size to 35 at primary one. Other innovations include increasing the supply of teachers for both primary and secondary schools, and the implementation of whole-day schooling for all newly built primary schools in the territory. All of these innovations should be welcome. But the consequent change will also further aggravate the imbalance which already exists. The policy address has failed, most apparently, to address the issue of kindergarten education, despite its reiteration of the kindergarten fee remission scheme which is nothing new at all. Such an approach is a big disappointment to both teachers and parents, and indeed to everybody who cares for kindergarten education. One will justifiably worry for the future of our kindergarten teachers.

Mr Deputy President, of the \$1.5 billion increased education spending promised by the policy address, only \$37 million, or a meagre 2.3%, will go towards kindergarten education. Such a ratio is pathetic, ridiculous and

shameful. Come to think of it, kindergarten education is a process which 99% of our school age children will go through; it is a process which involves over 8 000 teachers and close to 200 000 school children. But it has been sadly neglected in the policy address. It has been regarded by the Education and Manpower Branch bureaucrats as not absolutely necessary. It has failed to obtain even a fraction of the total public expenditure. That is a clear reflection that kindergarten education has been unfairly treated in the policy address. Such unfairness constitutes the third shortcoming of the educational package.

Insofar as secondary education is concerned, the policy address is unsatisfactory mainly in two respects. Whereas the policy to combine classes and increase class size was implemented to cut costs in both primary and secondary schools in September this year, it is due for abolition, insofar as primary schools are concerned, from the next school year, in the midst of strong opposition by all educators after it has been implemented for scarcely 37 days. Its abolition represents a victory for primary schools, but not secondary schools. Secondary students have to put up with the overcrowding this year, next year, and the year after next, and for an indefinitely long time to come. It is worth noting that the floating class system has still not been abolished in secondary schools. In this regard, students have to continue to float around, while having to live with the overcrowding, with teaching being made all the more difficult for teachers caught up in the process. Failure to improve the teaching and learning environment is the fourth shortcoming of the educational package.

Mr Deputy President, education is a human enterprise to the extent that individuals are different from one another. Different teaching methods apply to different individuals. The most difficult teaching task is being tackled by the so-called band five schools which accept students with the lowest academic results. The education policy mentioned in the policy address, insofar as it relates to the increased supply of teachers or the reduction of class size, has been formulated in such a way as to apply to all schools across the board. It is fair only superficially because its very failure to address the problems of specific circumstances means that it is not able to solve the peculiar problems of band five schools. Mr Deputy President, one wonders why we are not supposed to give right medication to individual case, why a preferential policy cannot be adopted for band five schools so that they will have more teachers, a social worker per school, and a more desirable class size of 30, as a matter of priority. This will enable band five students who are neglected and forgotten and who are struggling on the brink of evil to receive more care and attention, and to see hope and a brighter future ahead of them after going through school. The lack of flexibility and failure to address specific circumstances, at any rate, constitute the fifth shortcoming of the educational package in its effort to improve the quality of education as a whole.

Mr Deputy President, discontent is the vehicle of progress and man who rides in it is able to advance because he refuses to be complacent. I have in my capacity as a legislator cited the shortcomings of the policy address with a view

to pushing for social progress. One very serious shortcoming in the proposed education reform of the policy address is the lack of democratic institutions to govern education policy making. In this regard, many of its proposals were actually demands strongly articulated by educators in the past but which have been sadly overridden by the Government, such as the abolition of increased class size and whole-day schooling, and so on. Since the Governor has made his policy address, it appears that all of our education bureaucrats have suddenly forgotten about the arguments which were advanced for opposing reform as they enthusiastically defend the the new policy. They do not seem to mind the incompatibility between the old arguments and the new. Mr Deputy President, supposing the Governor has made a wrong decision, there is no way we could resist the overwhelming arguments which our bureaucrats have been presenting to us. In this regard, it is most important that a democratic system should be instituted at every level of the Government so that policy decision may emanate from the bottom up, instead of being handed down from on high as a gift from, or a whim of the Governor. In terms of education policy making, the Education Commission and the Board of Education should have elected teacher representatives so that the grassroots will have a voice and consequently, an open, transparent and democratic system will emerge to shape and check government decisions.

Mr Deputy President, apart from education, housing and social welfare are issues of grave public concern. Whereas the policy address finally undertakes to build Home Ownership flats for the sandwich class, the provision of such flats will only be limited to 3 000 in the first three years. The chance of enjoying this benefit is under 2% annually for the 50 000 strong middle income households. Even for those who are fortunate enough to benefit, they will still have to come up with the down payment amounting to 30% of the flat price, let alone meet the mortgage payment amounting to one half of their monthly salary. They will have to pay for the other expenses of food, clothing and travel, and the cost of their children's education, quite apart from having to pay a heavy income tax at the end of the day. How can our poor middle income earners cope under these difficult circumstances? The individual who works all day does not even have a place which he owns and can call home to return to after work. Even if he owns a home, it has to be at a heavy price which he can ill afford, costing the labour of the best years of his lifetime and so much more. Is society a bit too cruel to him? Mr Deputy President, I will make use of every opportunity of public speech to speak for this group of poor sandwich class people. Let us give them a home, something to look forward to, after a whole lifetime of work.

Mr Deputy President, it goes without saying that our concern should be extended to the lonely, poor and helpless elderly who are living in caged bedspaces, and out on the streets. Admittedly, aging, disease and death are things we can do nothing about. But in a civilized and advanced society, it is up to us to minimize the agony of such experiences so that one can age gracefully, with pride and dignity. It is on this basis that I agree completely with the proposal of the United Democrats of Hong Kong that the public assistance

should be adjusted to \$1,600 to keep in line with inflation. This is to make sure that our old folks who have made their contribution to society will be able to have more joy and good fortune in the remaining years of their lives.

Mr Deputy President, the most important part of the policy address relates to the constitutional package of the Governor. This package promises us the greatest amount of democracy within the confines of the undemocratic Basic Law. If I may borrow the phraseology of Mainland China, this sort of caged democracy will not allow us to break free while it may allow us room for manoeuvre. The Professional Teachers' Union, which I represent, has conducted a scientific poll regarding the constitutional package. We found that 72% of our members are supportive of the package and opponents to it accounted for only 6%. The ratio of support is 12 to one. It is a reflection of the extent of strong support for a democratic government among teachers.

Mr Deputy President, I am convinced that democracy is not a gift. It is on the basis of this conviction that I, and countless other friends of democracy, have been fighting, each step of the way, for democracy, both within council chambers and without. What we are fighting for is also the cause of the whole democratic movement, which is the return of mandate to the people, rather than to the rulers. We do not want to have the fate of the six million Hong Kong people being decided between the Chinese and the British Governments behind closed doors. Hong Kong people are not appendages of the map which Britain can return to China at will.

Mr Deputy President, the Governor said in Beijing yesterday that the constitutional package should meet the three requirements of fairness, openness and acceptability by Hong Kong people. I agree with what he said. In this regard, I would request the Governor to disclose to Hong Kong people and the Legislative Council his talks and disputes with the Chinese side and their results. A referendum should be held at an appropriate time on the electoral arrangements for 1995. It is the highest form of democratic public participation whereby Hong Kong people will make their wishes known. If China and Britain have any respect at all for public opinion, then they should not use any excuse to deprive us of our right to decide our own destiny, our future — and incidentally the future of Hong Kong is the theme of the policy address — should be in our own hands. Let us build our future with our own hands if our future is going to be great and full of hope.

Mr Deputy President, with these remarks, I support the motion.

MR TIMOTHY HA (in Cantonese):

I. Introduction

Mr Deputy President, in his policy address, Mr Chris PATTEN painted a picture of Hong Kong's society in 1997 and said "this is what stability and

prosperity are all about in practical terms". Now, I would like to comment on education development and political reform.

II. Quality Education

As a matter of fact, Mr PATTEN made a number of encouraging proposals on education. For instance, he said that the Government hoped that "all" children would be able to receive the "best" education. This means that education should develop in the direction of "quality education" and take it as an objective. He also said, "children are first and foremost individuals" and "they do not all learn at the same speed". This shows that Hong Kong's education should develop along the course of diversification. I am very much in favour of these two points. I hope that the Government will take specific steps to put them into practice.

In addition, Mr PATTEN promised to allocate additional resources to education so that recurrent spending on education will go up by 15.8% in real terms. He also made a number of proposals to improve our education. I am very appreciative of this, too. However, while I congratulate his efforts, I wonder if Mr PATTEN has forgotten that the Government owes us some unpaid debts where education is concerned.

III. Unpaid debts

"Rife with problems" is the term often used by the educational circles to describe Hong Kong's education policy. It is clear to those who have been closely watching Hong Kong's education development that floating classes in secondary schools and teachers' fringe benefits are two unpaid debts. If Mr PATTEN has *bona fide* intention to improve education, he should formulate a comprehensive and thorough-going policy and not try to do window dressing. Otherwise, new debts will be incurred when the old debts remain unsettled. It must be borne in mind that an education system suffering from long-term weaknesses will certainly do no good for Hong Kong's future development.

IV. Shortage of teachers

In the policy address, the Governor proposed to provide more teachers. This proposal has put pressure on the source of teachers. For this reason, the Government has put forward the idea that teachers over the age of 60 should be allowed to remain in their posts and retired teachers be invited to come out of their retirement. I am in full support of these proposals as an interim measure, the reason being that nowadays many people over the age of 60 are still very healthy and active and can continue making contributions to society.

However, the bottom line for any interim measure in question is that the Government must not lower the entry requirements because of a momentary shortage of teachers. Education Commission Report No 5 already pointedly advocated the need to improve teachers' quality. Therefore, if entry

requirements are lowered, not only will interested young people be discouraged from joining the teaching profession but our years' efforts in building up the image of the profession will go down the drain. The fact that the number of applicants to the colleges of education in the latest round of enrollment was far from satisfactory is a clear warning signal.

V. Shirking responsibility for teachers' housing benefit

Mr PATTEN proposed to introduce a "middle-income housing scheme" for the "sandwich class". His intention is admirable. But has Mr PATTEN given thought to the fact the majority of the teachers in Hong Kong are in subsidized schools and that they, too, belong to the "sandwich class"? The salaries of subsidized school teachers are paid ultimately by the Government and not the directors of their schools. Therefore, the Government, as the ultimate employer, cannot shirk its responsibility for these employees. And one must not lose sight of the fact that helping the "sandwich class" in solving the housing problem is merely a responsibility of the Government for the general public. To mix up "employer responsibility for employee" and "government responsibility for the public" is an attempt to shirk its responsibility. Besides, the scheme will not be available until 1995-1996. The stop-gap solution (to buy flats from the private sector) will help to provide only 1 000 flats in the first year. To the nearly 40 000 teachers of primary and secondary schools, this is undoubtedly just a move to console them with false hopes.

Teachers of subsidized schools and staff of the Hospital Authority are both employees of subsidized institutions. Yet the latter enjoy far more fringe benefits than the former. The Government in the past agreed to make improvements to redress such unfairness. However, in his policy address, Mr PATTEN did not make any commitment at all. In the policy address, the Government not only shirked its responsibility for providing a real solution to the housing problem but kept completely quiet about medical benefit. I feel very disappointed at this.

VI. Political reform and the silent majority

At this point in time, Mr PATTEN's constitutional package is just a proposal. One must wait and see before it is clear how much of the package will be implemented. Still, a definite result will be a broadening and deepening of our democratic development. If democracy is to take roots among the public, I think that the first and foremost thing to do is to foster the public's democratic awareness and the "culture" of voting zeal.

In the 1991 direct elections, only 30% of the eligible voters turned out on the election day. Turnout rate is a sensitive question. To deal with this question, what officials used to do was never to set a turnout target in advance and always to say afterwards that the turnout rate was very "satisfactory". In the new situation that comes with a change in the pace of democracy, I think that the Government will find it not so easy to muddle through.

After considering many factors, I think that the turnout target for 1995 should be set at 55%. Anything less than that cannot be regarded as satisfactory. Once the development of democracy is set in motion, it will be difficult to stop or to move back. Therefore, preparatory work must be done now and cannot brook one moment's delay. And the main objective of this work is to encourage participation by the silent majority. Otherwise, political reform will only create an imbalance, and Mr PATTEN's proposal will very easily stand accused of being a subjective personal wish that does not have the support of the majority of the public.

VII. Conclusion

In five years' time, Hong Kong will return to China, to the embrace of "one country, two systems", so to speak. Mr PATTEN was confident that he would see "China, made more prosperous still by the contribution of Hong Kong". This, of course, is what the people of Hong Kong eagerly look forward to. We can anticipate that the United Kingdom will continue to phase itself out of Hong Kong in the run-up to 1997, when the United Kingdom's relations with Hong Kong will very probably have shrunk and confined to nothing more than that on economic front. If Mr PATTEN would like the United Kingdom to have a glorious retreat, he must not overlook the need, within the five years of the latter half of the transition period, to provide quality education and win the participation of the silent majority. Only thus will Hong Kong be able to maintain its stability and prosperity on the basis of the concept of "one country, two systems."

Mr Deputy President, with these remarks, I support the motion.

MR MICHAEL HO (in Cantonese): Mr Deputy President, as the labour policy spokesman of the United Democrats of Hong Kong (UDHK) and as the Member representing the Health Care Functional Constituency, my speech will focus on labour matters and the medical and health policy. As I see it, the labour policy outlined in the policy address has clear shortcomings. The UDHK has all along been of the opinion that Hong Kong's economy is undergoing a structural transformation in the 1990s and that the Government must formulate a long-term labour policy to help workers tide over the difficulties arising from the structural transformation and to minimize the impact on them. They become under-employed or redundant mainly as a result of the northward relocation of the manufacturing operations. Because of their age and lack of academic qualifications, they cannot fill the rapidly growing vacancies in the service industries. The Government's attempt to solve the problem by importing foreign labour is a short-sighted move. Any long-term solution must begin with labour training. According to the policy address, \$300 million will be injected into the Retraining Fund and that the number of workers to be retrained will be increased to 15 000. While we welcome this, I hope that the Government will show real resolve to address the problems confronting our workers during the structural transformation. An effective retraining scheme not only must ensure

a greater number of workers to be retrained, but help to be given to retrained workers in finding jobs. Most regrettably, however, the policy address still says that the importation of foreign labour will continue. Such a policy has long been strongly opposed by the general public. One objection to the policy is that it erodes the living standards of local workers and depresses wages. What is worse, the policy actually stands in their way when they try to switch to other trades. Those who wish to switch to other jobs and those who are under-employed simply do not stand a chance. That is to say, even if they take part in the retraining programme, there is no guarantee that they will be able to find jobs. In view of this, the UDHK urges the Government to stop importing foreign labour to make it easier for the under-employed, the unemployed and the retrained to have a better chance to land jobs.

With regard to compulsory retirement protection, we are very disappointed that the policy address fails to indicate any commitment.

Now I come to the focus of my speech which is naturally concerned with health matters. At face value, it appears that the Government is making many specific commitments in the policy address. Yet I must point out one thing, which is that the services cited by the policy address are nothing new but a restatement of previously made commitments. Examples are shorter waiting time for emergency cases, drug labelling and standardized medical records. As a matter of fact, all of these are things promised long ago by the Hospital Authority or the Department of Health.

We note that the Governor has failed to grasp the most important problems. These are: We do not have a comprehensive health care services policy; our appropriation for health care services is inadequate; the shortage of nurses is already having a serious impact on services.

It was 18 years ago that the health care services policy was last reviewed. Many of the recommendations in that year's White Paper are now behind the times. Yet no plan is made for a comprehensive review of the entire health care services policy for the next five years. We are extremely disappointed at this. The Government's failure to come up with a revised comprehensive health care services policy means that the Government declines to make a commitment to the public. The Government's only promise is to add 4 200 sick beds, 13 clinics and to increase appropriation by 22% by 1997. It does not care whether these will be sufficient and considers its duty done. The health care services policy that we ask for is not what the Secretary for Health and Welfare described last Saturday in answering my question, which I quoted, "Nobody will be denied health care services for want of financial means". These words merely amount to the Government's "philosophy" in providing health care services rather than its "policy". The policy that we ask for is one that will clearly let the public know what services the Government will provide for them and why these services, who will be the recipients of the services and what the target number is. Only when there is a policy and a target number of service recipients, the

departments which are responsible for providing the services will then be able to figure out precisely the scale of fundings.

With regard to appropriation, I am well aware that health care services are certainly not high on the Governor's list of priorities. However, it is noteworthy that the present funding for the Hospital Authority is based on the size of the establishment of the hospitals at the time they were taken over by the Hospital Authority on 1 December 1991 together with a project estimate. Everybody knows that medical and nursing staff were never adequate. If the Government works out the amount of appropriation on the basis of the previous year's "understaffed" situation, then the Hospital Authority has no alternative but to hire staff according to that establishment which is understaffed. How can health care services be improved in this manner? I must point out that the particular amount of appropriation is not sufficient even to fill the vacancies of the establishment previously approved by the Government. In other words, it is probable that the hospitals will only be able to hire even lesser medical and nursing staff than before.

I clearly recall that, in 1990, when I negotiated with government representatives in the capacity of a trade union representative about the shortage of nurses, government officials said at the time that more nurses had to be hired but this could not be done simply because there were no sufficient nurses around. The funding for hiring additional nurses, after all, should be resources available in previous budgets, earmarked for establishment purposes. It should be "money to be spent but not spent". Yet, at the health group's meeting a fortnight ago, officials from the Finance Branch insisted that the money appropriated for hiring additional nurses should not be considered as unspent appropriation for hiring additional nurses but be treated as financial resources for "improvement programme", that is, as resources to be vied for with other programmes. Under such an arrangement, the Hospital Authority has even less resources available than the Department of Health in the past.

In addition, the Governor skirted the shortage of nurses. It should be clear to him that the beds that are to be added will not be serviceable without nurses. He should also be well aware that, for this reason, 718 sick beds for acute cases are not in service in Tuen Mun Hospital, 380 convalescent beds are not in service in Sha Tin and the 1 620 new beds to be added to the Pamela Youde Hospital early next year will not be immediately in service.

These beds are not in service because there are not enough nurses. Any addition of beds without taking concurrent steps to ameliorate the wastage of nurses and to hire more nurses will achieve nothing. Adding "vacant beds" that are not serviceable is not an improvement of services. It is a waste of taxpayer's money.

The Association of Hong Kong Nursing Staff and I have time and again called for, among others, a comprehensive review of the policy on the education of nurses and a review of night shifts. Also, we have proposed upgrading

nursing courses to degree level so as to make this profession more attractive to young people. But we have seen no positive response whatsoever from the relevant policy branch.

The hard fact that we have to face is that the youth population is continuing to decline. On top of this is the fact that the number of places at the tertiary institutions will be increased substantially by several thousand in the next three years. Against this background, I am afraid that nobody will be interested in the apprentice-type nurse training courses offered by hospitals. It is expected that the enrollment of nursing students will decline further with each passing year.

Some officials think that the shortage of nurses is a world-wide phenomenon. Some point the finger at the the political development and emigration as the causes for the wastage of nurses. So they think that nothing can be done about it. They are resigned to fate and wait passively to see what will happen. Now, the number of emigrants has fallen, but the nurses' wastage rate still exceeds 10%. Most of the nurses that have quitted are not emigrants. They have simply switched to other jobs because nursing work is stressful and the prospects look bleak. This is the reality that we must face. Such a situation will undermine the Governor's ambitious plan, forestall efforts to improve the services and put public health at risk. I sincerely hope that the Governor's plan will come true and bring quick benefits to the public. Here, I would like to invite Mr Governor to join me in paying visits to some hospitals where he will find "vacant beds with no patients" because of the shortage of nurses and "patients with no proper beds provided" because of over-crowding. I also hope to be able to hold a lengthy discussion with the Governor on the present situation where, on one hand, the hospitals' nursing schools cannot enrol enough students and, on the other, there are more students than can be admitted into the nursing departments of some tertiary institutions.

I would like to make a more specific proposal. The Governor should appoint an interdepartmental committee, in which Health and Welfare Branch, Civil Service Branch, Education and Manpower Branch, the Hospital Authority and the Department of Health are represented, and ask it to make a study and come up with a plan to resolve the shortage of nurses. I also hope that this committee will adopt "performance pledges" as directed by the policy address and solve the problem within a set period of time.

Mr Deputy President, with these remarks, I support the motion.

DR HUANG CHEN-YA (in Cantonese): Mr Deputy President, Mr Chris PATTEN's proposed constitutional package is more democratic than the Government's past proposals. In fact, however, it still falls far short of the long-standing aspirations of the public. Even so, some people are already making a fuss it and calling it too radical. Saddest of all, they cannot articulate why the people of Hong Kong should not enjoy a greater measure of

democracy. They merely insist that the package is inconsistent with the Basic Law and does not converge with it.

Mr Deputy President, in Chinese society during the feudal days, men were fond of women of small feet. They bound young girls' feet with cloth to stop them from growing normally. No matter how the girls suffered, no matter how they cried and screamed, their feet had to be kept bound until they became deformed. And the deformed feet were called "three-inch golden lotus flowers". Nowadays, some people still hold fast to this mentality. They regard the Basic Law as the long and smelly strip of foot-binding cloth. Their hope is that Hong Kong people's democracy will not grow normally but develop into stunted feet, so to speak. Why is it that they turn a blind eye to the educational and cultural accomplishment, the economic strength and the maturity of political thinking of the people of Hong Kong? Why is it that they would not like to establish a political system compatible with the fact that the people of Hong Kong have come of age? Why is it that they would like to trim the toes to fit the shoes, to use the Basic Law to hold back the democratic growth of Hong Kong as "the three-inch golden lotus" shoes were used in feudal times to limit the size of women's feet? The reason is that they belittle the people of Hong Kong and look down upon China. They think that China will remain feudal and backward eternally. They do not see that China will advance and become more democratic and more civilized. Are we to assume that only colonial officers understand the Hong Kong people's yearning for democracy? One must not take too a static view of things. If the Basic Law is found to fall behind the needs of Hong Kong, then it should be revised. This is like what the 14th Party Congress did when it revised the Party Constitution by introducing the concept of market economy. If it had been successfully argued that market economy was not consistent with the old Party Constitution, then there would have been no reform or open economy, nor the economic growth and prosperity of the last few years. Why is it that China cannot give the people of Hong Kong a better package than that proposed by Mr Chris PATTEN? Why is it that China cannot offer to let Hong Kong hold direct elections to elect Hong Kong's deputies to the National People's Congress (NPC) before 1997 and let the NPC revise the Basic Law on 1 July 1997 to give a greater measure of democracy to the people of Hong Kong? Will such an offer not take care of the problem of convergence and at the same time enable democracy to secure normal growth in Hong Kong? Convergence with the Basic Law will then cease to be a problem, will it not?

Mr Chris PATTEN's policy address contains a clear blueprint for political development. Regrettably, it is conservative and traditional in the matter of economic policy. It follows the thinking of previous administrations in Hong Kong. With regard to economic growth, it merely intends to jump on the bandwagon of China's liberalization; it puts forth no direction or strategy for excelling in a competitive environment. In particular, it fails to recognize that the vast changes in the Chinese economy and the increasing convergence of the economies of China, Hong Kong and Taiwan will require corresponding

policy changes in Hong Kong in respect of economic structure, national income and the public expenditure.

Here is one example. Economic and trade relations between China and Hong Kong have become ever closer. Sea, land and air traffic links between the two must be strengthened. But airports and sea terminals are being over-developed in South China. Co-ordination is needed, lest there be vicious competition and wasteful use of resources. China has liberalized its tertiary industry. Hong Kong-registered banks will set up offices in many parts of China. Given that China's financial market is not fully developed, Hong Kong, where these banks' head offices are located, has a responsibility to tighten banking supervision to ensure their sound operation.

This year Hong Kong has seen a great number of sale promotion of residential flats in China. Some of these development projects are yet to start, some have yet to secure the approval of the authorities concerned for their sales in the territory while some of their plans tend to overstate or unstate the case. And some of these developments would have no guaranteed supply of water and electricity. The Government is thus under obligation to hold talks with the authorities concerned in China and identify ways to protect local buyers' interests. Similarly, as many Chinese enterprises are expected to list on the local market, their credentials and results must be closely scrutinized if local investors' interests are to be properly looked after.

With regard to taxation, problems of tax evasion through corporations' internal account transfers may arise as enterprises move some of their production lines to China.

As to research and development, Hong Kong does not have sufficient manpower resources for science and technology to give full support to our enterprises. In contrast, China has a vast number of scientists and technicians who are now denied the opportunity to apply their expertise to industrial development. The setting up of a data bank to strengthen liaison between Hong Kong's enterprises and China's scientists and technicians will be very good for the development of Hong Kong's industry and for drawing on the expertise of China's scientists and technicians.

The above examples all point to one thing. It is that Hong Kong's economic policy must not continue to be looked at in isolation as it was in the past. Hong Kong's economic policy must be formulated in a manner that it is able to keep abreast of the rapid changes in relations between China and Hong Kong.

Mr Deputy President, economic growth is something that we should pursue aggressively on our own initiative. We must not simply jump on the bandwagon and trust to luck.

In recent years, as production lines continued moving across the border, new technological industries have not been developed in Hong Kong. Should this trend continue, Hong Kong will stop playing a vanguard role in China's industrialization process. Hong Kong will become increasingly dependent on the China market, where quality expectations are not high. This will make Hong Kong's products less competitive in the global market. Also, Hong Kong will be affected with more and more trade disputes involving China and other countries. During the past year, colleagues in this Council made several appeals in unison, calling on the Government to formulate an industrial policy quickly to help Hong Kong in developing high-tech industries and high value-added industries. Most recently, the Victoria Junior Chamber of Commerce distributed questionnaire forms to small to medium-sized enterprises and found that the vast majority of them would like the Government to adopt an industrial policy. Clearly, industrial policy is an issue that the Government must accord top priority. But the policy address this time still fails to take a position on this issue. It tries sneakily to shirk this policy responsibility to a newly established Governor's Business Council. I think that this is a completely delaying tactic and makes a botch of the matters.

I think that the Governor's Business Council simply cannot assume the important responsibility for formulating an industrial policy. All the members of this council are heads of big business consortia in Hong Kong. They already have many channels to make their views heard. The council will not provide any additional contacts or provide a new forum. In fact, the Governor's Business Council is not a new thing. There are similar organizations in many Western countries. In the United States, the business council is composed of 65 tycoons of industry, commerce, banking and transport, but it is not very effective. The Business Council represents the views of only some sections of the business community. It does not have the input of other public views. Often, it tries only to help enterprises in decline. It does not give a real helping hand to emerging industries. Therefore, if we really wish to help boost our economy, we should learn from those who have been successful.

As we all know, one of the attributing factors to Japan's economic miracle is that Japan neither has a planned economy, in which the Government guides everything, nor leaves private enterprises to fend for themselves, each working in a different direction. Views are exchanged constantly between the government and the private sector. This forms the basis of consensus and co-operation for economic development. On the basis of such consensus, the government formulates manpower, financial and other public policies with the marketplace in mind. This enables entrepreneurs to feel at ease and invest without fear and to co-operate with other entrepreneurs under government co-ordination, thus achieving the economy of scale. Employees, too, are able to work reassuredly, knowing that the government has a comprehensive and far-sighted employment plan and retraining plan to protect their jobs. In contrast, in Hong Kong, under the existing erroneous labour policy, there is a strange phenomenon in which, on one hand, 110 000 workers are being unemployed or

under-employed and, on the other hand, there are unfilled job vacancies; and one quarter of retained workers cannot find jobs.

Therefore, we think that the Government should set up an Economic Development Council with members including government representatives, Members of this Council, scholars, labour representatives and industrial and business representatives. Industrial and business representatives should not only come from big enterprises. They should also include representatives of small to medium-sized enterprises. This is because most of Hong Kong's enterprises are of small to medium size. Their needs and experiences are different from those of the big enterprises in respect of venture capital financing management, market development and product research and development. Big enterprises represent experiences that have come of age. Small to medium-sized enterprises are the hopes of tomorrow. Only an Economic Development Council constituted in this way will be a composite body. It will be able, through a wide-ranging exchange of views, to arrive at an industrial policy and a consensus consistent with the overall interests of Hong Kong. This will lay the groundwork for Hong Kong's future economic growth.

Mr Deputy President, currency stability is very important for the economy. The recent exchange rate storm in Europe showed that speculators had enormous strength and that it was not easy at all to maintain our fixed exchange rate system. Hong Kong's Exchange Fund is under-staffed. The Government should have provided it with additional resources long ago. Also, following China's economic liberalization, Hong Kong has become the financial centre of South China. There are new financial instruments making their debuts every day and every month. This has made bank supervision a more complex job and all the more necessary. The Monetary Authority proposed in the policy address will pool the Government's monetary managers and make the deployment of manpower and other resources more easily. It is believed that this will have a stabilizing effect on the Hong Kong dollar and enhance international financial markets' confidence in it. We support the proposal.

However, it needs to be noted that the Monetary Authority will be responsible to the Financial Secretary and will not enjoy an independent status. We know of many studies which show that a more independent central bank is better able to formulate a monetary policy that, in its opinion, is suitable to the country's economy and will keep the inflation rate and the unemployment rate low over the intermediate range and the long range. How is the degree of independence of the central bank related to inflation rate? The explanation is that inflation is bound to follow an increase in the money supply. And this happens in Western countries where governments wish to maintain pre-election economic prosperity whereas in Communist countries, the governments have a fondness for grandiose and ambitious projects with instant results. For these reasons, in both cases, money and credits are not reined in. Only a central bank independent in setting the monetary policy can counter an over-expansive fiscal policy and keep prices stable.

Of course, because Hong Kong's exchange rate is pegged, the Monetary Authority's monetary policy has only limited effects. In this connection, making the Monetary Authority responsible to the Financial Secretary will not be too much a problem. However, if the pegged exchange rate is abandoned some time in the future, the Monetary Authority then should play a new role and become a body able to take initiative and decide and carry out a monetary policy independently.

Also, monetary policy and bank supervision are in fact contradictory. The tightening of money supply will add to banks' credit problems. The Office of the Commissioner of Banking may ask to ease money supply to prevent bank failures. If the Monetary Authority is to have the function of enforcing monetary policy, it should be as independent as the central bank of Germany and, like the central bank of Germany, it should stop to perform the function of bank supervision.

Therefore, we think that, given its constitution and degree of independence, the Monetary Authority can only be treated as an interim body. It must eventually assume an independent position. When the time comes, its bank supervision function must be taken away from it.

Mr Deputy President, with these remarks, I support the motion.

MR SIMON IP: Mr Deputy President, the Governor has presented to this Council a bold and imaginative blueprint for Hong Kong for the next five years. I welcome the progressive and forward-looking approach of his policy address.

The Governor said that his goal was to safeguard Hong Kong's way of life. He emphasized that a crucial foundation of this is to guarantee the rule of law. This is a self-evident truth which no one can dispute.

The Governor also said that maintaining an independent judiciary and combating crime and corruption were measures to uphold the rule of law. This is certainly correct, but is this enough?

What was most conspicuously absent from the policy address were measures to protect human rights. Despite the passing of the Bill of Rights Ordinance last year, the Government has done very little to ensure that the rights enshrined in that legislation can be practically enforced. Despite widespread support, the Government has taken the view that a Human Rights Commission is unnecessary.

That view is unsupportable. As things stand the rights prescribed by the Bill of Rights are more theoretical than real. We need concrete actions, not just words and legislation, to demonstrate our commitment to the rule of law. Without a Human Rights Commission, development of human rights law will be a piecemeal and haphazard process of legal challenge in the courts. Promotion

of a human rights culture in our community will stagnate. We will be unable to inculcate an attitude in our society of respect for the rule of law without the existence of a secure institution such as a Human Rights Commission. The allocation of \$1 million to the Civic Education Committee to educate the public on the Bill of Rights is woefully inadequate for this purpose.

Another area which was not touched upon by the Governor was the administration of legal aid. The administration of justice is less than impartial when legal aid is dispensed by a body with conflicting loyalties. The Legal Aid Department decides whether our less privileged citizens can obtain financial assistance to defend their liberty or to pursue their civil remedies against the Government. Since the staff of the Department depend on the Government for their livelihood and advancement, they will never be free of the appearance of bias. Hence, the administration of justice will be impaired in perception, if not in fact.

So, to ensure that our rights are not rendered sterile through the lack of means, we need an independent legal aid commission which can withstand actual or potential executive interference and which is accountable to the public through this legislature. This proposal has been supported by the legal profession for many years. As recently as June this year, the Government still maintained that independence of the Legal Aid Department was unnecessary. That attitude is inconsistent with the importance placed by the Governor on the rule of law and I hope the Government will review the situation urgently.

I was heartened to hear that the Governor will review the question of freedom of information legislation. None of the arguments so far advanced by the Administration against such legislation is valid. Article 16 of the Bill of Rights makes it imperative that the right of expression must be clearly defined and properly balanced against conflicting rights, such as the right of privacy, by way of detailed legislation. A general declaratory right as that set out in Article 16 of the Bill of Rights will result in confusion and uncertainty.

The Governor mentioned existing laws which are intrusive of some of our cherished rights. One such law which has caused widespread concern is the Public Order Ordinance. At present, some of the provisions in the Ordinance are ambiguous and oppressive. The wide discretionary powers granted to the police are not subject to control. In reviewing this legislation, I hope the Government will come up with proposals which will remove the potential threat to our freedom of expression.

Mr Deputy President, upholding and enforcing the constitution forms the cornerstone of all societies regulated by law. Our future constitution — the Basic Law — has been undermined by the agreement between China and Britain over the Court of Final Appeal.

What is at stake here is a fundamental principle going to the heart of Hong Kong's future — how secure are the rights and autonomy granted to Hong Kong

under the Joint Declaration and the Basic Law? The power to invite overseas judges is unequivocally and categorically granted to the Court of Final Appeal under Article 82 of the Basic Law. That power was stipulated in identical terms under Part III of Annex I to the Joint Declaration. Hong Kong must not allow the agreement of the Joint Liaison Group to eclipse the rights clearly set out in these constitutional documents.

The issues involves judicial independence (which the Governor has recognized as being vital) and the power of the SAR courts to regulate their own affairs. If the future Court of Final Appeal cannot even determine the composition of the bench in particular cases, the promises of judicial independence in both the Joint Declaration and the Basic Law will be empty in all but name.

One further difficulty is that a number of senior judges from the Court of Appeal will retire in the next two years. This will create a potential vacuum at the top of the judicial hierarchy, making the establishment of the Court of Final Appeal all the more difficult.

I, therefore, strongly urge the Government to explore all possible means to restore the powers of the Court of Final Appeal, so clearly laid down in the Joint Declaration and the Basic Law.

The Government should concurrently consider and implement urgent plans to recruit the best legal minds onto the bench, from the pool of talent here and other common law jurisdictions. We should then set up the Court of Final Appeal when we are satisfied that we are ready to replace the Privy Council provided that its composition will conform with the Joint Declaration and the Basic Law.

This brings me to the question of localization of the Legal Department. With less than five years before the transition, all the top position are held by expatriates. Unlike other government departments where local officers are emerging as secretaries and department heads, the Legal Department is conspicuously short of local officers at the top. The situation must be addressed through faster promotion. Recruitment from the private sector should also be considered.

Mr Deputy President, I welcome the news that the Government will introduce a Bill during this session to abolish the death penalty. Also, I am glad to hear that the Government will extend the jurisdiction of the Commissioner for Administrative Complaints. But I am disappointed that the Governor did not say that the Commissioner will be able to investigate complaints against the ICAC and the police. Both of those bodies, of course, play a crucial role in maintaining law and order. But it is equally important that they should be accountable to an independent body to ensure that their powers are not exceeded or abused. I urge the Government to keep this matter under review.

Mr Deputy President, that part of the Governor's policy speech on education promised the implementation of a number of policies which are long awaited by the teaching profession. These are to be welcomed. However, I have some reservations on the proposed pace of reducing class size. There is already a shortage of full-time teachers and enrolment at the colleges of education has been low in recent years. The education sector has been unable to attract sufficient people of high calibre to meet increasing demands. The ambitious plan to produce 780 additional teachers in 1993 and another 1 420 by 1997 may not improve the quality of education but may instead lower standards, unless people of good qualification and appropriate training are attracted to enter and remain in this sector. This means higher pay, better promotional prospects and greater job satisfaction.

Turning to the environment, the Government should encourage and promote recycling industries to reduce the quantity of waste and to make use of recyclable materials. Air pollution is widely considered by the general public as the most urgent environmental problem in Hong Kong and urgent initiatives are therefore required. I support the polluter-pay principle as well as the imposition of heavy penalties on polluters. Finally, greater efforts must be made to educate the general public on our environmental problems. More action-orientated programmes should be pursued to enable the general public to contribute towards a cleaner environment.

Mr Deputy President, the Governor made no mention of the question of non-Chinese nationals after 1997. Many of these persons were born in Hong Kong or have lived here for most of their lives. After 1997, some of them will become stateless while others will have no right of abode, despite their undoubted contributions to Hong Kong's success as a cosmopolitan city. The Government must fulfil its obligation to these persons by pressing their case vigorously with the British and Chinese Governments and secure their future.

I now turn to the Governor's proposals on constitutional reforms.

Broadly speaking, I welcome the direction the reforms are taking and the imaginative proposals in which those ideas are being realized. I support quickening the pace of representative government in Hong Kong while ensuring a smooth transition. Thus, the proposals must be discussed with China, which the Governor is now doing. I believe that the proposals are within the constitutional constraints of the Basic Law.

In my view, they cannot be said to be contrary to the letter or spirit of the Basic Law. Not contrary to the letter because the Basic Law is silent on these areas. Not contrary to the spirit because:

- (1) Article 68 of the Basic Law stipulates that the ultimate aim is the election of all members of the Legislative Council by universal suffrage. These proposals are a step forward in that direction.

- (2) Annex I of the Basic Law provides that the Election Committee for the 1999 legislature shall be formed pursuant to the principles of democracy and openness. I believe the Governor's proposals concerning the Election Committee are in accordance with those proposals.

These proposals are not a perfect substitute for direct elections, but if they are the most that can be achieved, they should be supported.

However, I have to express my reservations on the separation of the Executive Council and the Legislative Council. First, I am worried about the implications for future governments if the Executive Council and the Legislative Council remained separate. The present arrangement may be a temporary expedient, but with no elected Member of the Legislative Council in the Executive Council, there is a danger that the Executive Council may become an authoritarian body with little accountability beyond matters involving finance or requiring legislation.

Further, with elected Members of Legislative Council carrying the mandate of the people being excluded from the business of governance, how will future elected leaders be groomed to govern Hong Kong?

Mr Deputy President, as China continues its economic reforms, the economies of Hong Kong and China will become increasingly interdependent. Ultimately, they may become integrated. The essential factors that will distinguish Hong Kong's status as a Special Administrative Region from that of any other Special Economic Zone of China are: the rule of law, a separate political system and our promised autonomy. We must now build up durable institutions that will protect those assets and, to use the Governor's own words, safeguard our way of life.

With these words, I support the motion.

DR LAM KUI-CHUN: Mr Deputy President,

Livelihood

In the Governor's speech, the section on livelihood is a typical example of how successful creation of wealth can improve the quality of life in Hong Kong. This section draws wide-spread acclaim in our population.

On the health policy, the pressing current issues include the lack of adequate numbers of hospital beds particularly infirmary beds, the lack of funds to meet the escalating cost of providing health service, the expected high cost of meeting health requirements of an aging population, and the unsatisfactory standard of service in the public health sector. For the first three issues, appropriate planning and injection of adequate money from the windfall surplus

last year (as proposed in the Governor's policy speech) should deal with them well. In dealing with the problem of aging population, shifting remedial therapy in the elderly (which is expensive) to preventive management by health screening (which is cheap) is what I have been personally propounding for two years. A pilot project has now proven that this policy is an effective way to reduce health expenditure and to preserve working capability of our aging population. However, I need to add that screening for health problems in the elderly at the age of 65 years as proposed in the policy speech is too late, for degenerative diseases start before the age of 40 years. Nevertheless, 65 years would be an acceptable starting point for this new policy. The Government must now make additional facilities available for managing patients who have been found to have subclinical diseases.

The fourth pressing health issue, that of unsatisfactory service in the public sector, is merely skimmed in the policy address, presumably left to the ingenuity of the Hospital Authority. I wish to suggest that the key to the solution lies in two directions:

- (1) To change from stale central planning to a responsive market oriented service, centred on patient demands and feedbacks.
- (2) To introduce an element of viable competition between the public and private health sectors, and within the public sector itself.

The only major criticism in the HEALTH area is that the so-called "increase in real spending" of 22% till 1997 is more apparent than real. Averaged out, the additional spending yields 4.4% extra per year. Added to an expected rate of general inflation of 9%-10% per annum, this yields an annual growth in spending of only about 14%. However, medical inflation (that is, the increase in the cost of treating the same diseases inclusive of advance in medical technology) averages 15% per annum over the last five years. Therefore, there is no real growth in health spending. Improved service still has to come from better management of the health care system. This, the Government and the Hospital Authority must pursue in future.

On welfare, the target figures of beneficiaries are taken directly from the projected deficits quoted in both the White Paper on Social Welfare and the Green Paper on Rehabilitation. The Government further allows for periodic reviews of the numbers. The new policy should therefore be able to benefit the entire segment of our population who most needs welfare. As the original White and Green Papers were put together by all agencies in the field, the policies are sound. The Government makes itself popular by now providing adequate funds to implement them. This is a timely move.

On the reservation side, I share the concern of the Honourable LAU Wah-sum, the Honourable Mrs Peggy LAM and the Honourable CHIM Pui-chung on the allowed absence from Hong Kong for continued receipt of Public Assistance and Old Age Allowance. Although it is proposed for extension from 119 to 180

days, the policy falls short of expectation in failing to extend the absence period indefinitely so that retirees can live on the money comfortably in their native places in China. Forcing the destitute elderly to stay in expensive Hong Kong causes a drain on the public purse and a strain on the elderly's wallet. I hope the Government will in time see the wisdom of assisting Hong Kong citizens to live in China.

I note that the Governor's proposal to increase real expenditure on welfare by 26% until 1997 yields an average growth of about 5% per annum. This adds nothing to the expected growth rate of GDP of 5% per annum. for the same period. Allowing expenditure to follow growth in GDP is the established policy of the Government. The Government has added nothing much extra this time to what would be allotted anyway to welfare if our economy continues to perform well. What the Government has done this time is good packaging and good marketing.

Constitutional reforms

In the unwritten areas of the Basic Law, the Governor has found a way of hastening the pace of democracy. For that he rides a wave of exceptional popularity in Hong Kong. In this period of high expectations, I do urge the Government to ensure that good livelihood in Hong Kong does not need to be sacrificed in order to achieve a faster pace of democracy. I wish to draw the Governor's attention to three important differences between England and Hong Kong/China:

- (1) Traditionally, Chinese attitude is that politics is for politicians only. For the common folk the top priority is their livelihood. This is borne out by repeated government polls of public opinion. In the one quoted by the Honourable Martin BARROW, factors affecting livelihood account for all five top priorities of our people. This priority is further affirmed by the overwhelmingly high proportion of questions being asked on livelihood in the Governor's open forums recently. Much though we desire democracy, it has never ranked higher than good livelihood in our people's minds. It is, I think, more a British priority for Hong Kong. We would like to be able to see convergence with the system after 1997 (call that the Basic Law if you wish), so that we can plan through 1997 (not till 1997). A system that would be dismantled in 1997 would put a thick wall in front of us, blocking our vision into the future. The Governor should please get our priorities right in his confrontation with China.
- (2) For an historical perspective, the Chinese, communist or no communist, view the 1997 issue as a redress of a series of humiliation by England. It is a very sensitive issue. China was irritated by a payment deficit in the 19th Century in the silk-tea-porcelain trade, then a continuous import in opium in place of

payment in sterling silver, then humiliated by defeat in the opium war, and then by the Treaty of Nanking. Now as redress is being made through goodwill from both sides, the Chinese leaders find themselves tripped by one-upmanship from a new British politician on a territory they have always claimed as their own. I fear that the Chinese leaders may be seeing this as a final act in a one-and-a-half centuries' long drama called "Bullying China". The Governor should understand that he is tickling a very raw nerve. Further, it is not to Hong Kong's advantage that China is still ruled more by Man than by Law, and that we have seen examples of Man coming above the law in 1989 (when all court judges in China swore allegiance to the Communist Party). So to be efficacious, the Governor should perhaps try not really to exploit grey areas in the Basic Law, but to discuss earnestly with those who have power over the Basic Law. This is not an ideal for us, but I am afraid is the reality. I am afraid this is not what appears to be the Governor's approach to constitutional reform in his speech. I have the impression that the Governor is trying to force his opinion on China. If the Governor's think-tank does not see the Chinese viewpoint, they may perhaps understand the English proverb: "A man convinced against his will is of the same opinion still." Perhaps a lack of understanding of Chinese history and culture is the reason why no section of the Governor's speech is devoted to bettering Hong Kong-China relationship. If Hong Kong-China relationship goes sour, the ones to suffer are the people of Hong Kong.

- (3) Democracy is not as mature in Hong Kong as in the United Kingdom. Turnout in elections here is still low. In the District Board election two weeks ago in Tai Hing, only about one third of the registered voters cast their votes. That accounts for only 9.39% of the population there. A bigger problem is refusal of many able people to identify with politics. I have earlier stated that in Hong Kong at present politics is for politicians only. Here, public service is not the same as politics. One example is Mrs Rita FAN. She was an appointed Member of this Council. She has an outstanding record of public service. Last year she was the Legislative Councillor with the highest approval rating from the Hong Kong public. Yet she resigned from this Council because she loathed politics. Her resignation is a big loss for Hong Kong. Last June, the District Boards with two thirds of their membership elected reaffirmed their desire to retain appointed membership. If the Government pushes with its full programme of democracy by 1994, then the District Boards, the Urban Council and the Regional Council will lose their Rita FANs. The Government must take care not to push democracy by undemocratic means. Forcing a good system through prematurely may not bring the desired benefits. Perhaps the new Governor and his think-tank from England would understand our

caution better if they were asked to push England back into the Exchange Rate Mechanism of Europe today.

Mr Deputy President, this Council has not been given any view by the Government or by China of how this proposed constitutional reform may affect the livelihood in Hong Kong between now and 1999. The Government must convince this Council that the proposed constitutional reform would not cause a deterioration of our livelihood that may result from confrontation with China before 1997 or from dismantling of the system in 1997. To be fair to the people of Hong Kong, we should be given a clearer view of the results of our options before we make our choice. Otherwise, if we hurriedly approve of the reform proposals and Hong Kong's livelihood suffers consequent to that, our people will never forgive us for rashly staking their good livelihood for a political ideal, and losing both in the end.

With that, I support the motion.

DR CONRAD LAM (in Cantonese): Mr Deputy President, it can be said that the public's attitude towards the Governor's policy address is quite clearly supportive. The reason is not so much that the Governor's policy address contains anything spectacular as that previous policy addresses were too conservative, too conforming and too low-key. Many people, preoccupied with watching and enjoying the Governor's "show", have failed to notice and appreciate the 180 degree change in the political views of certain government officials and other relevant persons. I am delighted at this change, which shows that, after all, they do know how to feel the public's pulse and how to follow good advice. Still, I am worried. Five years from now, they will probably give an even more spectacular demonstration of their ability to bend with the wind and to go with the trend.

Concerning the policy address, I have the following comments to make:

- (1) One can say that the Governor's policy address contains nothing new at all concerning health care services. It is a mere rehashing of some of the policies set by the Hospital Authority and the Department of Health. The truth is that the direction has already been set for the development of Hong Kong's medical and health services. The Business Plan of the Hospital Authority and Health for All the Way Ahead, a report put together by the primary health care group of the Department of Health, have already given a brief idea of the direction and scope set by the Government for the development of health care services in the coming few years. What yet awaits decision is merely the magnitude and speed of increases in the cost of health care. We have been hearing voices of discontent ever since the establishment of the Hospital Authority. For instance, Prince of Wales Hospital has been complaining about a shortage of medicine; the Intensive Care Unit of the Paediatric

Ward of Queen Mary's Hospital and the Neurosurgical Ward of Kwong Wah Hospital have been complaining about staff shortages, as a result of which beds, even when vacant, cannot be put to use. Members of the OMELCO Standing Panel on Health Services, in a recent visit to Christian United Hospital, heard its Emergency Ward staff complain about the uneven distribution of manpower resources and about the stressful workloads of nurses. Despite these complaints, we must realize that the Hospital Authority was set up only two years ago and that some teething problems are inevitable in its taking over of 38 hospitals and 54 clinics. Given time and reasonable resources, it will not be difficult for the Hospital Authority to solve the problems described above. The Secretary for Health and Welfare has declared that the principle underlying Hong Kong's health care services policy is that nobody will fail to receive "suitable" health care for financial reasons. This is a correct principle. The problem is that the Government has failed to define the word "suitable." What are suitable health care services? For instance, how long must a cancer patient wait before being given treatment? Should the suitable waiting time be one year, six months or three months? Of the \$10.2 billion appropriation for the Hospital Authority, 81% is spent on staff salaries and benefits. And 96.5% of the appropriation is for maintaining and improving existing services, with only the remaining 3.5% for the development of new services and systems. This being so, I would like to ask: Are "suitable" health care services suitably funded? The Secretary for Health and Welfare has identified the vital need that the provision of manpower resources must match service expansion. Yet, despite the shortage of manpower resources, the policy address made no promises and painted no future picture concerning training in this particular area. This is quite disappointing. Hong Kong is a place where Chinese and Westerners live together. Health care, too, is a mixture of Chinese and Western types of medicine. As the Interim Report of the Working Group on Chinese Medicine has pointed out, as many as 60% of the population relies on traditional Chinese medicine. All along, traditional Western medicine has been the mainstay of public health care services. Hong Kong's health standard is among the highest in the world. This is evidence that the government policy is on the right track and is following the right direction. In developing health care services, the Government may wish to consider adopting a more comprehensive policy than the present one and distributing resources fairly and reasonably to develop health care services outside the realm of Western medicine. Of Hong Kong's registered doctors, private practitioners outnumber their counterparts serving in hospitals under the Hospital Authority. Public and private health care services should complement each other. Heretofore, the Government has paid scant attention to the quality of private health care services. I think the Government should improve communications between the departments

concerned and the Hospital Authority on one side and the private hospitals on the other. Each side should be doing what it is best at doing. For instance, private hospitals should be encouraged to set up hospital management committees and consultative committees, which are to improve communications between management and employees, to improve public relations, to promote the rights of patients and so forth. There are now 11 private hospitals with 2 907 beds, the average utilization rate of which is 65%. Statistics in 1991 show that each bed in the private hospitals served 60 patients (2 907 beds served 174 000 patients). This was twice the rate in the public hospitals, where each bed served 30 patients (21 600 beds served 650 600 patients), indicating that beds in private hospitals are being put to more effective use than those in the public hospitals. Therefore, expanding private hospital services will help to reduce the strain on the hospitals under the Hospital Authority and will enable the Hospital Authority to allocate its resources more flexibly. The Government should then take steps to encourage the public to use private health care services. This can be done, for instance, by making some medical expenses taxdeductible and by encouraging employers to take out a medical insurance policy for their staff. In addition, in the making of policy, fair consideration should be given to the interests of minorities. For instance, the Government should not discriminate against the doctors who have been working since the 1960s in exempted medical clinics providing inexpensive health care services to the grassroots. Instead, the Government should allow them to be remunerated the same as doctors with similar qualifications and experience working with the Government. The following conditions are essential to the improvement of health care services as a whole: (a) a determined attitude; (b) a sound plan and a long-term policy for training to produce sufficient manpower; (c) reasonable financial resources; and (d) the establishment of an affluent society where wealth is held in the hands of citizens.

- (2) With regard to the constitutional package, the Governor said that he would abolish the appointed seats on the District Boards but that the ex-officio seats in the New Territories will be an exception. I am greatly puzzled. It is true that the chairmen of Rural Committees (ex-officio members of District Boards in the New Territories) are returned by a certain electoral process. Yet, in the election of rural representatives in the New Territories, the vast majority of women were totally denied the voting right. I am at a loss as to why the Governor feels a lingering love for a system that is so anachronistic and so full of sexual discrimination. If the Governor's move is out of respect for Chinese customs, then, according to some, eating dog meat is also a Chinese custom, but eating dog meat is forbidden under Hong Kong law. By upholding a New Territories tradition among the indigenous residents that discriminates against women,

will the Governor not give the impression that, in his mind, dogs have more rights than women? To rectify the situation, I suggest that women in the New Territories, like men, should have the right to vote in the election of rural representatives. This will not only reduce sexual discrimination but greatly broaden the bases of the elected rural representatives.

- (3) With regard to law, order and justice, the Governor said that he would find the correct balance between rights and powers. He also said that the police must have effective powers to maintain public order. To be sure, where criminals are concerned, it is quite clear how this balance should be struck. However, the line will be more difficult to draw in the case of harmless students and public groups who do nothing more than humbly protest against the Government or participate in demonstrations to seek social justice. Many laws of Hong Kong, such as the Public Order Ordinance and the Telecommunication Ordinance, have been repeatedly questioned by legal scholars and members of the public. Law is not equal to reason. In face of law that are unreasonable, there naturally will be protests. After lawful protests have again and again proved to be in vain, there is no reason why the public will not resist anachronistic laws. For the Government to protect liberty and human rights, the police must be restrained in exercising its powers against ordinary students and citizens. There are 3 333 cases of complaints against the police annually, involving more than 4 580 allegations. These complaints are more numerous and more serious than the 162 complaints against the two railway corporations and the complaints against other Government departments. The Commissioner for Administrative Complaints can deal with complaints against the two railway corporations, but it is not within his jurisdiction to deal with complaints against the police. This is really puzzling. It is fair and necessary that disputes between police powers and citizen rights should be settled through an independent body.

Concerning the separation of the Executive Council and the Legislative Council, the public, looking at things from their angle, does not find it important at all. What is of interest to the public is the efficiency of the Legislative Council Members and whether they put party or personal interests above the interests of the general public. The Governor, as the President of this Council, has the duty to improve the efficiency of this Council. I must say that the pace of the passage of legislation is not satisfactory. The panel conveners and the officials concerned should do their utmost to set a time frame for the deliberation of bills.

Lastly, I hope that, when the Governor departs in 1977, Hong Kong will still be prosperous. However, the disparity of wealth should be ameliorated. Also, the Government should abandon high land prices and thus enable the

general public to have decent homes in addition to good employment. I totally agree with what Dr LAM Kui-chun just said that the Governor must take care not to push democracy by undemocratic means. Therefore, when in doubt in deciding a time-table for Hong Kong's democratic progress, we should leave the decision to the general public. In other words, if necessary, we should hold a referendum to determine the time-table for our democratic progress.

With these remarks, I support the motion.

MR LAU CHIN-SHEK (in Cantonese):

A disappointing address

Mr Deputy President, the Governor has delivered his maiden policy address entitled "Our Next Five Years — The Agenda For Hong Kong". However, it is a disappointment to the grassroots and the labour sector.

On proposals to improve people's livelihood and welfare, many colleagues have pointed out that the proposals only seek to implement policies endorsed by the Government. No breakthrough is made in policies to address the problem of the policy direction which puts quantity before quality. I feel even more disappointed at the direction of the labour and economic policy pursued by Governor Chris PATTEN, the former chairman of the Conservative Party.

The danger of shortsightedness in economic policy

I am not an economist. But I dare to warn the Governor that his short-sightedness about the economic and labour policy will lead to extreme bad consequences for the long-term development of Hong Kong. The policy address reiterates the long-time free market and "positive non-intervention" policy of the Government and attempts to maintain the present economic order and distribution of wealth by further strengthening ties with large consortia. There is no proposal for the direction of Hong Kong's future economy and industrial and commercial development. To set up a Governor's Business Council with Hong Kong's consortia as core members is only to give a chance to large consortia outside the Executive Council to influence government policies. We should note that they may intervene in policies concerning people's livelihood on grounds of "impeding economic development". For example, they may oppose improvement in labour legislation and increase in benefits and insist on continuing the importation of foreign labour. It is wishful thinking, I believe, to expect the Governor's Business Council to put forward policies against monopoly and proposals for long-term economic development. It is obvious that these large consortia are monopolizing public utilities and service industries in Hong Kong. For them to put forward policies against monopoly and competition is just like "a thief calling on others to catch a thief" and "staging a show"!

Hong Kong is virtually experiencing economic restructuring. Whether the labour sector and the grassroots will receive protection of their employment and quality of life within the economy depends on what the Government does. The Government should not pass the buck by simply saying that it will adopt a policy of minimum intervention and maximum support towards businessmen. Ten years ago, I warned that the manufacturing sector would lose its edge if the industrial sector did not improve productivity and strengthen technical training of workers. At the time, the Government did not heed my warning. Today, the number of persons employed in the manufacturing sector decreases rapidly and middle-aged workers are in a plight. Who should be held responsible?

At present, shortsighted capitalists in the manufacturing sector may move the manufacturing process northward and make use of Hong Kong's quota to export their products. However, 10 years later, when GATT quota vanishes, we will have to face full competition. If the Government remains "indifferent" and does nothing to assist the industrial sector in making a breakthrough in the quality of products and improving workers' skills and the quality and output value of products, we dare not imagine what the consequences will be. Furthermore, the export trade and service industries now rely on the support of the hinterland of south China. But further development in the region may blunt this edge. In fact, even the service trade is "moving northward". For example, the Cathay Pacific Airways moves its booking service to Mainland China to take advantage of the cheap labour there. To make greater profits, employers in the service trade move the work process northward with no regard to the right of employment of local workers. So, how can workers switch to other jobs during the restructuring of the economy?

Obviously, according to the present development of the economy, there is no protection of employment and livelihood of workers in Hong Kong. In the long term, we may experience economic recession. Therefore, it is high time that the Government should actively intervene. It should devise a long-term industrial policy, assist the manufacturing sector in boosting output value to increase competitiveness, and provide effective training and employment protection for workers. History indicates that most capitalists in Hong Kong pay regard to short-term interests without committing themselves to long-term investment. Therefore, I do not have any confidence in the Governor's Business Council. Since the labour sector is in an unfavourable situation, "wage earners" should unite to protect their "rice bowls".

Mr Deputy President, in my opinion, it is imperative that the labour sector participate in the process of economic development. The development of society is for the benefit of the majority and not just a few consortia.

Lack of labour policy

Mr Deputy President, the Government has paid no attention to the fact that our labour force plays an active role in economic development. I feel that while offering criticisms, I should also make improvement proposals. I would

concentrate on the views of the Hong Kong Confederation of Trade Unions on labour policy, which are intended to be a basis for the Government and the labour sector to work on for the future.

The International Labour Convention virtually contains many specific provisions on labour rights and interests. Unfortunately, the Hong Kong Government all along has reservation about or accepts partially the provisions, resulting in long-term inadequate protection of the rights and interests of local workers.

Proposals for labour policy

No doubt, the most pressing problem we are now facing is the issue of workers' retirement protection. After years of effort by the labour sector, we will finally see a government consultation paper on compulsory retirement protection proposals tomorrow. What we then have to do is to devise a sound package and legislate to have it implemented as soon as possible. As you all know, Mr Henry TANG and I have, on behalf of the United Democrats of Hong Kong and the Co-operative Resources Centre, requested the Government to undertake the risk concerning contributions. I sincerely hope that our proposals will be accepted by the authorities.

Secondly, regarding workers' employment, it is an important issue that middle-aged workers in the manufacturing sector encounter difficulties in employment. Last week, during the second reading of the Employees Retraining Bill in this Council, I expressed my views in this regard, asking the Government to make a long-term commitment that it would inject \$450 million annually to retrain 20 000 workers. I wish to reiterate that the authorities should be responsible for formulating a sound industrial policy, on the basis of which they should retrain workers actively and give them protection in employment after retraining. Furthermore, the Government should show concern about the employment of the disabled by providing in the law for the proportion regarding the employment of these people.

Thirdly, the policy of importing foreign labour, which takes away the livelihood of workers, should be scrapped immediately so as to protect local workers. In fact, the percentage of imported labour in the whole labour force in Hong Kong is higher than that in countries like Japan and Taiwan.

Fourthly, there should be a comprehensive review of the Employment Ordinance. At present, there are many problems in the Employment Ordinance, such as the method of calculating severance pay being unfair to long-serving faithful workers and the method of calculating long service payment discriminating against young workers. Amendment to the Ordinance should be made as soon as possible.

Fifthly, on the increase in wages, the Government should ensure that the labour force has a fair share in the fruits of economic prosperity. The

Government should not, as it did over the past few years, take the lead in calling for a curb on the increase in workers' wages. Furthermore, the provisions of the International Labour Convention should be implemented. It should be ensured that men and women working in public and private sectors receive equal pay for equal work.

Sixthly, the Government should legislate to establish the right of collective bargaining of trade unions so as to promote equality between employers and employees.

Seventhly, legislation on unfair dismissal should be drawn up. The procedures for handling labour disputes as well as the manpower of the Labour Tribunal should be reviewed.

Eighthly, the enactment of legislation on industrial safety should be stepped up and the manpower for law enforcement be increased. It should also be provided in the law that a committee on safety of construction sites and a committee on safety of plants, both having employees' representatives on them, be established.

Ninthly, an unemployment protection fund should be established.

Work in the future

Mr Deputy President, the Governor is now in Beijing for negotiation and I do not know whether he meets with any difficulties. Anyway, we should not lay our hopes entirely on him. For Hong Kong to be a free, democratic and fair society requires the strenuous efforts of everyone of us. We should not rely on the favour of the United Kingdom or Beijing.

Of course, I hope the Governor will pay attention to my proposals on Hong Kong's economic development and labour policy. But I will not just sit and wait. I will follow up my proposals actively in this Council. What is more important, I think, is that I have the support of the labour sector and we will fight for what we want together.

Mr Deputy President, these are my remarks. Thank you

MISS EMILY LAU (in Cantonese): Mr Deputy President, I was filled with shame when I saw the strip cartoon published in the *South China Morning Post* today which depicted us, legislators, sitting on the fence at the meeting held yesterday. It is a vivid illustration of the performance of some of our colleagues in this Council yesterday. Since the Chinese and the British Governments have not been able to reach an agreement on the constitutional package of the Governor's policy address, they do not have the courage to state their positions on this important and controversial issue. Today's speeches are apparently less non-committal. Indeed, I believe that many Hong Kong people

would like their legislators to hold on to their positions for the well-being of the six million people of Hong Kong. They will not want to see a repeat of last week when some legislators chose not to show their hole cards. The public would not want us to behave like fence-sitters, which is what we have been accused of in today's papers.

Mr Deputy President, given the time constraint, I will only focus, like I did in my speech in October last year, on the issue of constitutional development and human rights. Recently, in an interview which the Governor gave to a magazine, the good question was raised of whether Hong Kong would have democracy even if his constitutional package was fully endorsed by China and put into practice. The Governor's honest answer to that was "No" and that Hong Kong still would not have Westminster-style democracy. What he was trying to say is that Hong Kong would have a little more democracy and it is through this tiny bit of democracy that he wishes his goal would be achieved. He has also very explicitly stated that he would safeguard Hong Kong people's way of life. I said to the Governor when he came to this Council to answer questions on 8 October that I failed to see a blueprint which I and many other Hong Kong people can have confidence in, a blueprint which he has clearly drawn up for us to safeguard our way of life, and above all, as I am sure you know, Mr Deputy President, a blueprint which will safeguard the freedoms which we now enjoy.

Whatever we may say about this colonial government, I am sure many of us will have to admit that under the British rule, the five to six million people of Hong Kong have been able to enjoy many freedoms, freedoms which I am sure we would not have been able to enjoy under the rule of the Chinese Government. It was for such freedoms that my parents fled to Hong Kong in the late 1940's. Half of Hong Kong's population are refugees from China, and the other half are descendants of these refugees. We cherish our freedoms very much. In this regard, Mr Deputy President, I am very sad that there is no mention in the policy address at all of our constitutional development moving in a direction which will enable us to have confidence that our freedoms will be safeguarded in the future. However, though I am greatly disappointed at the policy address, it is also a progressive policy address compared to any of the previous ones which I can recall. I feel that many of his proposals are already the least that we should go for. I hope that the Governor, with the support of the six million people of Hong Kong, will be able to make them come true.

I would like now to talk about the issue of the Legislative Council. Mr Deputy President, I already discussed the issue of the formation and powers of the Legislative Council last year. I hope you will forgive my restating the same views which I already presented, just like replaying an old record. First of all, the Governor has already made a major concession in respect of the formation of the Legislative Council, that is the introduction of more directly elected element. I am very disappointed that he does not propose to increase directly elected seats beyond its present number, which stands at 20. I am always for a 100% directly elected legislature. I hope that the British will be able to make

the greatest effort to introduce full democracy in Hong Kong before they retreat. I support the improvement proposed for the functional constituency elections. Although I am opposed to the concept of functional constituency, I support the addition of nine functional constituency seats. However, how are elections to be conducted in the functional constituencies as each of them may have between 200 000 and 400 000 voters? I believe there will be many practical difficulties in terms of implementation. Given the great many difficulties, one would wonder why we do not simply opt for the electoral method of one-man-one-vote, which is surely the better alternative.

Mr Deputy President, I support fully the abolition of appointed seats on the district boards. I oppose the retention of the 27 ex-officio rural seats. I support all of the points made by Dr Conrad LAM, so I will not repeat them one by one.

Mr Deputy President, the legislative power of the Legislative Council is just as important as the way in which the Council is formed. It is clearly stipulated in the Sino-British Joint Declaration that the future legislature shall be vested with legislative power. As I said in my speech in October last year, Article 17 of the Basic Law stipulates that the laws enacted by the legislature after 1997 will be submitted to the Central Government for record, and that if such laws are found to be in contravention of the Basic Law, they will then be returned to Hong Kong and become invalidated. Mr Deputy President, Article 18 also stipulates that if the Central Government thinks that a chaotic situation has arisen in Hong Kong which the SAR Government cannot deal with, then the national laws of China will also apply in Hong Kong. Mr Deputy President, given these two provisions of the Basic Law, how much legislative power do we actually have? I believe our understanding of the Sino-British Joint Declaration at the time of its signing was that legislative power would stay with Hong Kong. But we can see here that our legislative power is rather empty. I would therefore fully agree with Dr HUANG Chen-ya that the Basic Law has many imperfections which we should seek to rectify. Neither the British Government nor the Hong Kong Government made any solemn statement regarding the partial violation of the Joint Declaration by the Basic Law when it was promulgated in 1990. That, to me, is most regrettable. I hope that the Governor will not be constrained by the Basic Law; I hope that he will instead find the opportunity to rectify clauses in the Basic Law which he judges to be directly incompatible with the principle of a high degree of autonomy for Hong Kong. It is not, after all, an issue which is limited to increasing the number of directly elected seats to over 20.

Secondly, Mr Deputy President, I believe we are all the more wary about the issue of executive authorities. I have on numerous occasions indicated that I am opposed to the separation of the executive and the legislature because I see that as running counter to the development of representative government. But we have also heard the Governor say that it is a practice characteristic of the present stage of development. In this regard, he has given us the impression that it is only an interim measure. He has also split the Executive Council in

three. First of all, the Executive Council appears to be a high powered think-tank. Then he has proposed the setting up of a Governor's Business Council, which I am very sceptical about. Mr LAU Chin-shek has mentioned all sorts of problems which may arise; I do not wish to repeat them except to say that I fully support him. I am wary of this Business Council because it is made up of the most influential businessmen in Hong Kong, many of them are beneficiaries of government franchises. The irony is that the Governor has seen fit to ask these businessmen to come up with a policy which will encourage competition; I do not really understand the point. I also hope that the Government will, in reply to our questions, perhaps explain to us how such an assembly of businessmen will reconcile their conflict of interest and how they may offer impartial views to the Government in terms of formulating a policy for competition. Thirdly, the Governor proposes the setting up of a Government-Legco Committee, which has already caused a lot of controversy within this Council up to this point. Indeed, Mr Deputy President, I personally support the setting up of such a Committee to facilitate communication between the Government and this Council. Being an independent Legislative Councillor, I might not be able to become a Committee member for after all I have only one vote. However, if there is widespread concern among so many of our colleagues, I would have thought that Members who belong to the United Democrats of Hong Kong and the Co-operative Resources Centre would not see fit to bully their twenty-odd colleagues who were opposed to the idea of the Committee in the first place. In this regard, I hope that the Government will make a point of explaining to us as early as possible the functions of, and other matters relating to the Committee. But I understand that even with such an explanation the problem of mutual mistrust and suspicion will not be entirely resolved. This is a problem which a legislature with immature party politics such as ours should face up to. In view of this, there is a lot of complication involved in the Government's attempt to communicate with its selected group of legislators.

Mr Deputy President, the Governor plays the most important role in the executive arm of the Government. It goes without saying that the Governor is not entitled to propose that the Chief Executive of the SAR Government should be elected in his policy address. That, however, is what I have been hoping for. I also hope that the British will be able, in the remaining four years of British rule, to do their best to help us put in place a democratic government. For while we may have an accountable Governor at present, who chooses to come out to answer questions, we have absolutely no grounds to believe, that being the personal choice of the Governor, the future Chief Executives will be equally accountable.

Other than the Governor, the Branch Secretaries have of course very important roles to play. We understand that in the future SAR Government, all Policy Secretaries will be nominated by the Chief Executive and appointed by the Central Government, but how will they be accountable to the legislature? Mr Deputy President, I am sure you will clearly recall the line explicitly stated in both the Joint Declaration and the Basic Law that the executive is to be

accountable to the legislature. But I cannot see in the forty-odd pages of the policy address any mention of institutional guarantee of accountability.

Mr Deputy President, the judicial system is the third issue of great importance. Mr Simon IP has raised the issue of the Court of Final Appeal; I fully support him and I am not going to repeat his arguments. I hope that the British Government will re-start negotiation with the Chinese Government because the agreement which they presented to us last year is not acceptable to this Council. Meanwhile, the inadequate supply of local judges in our High Courts is also a serious problem. I think that the issue is not so much that the appointee must be a local as that he or she must have high calibre. I hope that the Government should proceed vigorously in this direction. An independent, high quality judiciary is instrumental in maintaining the freedom, the stability and prosperity of Hong Kong.

Perhaps the more important issue, Mr Deputy President, is the power of interpretation. The Joint Declaration told us that the future power of interpretation would be vested in the Court of Final Appeal and the final power of adjudication would also be exercised by the Court of Final Appeal. However, Mr Deputy President, the Basic Law has stipulated very clearly that the power of interpretation of itself as the mini-constitution of Hong Kong actually rests with the Standing Committee of the National People's Congress. I raised this issue last year because I felt that it was the most important point contained in the Basic Law. If the Standing Committee of the National People's Congress has the right to interpret the mini-constitution of Hong Kong, Mr Deputy President, then what would become of our final power of adjudication? The Government evaded that issue last year altogether. Whereas we understand that it is a matter for the Chinese Government, it is the British Government which as a party to the Joint Declaration has promised us that we will have judicial independence and the final power of adjudication. If the Basic Law has nullified such promises, why is it that the British and the Hong Kong Governments have chosen to stay completely silent on this issue? The former Governor, Lord WILSON may not wish to, or dare to, address this issue. Now I place my hope on Mr PATTEN though he has not brought it up in the policy address. I hope government officials would not evade this issue when responding to our questions next week.

Constitutional development which has such an important bearing on the executive, legislative and judicial functions of the Government should not be confined to 20 directly elected seats in the Legislative Council. If we fail to face up to the many problems ahead, I am sure that we will not have the confidence to believe that Hong Kong will enjoy a high degree of autonomy in the future.

Lastly, Mr Deputy President, I would like to talk about the issue of human rights. Since the term "human rights" has not occurred at all in the policy address, I have asked the Governor whether he considers it to be a taboo which should not be mentioned at all. I believe the main reason for its absence is that the Chinese Government is very sensitive to "human rights" and the Governor

has seen fit not to take a strong stance on this issue, But I understand that the Governor will attend and address a meeting organized by an American human rights body tomorrow night. I hope that he will be able to boost our confidence on this issue of human rights. I personally hope that, in the remaining four years of British rule, efforts can be made to scrutinize and rectify all legislation which is in contravention of human rights. Mr Deputy President, I hope the British will expedite the rectification and not limit themselves to the freezing of the six ordinances which we examined last year. I believe the Government surely knows that the ordinances involved are far more than this number and indeed, there are already close to 20 ordinances (in that category) which we are presently examining at meetings with the Constitutional Affairs Branch. I hope the Governor will act to monitor the progress of the Government on this issue. I agree with the suggestion of Mr Simon IP that a human rights committee should be set up to carry out the monitoring.

Finally, Mr Deputy President, I would like to talk about the issue of nationality. I hope the British will understand that they have a moral obligation towards the five to six million British subjects in Hong Kong. The granting of the right of abode in Britain to 50 000 Hong Kong households in the wake of the Beijing massacre is absolutely not quite enough. In this connection, I agree with what Mr CHIM Pui-chung was saying, that if the British Government really wants to prove that it is doing something for Hong Kong, it should consider giving British nationality to the four to five million people in Hong Kong, quite apart from giving them democracy and freedom.

With these remarks, I support the motion.

MR LEE WING-TAT (in Cantonese): Mr Deputy President, the constitutional development mapped out in the policy address of Governor Chris PATTEN can be described as innovative, courageous and is largely in keeping with his principles of openness and fairness. Commentaries and views in this aspect have been articulated at great length by Members of the United Democrats of Hong Kong (UDHK) and I will not repeat them. Unfortunately, housewives and retirees are not included in the newly created functional constituencies. This is a serious and apparent shortcoming. We cannot say that housewives have no function at all; I think Lady PATTEN will not go along with that as well. Similarly, it is not for us to say that retirees have made no contribution to society after a lifetime of work. In this regard, the UDHK propose that the Government should include housewives and retirees in the new functional constituencies.

The United Democrats fully support Mr PATTEN's proposal of the abolition of appointed seats on the two municipal councils and the district boards as part of the reform package for regional and district bodies. This is in keeping with the principle of gradual evolution. District boards began to be partially elected in 1982 and it will not be until 1995, a full 13 years later, that they will be fully elected. It is indeed a very long and slow process. It is

unfortunate that there are representatives from certain political organizations which, on the pretext of gradual evolution, are still opposed to full direct election for the district bodies. Their opposition is just another disguised attempt to echo what their "Northern masters" are saying. These opponents to full direct election even for district bodies may be said to be advocates of tortoise-style democracy. Tortoise democrats have two characteristics. First of all, they progress very slowly. Secondly, they are extremely sensitive to any change in their surroundings. When their "Northern masters" show any sign of displeasure, they will put their heads, tails and claws inside their shells and stop moving immediately.

Insofar as the reform of district administration is concerned, Mr PATTEN's proposal for the abolition of appointed membership is inconsistent with his effort to retain the ex-officio seats of rural committee representatives on the district boards in the New Territories. First of all, the indigenous residents of the New Territories will be able to vote twice, and the average New Territories residents only once, for the district boards. This is not in keeping with the principle of fairness. Secondly, the village representative is chosen exclusively by the male householders. This is an electoral method which is discriminatory against women. This is also not in keeping with the principle of fairness. Mr PATTEN's proposal to retain the ex-officio seats means his being personally implicated in the perpetuation of this evil practice of discrimination against women.

The Secretary for Home Affairs stressed last week in his briefing for Legislative Councillors that the retention of the ex-officio seats was to keep up the link between the Government and the indigenous residents. I am rather sceptical of this argument. One preliminary analysis conducted by the Research Centre of the UDHK reveals that at least 30% of the directly elected members of the District Boards of Tuen Mun, Yuen Long, North, Tai Po and Islands are themselves representatives of rural committees or people with excellent working relationship with rural committees. In this connection, the views of rural committees are already adequately represented by the directly elected members. The explanation offered by the Secretary for Home Affairs is not soundly based.

I appeal to all women organizations and women individually in Hong Kong to write to the Governor or through various actions to express discontent with their under-representation in the new functional constituencies and with the retention of the ex-officio rural seats. I hope that the Governor will accept public opinion and take the initiative to make amendments accordingly. Or else, it is likely that he will lose the support of women in the territory, and be accused of discriminating against women.

Mr Deputy President, the reform package in respect of district administration can be described as "old wine in new bottles" and is completely devoid of innovation. Not only has it failed to address the issue of transforming the two-tier system into a one-tier system, but it has also failed to make any reform regarding the functions of the district boards. The new functions

described in the policy address have in fact been discharged by most district boards for many years; I doubt very much if the Governor has been given biased advice by government officials, which results in such farcical "suggestions". Indeed, through the years, many district board members, including myself — before I resigned from the chairmanship of the Kwai Tsing District Board, have made many suggestions to the City and New Territories Administration regarding ways to improve local administration. However, these suggestions have sunken into oblivion and are never heard again. My initial thinking is that the political representativeness of these popularly elected district boards is not compatible with their functions. The district boards have been returned by elections involving the participation of over a million people. However, it turns out that they only play an advisory role and are merely talking shops.

In this regard, in order that their functions will be commensurate with their political representativeness, the Government should consider giving the district boards the powers of district management which do not involve central government policy and also, reforming the district boards in such a way so as to make them an integral part of the district management policy making process. I suggest adoption of the operational principle whereby, in terms of district affairs, the district boards may only address the issues raised by government officials. If the Government is determined to carry out reform, it can easily decide which government departments may share their policy making with the district boards. I will give some examples which are in fact proposals that I have made to CNTA over the years regarding matters which do not bear on overall policy and which may be decided upon between the district boards and the district offices of the relevant departments. I am talking about matters relating to the short-term tenancy under the jurisdiction of the Buildings and Lands Department, the tree planting programme of the Territory Development Department, small-scale district traffic management, road excavation works and the management of public housing estates (it is a function of the Town Council in Singapore).

Indeed, the present proposal regarding the expansion of powers and functions of the district boards has not been discussed with the district boards beforehand. I suggest that the Secretary for Home affairs should follow the example of Mr PATTEN to consult the opinions of members of the 19 district boards personally.

Mr Deputy President, a tall building must have a firm foundation. Participation of the grassroots is vital to the success of the constitutional system. A good foundation is also vital to a successful housing programme.

The public housing development programme mentioned by Mr PATTEN in his policy address is very disappointing. Mr PATTEN has only mentioned some old projects and past figures. At any rate, public housing development does not represent an impressive commitment on the part of the Government, as

suggested in paragraph 60 of the policy address. It is problematic and indicative of the Government's attempt to shift its responsibility gradually.

According to the Housing Authority Report for 1991-92, it has only completed 36 000 units in that year. It is significantly less than the 45 000 units completed annually in the previous two years. Given that 12 000 units will be allocated to public tenants affected by redevelopment, it means that the disposable yearly output is actually down to 24 000 units. They have to be allocated to tenants who are paying exorbitant rent in the private sector, bedspace lodgers, squatters and residents of temporary housing areas. The Housing Department estimates that there will be about 200 000 households on the waiting list between now and 1997, and the clearance of squatter and temporary housing areas will affect at least 30 000 households. This means that there will be at least 230 000 households waiting to be allocated public housing. Given that the Housing Department can only provide 24 000 public housing units annually, it follows that over the next five years the total production will be 120 000 units which will only be able to meet half of the demand.

In 1991-92, the Housing Authority turned over to the central government a total of \$1.9 billion in interest and dividend. It is the third year that such payments are made to the central government. In this connection, the mere fact that Mr PATTEN regards public housing government development as an impressive commitment by the Government reflects that he is not familiar with the problem of public housing in Hong Kong.

Mr Deputy President, I returned yesterday from a three-day Housing Authority visit to Singapore which began last Sunday. The purpose of the visit was to have a better understanding of their public housing development. The following data will help us achieve a better understanding. Singapore started its public housing programme in the '60s, sometime later than Hong Kong. But presently, 83% of the Singaporean population live in public housing and 87% of these Singaporeans own their own flats. They have to contribute only about 20% of their income on average in order to pay for a unit measuring over 1 000 square feet with four, five, even six rooms. Singaporeans, even if they are newly married couples, do not apply for a small flat consisting of three rooms which, in the Hong Kong context, would of course count as a large unit. There is no "sandwich class" in Singapore because 90% of its citizens can apply for public housing. They do not have a double rent policy for "well-off" tenants. The Singaporean Government's home ownership scheme has adequate appeal for stable income earners who are its main subscribers.

Mr PATTEN visited Singapore and stayed there for a short rest before he came to Hong Kong to take office. It is unfortunate that he did not make use of his time in Singapore to visit its public housing estates. If he had done so, he would have been ashamed of the public housing development in Hong Kong.

Mr Deputy President, let me reiterate here the position of the UDHK. The Government should have a greater commitment to public housing development in the building of more public housing units and abolish the arrangement for the Housing Authority to turn over interest and dividend to the central government.

Mr Deputy President, the home ownership scheme for sandwich class contained in the policy address is, I believe, the most disappointing policy. According to the Working Group on the Sandwich Class under the Housing Authority, there are at present 47 000 households with a household income of between \$18,000 and \$40,000 who have not yet bought private homes and are not able to do so; and there are 4 000 new households each year falling into this category. Put it in another way, between now and 1997, there will be 67 000 such sandwich class households. Given that the Government is only able to provide 13 000 units between now and 1997, it is extremely inadequate to meet demand. What is more, the Government has a quota for 3 000 households only over the next three years. With 60 000 sandwich households applying within this period, it is clear that each one of them will have only a success rate of 5%; only five in 100 households will be able to benefit. One can only describe such a scheme as grossly inadequate, unbelievably mean, extremely offputting to the people who need it, and totally unrealistic. I cannot find better words to describe the ineffectiveness of this scheme. What is more, given that the flats for the sandwich class are priced in the middle range between market price level and home ownership price level, and given that the latter is directly affected by the former, it means that even those lucky enough to be chosen to benefit from the scheme, they will have to contribute half of the household income to pay the mortgage for their flats, and that they will just as well be subject to the traumas of escalating property prices.

In our two meetings with the Governor and the Financial Secretary, they invariably said that they were only aware of a sandwich class consisting of 40 000 households and were not aware of the annual increase in numbers. I therefore question whether they were provided with all the relevant data. I request that the Secretary for Planning, Environment and Lands release the report of the inter-departmental working group which he heads and explain the basis of his quota of 13 000.

Mr Deputy President, the UDHK suggest that the Government should provide at least 20 000 flats for sandwich class households. We understand that building is going to take time so we further suggest that the first batch of 10 000 pre-sale flats be allocated to the screened sandwich class applicants by the end of 1993 so as to alleviate the demand on the private property market. Meanwhile, we request the Government to step up measures to curb property speculation. If flat prices continue to remain high despite such measures, then the Government should expand the sandwich class home ownership scheme. The UDHK further suggest that home ownership flats and future flats for sandwich class households should not be pegged to private property prices.

Mr Deputy President, I noticed a big banner hanging outside the Singapore Housing Development Authority, which read, "Builder of homes for the millions." If the Government can actively and boldly commit itself to solving the housing problems of the broad masses and the sandwich class, the UDHK are quite pleased to present a bigger and more beautifully written banner to the Government.

Mr Deputy President, with these remarks, I support the motion.

MR GILBERT LEUNG (in Cantonese): Mr Deputy President, in preparing my speech today, I had distributed questionnaire forms to members of the Regional Council and sought their views on the constitutional package in the Governor's policy address. Many of the members who responded expressed great reservations about the Governor's constitutional reforms including (1) the separation of the Executive Council and the Legislative Council, (2) the switching from corporate votes to individual votes in functional constituency elections, (3) the abolition of appointed membership to the two municipal councils and the district boards and (4) the establishment of an election committee, composed of district board members, to return 10 Legislative Council Members. As a result of this poll, I sense deeply that, while public opinion is generally supportive of the policy address, there are probably many who disagree with the specific proposals and arrangements put forth by the Governor. Therefore, while in principle we endorse the policy address as a whole, we must realize that the specific arrangements proposed by the Governor are not necessarily the only arrangements that will work, nor are they necessarily the best arrangements.

To determine whether the proposals put forth in the policy address are the best arrangements, or to identify even better arrangements, it is necessary that the Government talk things over with the people of Hong Kong and the Chinese Government in a frank, sincere, dispassionate and rational manner. Many people are now saying that Sino-British relations are at an all time low. The two sides are deadlocked over the airport project and the constitutional issue, to say nothing of frank and sincere discussions.

In my opinion, as Hong Kong's sovereign powers respectively before and after 1997, the United Kingdom and China should consider it their most important job to look after the interests of the people of Hong Kong. And should we the people of Hong Kong successfully arrive at general consensus on the major issues by accommodating differences, this will be indeed helping the United Kingdom and China to resolve their differences. Therefore, if it is our hope to see the United Kingdom and China come to a consensus despite the differences between them, we the people of Hong Kong must first arrive at a consensus among ourselves and remove our differences. The United Kingdom and China are like Hong Kong's parents. The decisions of the parents, in the final analysis, could not go against the wish of their children. If we resolve the differences among ourselves, there will be no basis for differences between the

United Kingdom and China. We should have the right to decide our own future.

Mr Deputy President, where the whole policy address is concerned, what disappoints me the most is the fact that the Government has not yet cast off its habitual shortsightedness. Though the Governor puts forth many welcome proposals for improving people's quality of life, these proposals still fall within the bounds of Government's bad habit of dealing with problems piecemeal.

This year's policy address presents an ambitious five-year programme. This sounds like a big step forward compared with previous policy addresses. It appears that the Government is now doing more thinking and looking farther ahead. However, Hong Kong's future indeed go well beyond the next five years. As Mr Andrew WONG said yesterday, we will have many more five years. For this reason, in formulating its policies, the Government should not regard 1997 as the end of the world. We are now in the year 1992, still almost five years from 1997. Will the Governor be talking about a four-year programme next year, a three-year programme the year after next, then a two-year small-scale programme and finally a one-year programme?

On the other hand, the span of the ambitious programme put forth in a policy address is not the most important thing. What is important is whether the Government, when considering what to do in the future, has given careful consideration to the relevant policies in their entirety and whether it has carefully analyzed the entire situations within the scope of policies and the interrelationships among policies. After reading the policy address, I fail to see that the Government has done any overall strategic planning. This is the most disappointing to me.

I am well aware that, given our limited social resources, we are unable to carry out the programmes of all policies or every programme of any particular policy at the same time. We have to set a priority. But the very fact that resources are limited is all the more reason why the Government must have an overall strategy after taking into account our opinions. Without it, the Government's policies will degenerate into stop-gap measures, into an "impromptu" kind of "crisis management", with the result that "he who makes more noise gets taken care of sooner". Only when importance is attached to an overall strategic view of things can it be assured that limited resources will be used where they are needed the most.

Take one example. I am most concerned about housing. I do not see any strategic planning for housing at all. The proposals made by the Governor for helping the sandwich class are roughly in line with the thinking of the Co-operative Resources Centre. We welcome this. But the Government must realize that the plight of the sandwich class is only one indication of the result of the Government's housing policy. The fact is that the Government's housing policy has all along been criticized by members of the public and that those dissatisfied with it are not confined to any particular quarter in our society. If

the Government is determined to get to the root of the problem, it must conduct a thorough review of the existing housing policy, a review that covers the problems of public housing, home-ownership scheme and private-sector housing. Then it can clearly see the deep-seated causes of public discontent. Only when we have a clear idea of the whole situation will it be meaningful for us to discuss a one-year, two-year or even 10-year programme.

In paragraph 59 of his policy address, the Governor cited some housing statistics which have me confused. I would like merely to make two points here. Firstly, the Governor only touched upon plans to clear urban squatter areas; he made no mention at all of the rehousing of the even more numerous New Territories squatters. Secondly, the Governor said that three-quarters of people living in existing temporary housing areas will have been rehoused by 1997; but what about the remaining one-quarter? We must not make 1997 the dividing line for everything. Are we to make big issues of the things to be done before 1997 but forget about plans for 1997? Also, I would like to emphasize that the Government should not make a point of dwelling on how many squatter areas will have been cleared by which date. Rather, a responsible administration should make sure that squatter areas will be cleared and squatters rehoused on fair and reasonable conditions. This includes giving full consideration to the particular backgrounds of the affected residents.

While following up on the Government's arrangements for clearing Rennie's Mill, I discovered two strange things. The first thing is: I found that the Government, in its clearance plan, indicated that Rennie's Mill would be classified as ordinary cottage area. Later, I found that the Government in fact had never laid down conditions for the rehousing of those living in cottage areas that were to be cleared. In the past, the practice was that the conditions for clearing squatter areas were adopted to pass off as conditions for the clearing of cottage areas. Yet, as everybody knows, cottage areas and squatter areas are extremely different.

The second strange thing is that, when handling problems in clearing Rennie's Mill, the Government, which never liked to study history to begin with, totally ignored the unique historical background of Rennie's Mill as well as its own promises made in the past. I agree that rules must be observed in a society where the rule of law reigns. Still, the Government's decisions have to be reasonable; it must respect history and never go back on promises.

In mentioning Rennie's Mill here, I am not trying to highlight local problems. My point is to use the problem of Rennie's Mill to illustrate the Government's conservatism and shortsightedness and its persistent failure to take the whole things into perspective. I sincerely hope that the Government's grand design for the future will not only contain new measures but also take a comprehensive approach to deal with issues. In its grand design, the Government should look far ahead and think big.

Mr Deputy President, in 1985, when the Government was vigorously promoting representative government, I left the civil service after having served for eight years to run in district board elections. Since then, I have been involved in board/council politics for seven years. I deeply sense the district boards' growth potential. Many local affairs require district board members' attention and action. Public affairs are very complicated. And to leave them all in the hands of the central government and the Legislative Council will run the risk of holding things up. I think that we should bring back the shelved system of local representative government developed in the early 1980s and set up a system of full representative government at the local level step by step. District boards should be given more decision-making power for handling local affairs. The popularly elected district board members are now only performing some advisory functions. This is really ridiculous. According to a survey that I conducted among members of the Regional Council, over 80% of them were in favour of expanding the power of district boards. In his policy address, the Governor proposed expanding the functions of the district boards and declared that more money would be appropriated for them in the next two years. This is only a small step forward. I hope that, besides increased appropriation for the district boards and their slightly expanded functions, the Government will have an overall plan for effectively developing local representative government. I am sure this will encourage more local people to come forward and participate in community service. And this is the right way forward for the development of a democratic government in Hong Kong.

Mr Deputy President, with these remarks, I support the motion.

MR ERIC LI: Mr Deputy President,

I. The tale of "Peter PAN"

In search for a theme to my speech which will be about young people and politics, the thought of "Peter PAN" sprung to mind. PAN, the youthful hero, is the captain of the Lost Boys. He brings joy and leads children to boundless adventures in Neverland, an island between asleep and awake. When their dreams end, as dream always do, the earthling children will find PAN gone, though they would still be glad that they had those dreams which became almost too real and that PAN had made them never to forget him.

II. Politics in "Neverland"

The Governor's policy address is of course no fairy tale. It is a government blueprint of great substance. In fact, Mr PATTEN has shown the people of Hong Kong never to say "never" in politics. When the art of politics is practised to the edge of possibilities, it proves that a clear "pattern" of leadership can emerge even when politicians are bitterly divided. A course of greater democracy can be charted within the limited confines of the Basic Law. New standards of civil and social services can be set when the will leads the

way. The policy address was rightly greeted with acclamation and a sense of adventure by the people of Hong Kong.

The cleverly engineered constitutional package is, on the whole, timely and workable. The package has created plenty of opportunities and there are real prizes to be won by aspiring politicians particularly from the grassroots. On the other hand, businessmen still find the Governor willing to lend them a sympathetic ear through the partisan Business Council, away from the cut and thrust of politics. If Mr PATTEN plays it right; he can indeed restore an effective executive-led government, while enjoying at the same time the benefit of a full range of opinions. However, this constitutional package, which is right for the time being, is not without serious drawbacks.

III. No graduate when class ends

The proposed package has offered a good deal more room for political parties to expand. However, it denies them of the ultimate prize of politics, the prized chance to share in the governing of Hong Kong.

The separation of the Executive Council from the Legislative Council and the creation of the two new bodies: the Governor's Business Council and the Government-Legislative Council Committee have effectively segregated the views of the community into three independent groups of broadly different interests. This setup leaves Mr PATTEN in a position to act as the lone judge of a whole range of usually conflicting views. Only days after the policy address, I have already heard remarks of suspicion from different quarters. The ordinary citizens suspect that the Business Council will become the "true" Executive Council. Vice versa, businessmen in their turn regard the Legislative Council and in particular, the Government-Legislative Council Committee, soon to be dominated by grassroot politicians after 1995, will become the real "power base". However, all realized that the role of the Executive Council has diminished and that local politicians, who can only advise, check or balance, could not have gained the necessary breadth of experience to resolve conflicts among ourselves and to run the administration of Hong Kong.

If I may indulge briefly in short rhetoric, Mr PATTEN might have paid handsome dividends to local politicians but he actually called in all the capital. Rule he will, while the community remains divided. By 1997, he may have a whole school full of students but none will graduate when class ends.

IV. An onslaught that belittles local politicians

"PAN crowns the mightiest crow in Neverland and with his trusty sword, he wins every battle". When Mr PATTEN was said to be enjoying a "honeymoon", few were prepared to face the tremendous onslaught that he had already summoned to back his maiden policy speech. A well prepared platform, a budget to match, a battalion of elites from the Administration and the big wheels of the government PR machinery. It was destined to be an unfair battle

right from the start. When the onslaught began, there was simply no room for the voice of opposition. In the process, local politicians have all been reduced to size. The myth of a lame duck government must have been dispelled once and for all though, unwittingly, he might have lamed the local politicians instead.

V. *Darwinian evolution vs. fairy tale*

"PAN will tell children that they can fly with a sprinkle of pixie dust and if they think a happy thought". With all the good wishes in the world, a stable democracy cannot be established in the nick of time. It comes in a rather slower process more similar to Darwinian evolution. I do not believe that democracy can be simply measured by the number of seats in the Legislative Council. Even if all our Members are directly elected, we have at best a representative legislature but certainly not a representative government. This is particularly the case, when the Executive Council and the Legislative Council are totally separated. Behind the superficial forms and vague ideology, it is perhaps even more important to ensure that these key posts will be filled by seasoned politicians who command wide community respect and are ready to take charge.

VI. *Level playing field*

"The Lost Boys in Neverland can refuse to grow up". Politicians in Hong Kong no longer have a choice. The Government must look at ways to nurture their strength rather than to build its own strength on their weaknesses. Political development in Hong Kong is still at its infancy. At present our politicians seriously lack the time, manpower and funds to compete with well heeled government campaigns. At the very least, Mr PATTEN ought to meet legislators on a level playing field.

In the short term, it may be incumbent upon him to exercise some restraint on the deployment of the immensely powerful public machinery vested in his trust. In the long term, the Government must take active steps to properly recognize political parties in legislation; to encourage their wide participation in the Government's key committees; to end the apparent "divide and rule" model at first opportunity so as to allow their leaders to participate in the Executive Council. In this regard, I would suggest a time-frame of no later than 1995 when the Legislative Council appointment system will cease. The proper recognition of political parties will hopefully help them to raise funds and thrive. I believe that it is from these "schools of politicians" that our future leadership will emerge. They are our future hope in bringing about quality criticisms and credible policy alternatives. We need unified and pooled efforts to effectively check and balance the strong Administration.

At a time when the people of Hong Kong are subjected to well orchestrated campaigns of quality government policies, more than ever before the people of Hong Kong need our fearless and honest counsel. Shady political stance, cheap criticisms that feed only on the insatiable demands of voters, double standards simply because of a change in Governor, slogan chanting and

make beliefs rather than critical thinking, all have no place in this Council. We had better rise to the new challenge.

VII. Slow train to China

I have already spoken at length on Legislative Council and District Board reforms in earlier debates. I preferred a gradual phasing out of appointed members in District Boards. I will again stand by those remarks. On the question of the Legislative Council, I abstained my support to revive the OMELCO consensus but had voted against total stagnation. My hope was for an alternative proposal to be raised. The constitutional package fits the bill. I do not find it helpful to unstick it while active negotiation is in play. For all its imperfections, I am still prepared to back it as a proposal to commence a dialogue with China. Reality or fantasy lies only on the two sides of a very fine line; it now rests in the court of a handful of senior Chinese leaders.

"When adventures end, PAN will fly home (hopefully from Chek Lap Kok) in his Jolly Rogers trailing fairy dust and in happy thoughts. He will reach home if he flies straight on till morning". For the rest of us, we will all be taking a "slow train to China". In reality, there is only one destination and our wheels must ride on track. Happy thoughts do not work without fairy dust and it is far too dangerous to start meddling with the track. I somehow do not feel it right either to ask passengers to jump off this train. So, honourable colleagues, shall we work on the only one thing possible, which is to build a faster and safer train?

VIII. The Charter for Youth

We build the future society for our children; it is important that they share our vision. I fully subscribe to Mr PATTEN's remarks that "an integral part of our present way of life..... is the participation of individual citizens in the conduct of Hong Kong's affairs". How relevant is this remark for our young people? If not, then why not and what can be done about it? I hope that Mr PATTEN will in turn subscribe to my Charter for Youth in which he shall find all the answers.

The simple fact is that the young people have little opportunity to participate in public affairs. A recent survey of the Commission on Youth indicates that more than half of our young people have taken up some form of community activities and one in 10 took up voluntary services. Both the willingness and training are there. Out of the some 300 000-strong trained volunteers aged 30 or below, only 342 were appointed to district based committees. They also occupy just slightly over 2% of all the government advisory committee and District Board seats. The community services that they have performed are also not appreciated by the Government and those in position of authority. For example, unlike many other countries, there is no place in the application form for civil service jobs to list the record of

community services for our young applicants. The reduction of voting age to 18 is therefore only a beginning.

The Honourable Mrs Selina CHOW and the Honourable Mrs Miriam LAU have both spoken much about youth problems. I shall not repeat. I am concerned though with the likely standard official reply of more education and then expect the family to sort out its own problems as prime carer. In reality, this approach is very remote from the real problems. Despite the welcomed improvements in education, our ratio of pupils to teachers is still high. Teachers would welcome the much needed help from social workers in and outside of the school place. There are also substantial numbers of young people who have already left school or do not fit into our strait-jacket school system. Working parents are far more commonplace here than anywhere else in the world. The long hours they have to work make it impossible for many to adequately care for their own children. Much can still be done.

The Honourable HUI Yin-fat has already pointed out that social workers and young people are extremely disappointed at the lack of mention of the Charter for Youth which this Council enthusiastically endorsed in a motion debate held on 26 February this year. Instead of a prose and verse dialogue in this debate, I would like to echo the Honourable Mrs Selina CHOW's comment that communication is perhaps the key. I would appeal therefore to Mr PATTEN to meet with members of the Commission of Youth, who are his personal advisers, in the not too distant future so that we may have a chance to discuss with him directly these and other important matters pertaining to our young generation.

IX. Social welfare and rehabilitation

I have personally spent years of efforts in the drafting parties of both the Social Welfare White Paper and the Green Paper on Rehabilitation. I am still trying hard to keep up with all the areas of their follow-up work. It is therefore most heartening to find the Government's commitment in these two areas dear to my heart.

I would also like to mention that these policy papers have taken careful consideration of resource implications and issues are prioritized into attainable working targets. To accord spending priority on these already well established needs should not be criticized as lack of initiatives. Some suggestions I have made last year in the Policy and Budget Debates are given below:

- (1) Increase allocation to the Lotteries Fund from 3% to 6.5%. We have now got an immediate capital injection of \$2.3 billion,
- (2) In place of an annual allocation, the Government should allow Policy Secretaries a firm commitment of 4.5% real growth in expenditure for the next three years. We have now got a firm commitment of 5% real growth for the next three years.

As a fair person, I have no cause to complain but to commend this policy address highly. Perhaps just two more short comments to wind up. Firstly, I would appeal to the general public to assist in these important social programmes. In particular, we have experienced delays in the past in siting some of our schools and centres for the disabled. Please stand up for them if it happens in your neighbourhood. Secondly, in view of the fact that one in two of our disabled persons are unemployed, I trust that workers in sheltered workshops will be included in the nine new functional constituencies just as their able-bodied counterparts in regular manufacturing concerns.

With these remarks, Mr Deputy President, I support the motion.

MR FRED LI (in Cantonese):

Policy on Public Finance

In paragraph 5 of his policy address, Governor Chris PATTEN talked about his policy in respect of economics and public finance in very explicit terms, which I quote as follows: "We believe that low and predictable taxes are the best form of investment incentive. We believe that government spending must follow and not outpace economic growth."

Meeting Point is very disappointed in the failure of the policy address to respond to our persistent request for a comprehensive review of the the taxation system.

Meeting Point's position on public finance is this. We are not opposed to the Government adopting a prudent policy on public expenditure. But we do not agree that the Government should passively link public spending to economic growth. We believe that a sound public finance policy is one which will not only enable available resources to be allocated according to priority, but also one in which suitable arrangements are made to stimulate economic growth and explore new sources of revenue so that the tax burden will be equitably borne.

Meeting Point and Meeting Point legislators have stated repeatedly that the present taxation system fails to keep pace with the economic and social development of Hong Kong. It is unfair in terms of tax burden sharing. With salaries tax accounting for an ever greater proportion of the direct tax, middle income earners who have no access to the means-tested social services are made to shoulder a disproportionate tax burden.

Meeting Point urges the Government to conduct a comprehensive review of the taxation system immediately. We request at the same time that the Financial Secretary, in drafting the Budget for next year, should live up to his promise made last year in terms of raising the personal allowance significantly,

alleviating the tax burden of the low-income earners, and adjusting the tax bands of salaries tax.

Economic Development

Hong Kong will face many economic problems in the nineties. These include protectionist threat to local trade, Sino-Hong Kong economic relationship, transformation of the local economic structure and direction of future development, structural unemployment and a widening gap between the rich and the poor. The policy address has not addressed any of these issues, except to propose the setting up of a Governor's Business Council consisting of 18 representatives from the big local business groups, to offer advice to the Governor in respect of how to maintain Hong Kong's competitive edge in foreign trade and what measures the Government should take to promote economic growth.

Meeting Point welcomes the fact that the Government has at long last recognized that it may have an important role to play in economic development. However, Meeting Point believes that it is not enough just to listen to the opinions of big businesses. We have always advocated the setting up of a widely represented economic review committee to probe the views of various sectors and to examine in a comprehensive manner our economy and the public economic policy.

Investment Environment and Consumer Rights

The Government recognizes for the first time the existence of market power in paragraph 11 of the policy address. I quote, "The public has already begun to voice alarm at the use of market power by suppliers in areas of special importance to the ordinary family's well-being". That in itself is an improvement in view of the denial by the Acting Secretary for Trade and Industry, Miss Denise YUE Chung-ye, in her reply to my question a few months ago, that there is no question of market monopoly.

Meeting Point considers that market domination is becoming a widespread phenomenon; it is already very evident in certain economic areas like oil supply, container terminal, banking and supermarket operation. Problems arising from such domination include domination by big corporations in such a way that small operators will find it hard to survive and new operators be excluded from the market. In their attempt to enlarge its market share, the big corporate groups might sell their products at low prices to attract customers. But when the market is dominated by a few remaining giants, the temptation will be strong for them to push up the prices to reap large profit. In this connection, Meeting Point notes that there are two considerations in terms of addressing this problem of market monopoly, namely, the maintenance of a competitive environment and the protection of consumer rights.

We consider that the setting up of a Governor's Business Council whose members come from large consortia may give rise to a conflict of interest in terms of market domination and that the competition policy which the businessmen assist in formulating may not be effective after all and it will in any case be hard to muster public support. Meeting Point suggests the setting up of an independent and broadly based fair trading practice committee to formulate a competition policy for Hong Kong.

The policy address also mentions that the Government will work together with the Legislative Council and the Consumer Council to defend the free market and protect the rights of the consumer. Meeting Point welcomes this. We met the Consumer Council on Tuesday. To our disappointment, we noted that the Government did not have a plan yet and the Consumer Council was not aware of the important role which it will be playing. In this regard, I would like to urge the Government to come up with specific measures as soon as possible to translate its proposal into action.

Inflation

The Governor considered that "our most useful weapon in the battle against inflation is improved efficiency" (para 15) and that "as always, we must keep increases in wages and salaries in line with the higher productivity that efficiency brings" (para 15). The point he was trying to make is perhaps that the salaried classes should fight the battle against inflation on their own. But should employers, entrepreneurs and the monopolistic, market-dominating enterprises also take up some of the responsibility? We must bear in mind that our inflation not entirely stems from sharp increase in wages. During the transformation of economic structure, businessmen's manipulation of market power to boost their profit to the maximum results in the inflated costs to other industries, as evidenced in the rising property prices and petroleum product prices, for example. While employers refuse to adjust staff remuneration to inflation, they will seek to raise prices when their profit margins are eroded by inflation. Such price adjustment brings with it cost inflation which will affect related industries and fuels prices of other products.

Meeting Point is disappointed that the policy address has failed to come up with any specific measure to combat inflation.

Deaf People and Community Development Service

I will focus on the problems faced by the deaf and those relating to the community development service while my Meeting Point colleague Mr Zachary WONG will later on talk about the problems of the aged and the issue of public assistance.

I am absolutely convinced that, given the full co-operation between the Government and the private sector, the demands put forward by the deaf are not difficult to meet at all. For example, subtitling and sign language can be

incorporated into television news; electronic sign-boards can be installed in the MTR train compartments to highlight the next station; the police can make available emergency fax lines for people who cannot speak and hear properly to seek help. These are reasonable requests which have not been met over the years, much to the discontent of the over 12 000 deaf people in the territory. While "a great number of people" are accusing the Governor of spending too much money on social welfare, it would appear that such accusation does not stand after all for the basic needs of the deaf remain to be addressed for years.

The welfare commitment of the policy address amounts to little more than funding previously committed to welfare projects which the Government has up until now put on hold, on the pretext of inadequate funds. After all, the increased spending is only to fulfil some of the objectives set out in the White Paper on Social Welfare, and nothing more than that. Insofar as services which the Governor regards as non-essential, one can hardly be optimistic about their implementation. For example, it is not clear what will become of the community development service which is already included in the community building policy, though mainly provided by professional social workers, because it is not included in the White Paper.

The community development service is to be run by non-government agencies through community centres and neighbourhood level community development projects. There are at present 13 community centres and 51 neighbourhood level community development projects. Over the years, social workers have provided to the grassroot residents the most direct assistance, reinforced their readiness for mutual help and heightened their civic and community consciousness. However, the Government has not given any further commitment to this valuable service. I wish to appeal to the Government to seriously consider the possibility of implementing community development service in the new towns and old urban areas.

Commissioner for Administrative Complaints

I wish to comment on the proposal in the policy address regarding the Office of Commissioner for Administrative Complaints, since I happen to be the convenor of the Legislative Council working group on the review of the Office of the Commissioner for Administrative Complaints. First of all, I believe members of the working group would support the three changes proposed by the Governor, namely,

- (i) that the public should have the right to take complaints directly to the Commissioner;
- (ii) that the Commissioner may publicize his investigation reports; and
- (iii) that the Commissioner's jurisdiction should be extended to include complaints against statutory bodies such as the MTRC and the KCRC.

I appeal to other colleagues to give their support to these proposals in order that the Commissioner may be able to do a better job of handling administrative complaints and to make available to the public a more direct channel of complaining about administrative abuse.

However, it would appear from the analysis of public complaints against the Government that there is considerable public demand for the Complaint Against Police Office to be separated from the Police Force altogether to enhance its independence and public trustworthiness. I believe that this demand is reasonable. Although the Commissioner for Administrative Complaints is not in a position to handle complaints against the police, I believe that the Government should accede to the request of making the Office which deals with this kind of complaints independent of the Police Force.

Housing Problem of Sandwich Class

Meeting Point is a political party which reflects the views of the middle and lower classes. We have the following views on the housing problems of the sandwich class.

The policy address undertakes to provide a home ownership scheme for the sandwich class. But the proposed scheme which will produce 13 000 units over the next five years will have only limited effect, given that we have 300 000 sandwich households, though admittedly, not all of these households will need government assistance. Meanwhile, the Government has to cater to the needs of the great number of applicants on the waiting list for public housing. There are many temporary housing areas scheduled for clearance, in addition to a great many squatter areas which the Government promised to clear in the mid-nineties. The Government should try its best to build more public housing units as far as possible because there are many low income applicants waiting for public housing. I wish to stress therefore that the Government should build more public housing and home ownership flats to ultimately solve the housing problem which Hong Kong people find the most worrying.

Mr Deputy President, due to the time constraint, if I may do a summing up here, Meeting Point has conducted a total of six district forums on the policy address. I personally did one in Kwun Tong and I was surprised at the unexpectedly high turn-out of over 200 people. I was also surprised that the participants were strongly supportive of Mr PATTEN's political reform. I asked them what they would think if China did not give its support to the constitutional reform. I asked them whether they supported the abolition of appointed seats on the district board, and whether they supported the political reform package as a whole. I was really touched as the majority of the participants, irrespective of age and sex, invariably showed their support by raising their hands for a greater measure of democracy and more openness. I wish to report to you this extremely unscientific observation, but that was exactly how the 200 odd participants felt about the issue. I think colleagues should conduct more street polls if they wish to know more about public

opinion; they should do that instead of sitting in this chamber and saying that, since no opinion survey has been conducted, they would regard the reform package as being too radical and whatnot. I wish Members would conduct more surveys and organize more forums to gauge Hong Kong people's feelings.

Mr Deputy President, with these remarks, I support the motion.

6.03 pm

DEPUTY PRESIDENT: We shall take a short break for supper.

6.49 pm

DEPUTY PRESIDENT: Council will resume.

MR MAN SAI-CHEONG (in Cantonese): Mr Deputy President, Mr PATTEN has stated very clearly from the very beginning in his policy address that in order to maintain Hong Kong's economy, there must be competition within a sound and fair framework of regulation and law. I fully agree that fair competition is a factor in Hong Kong's success and this is a principle that the Government must adhere to. But ironically in the newly-established Governor's Business Council, all members are local business tycoons and there are no representatives from small and medium-sized enterprises at all. I really doubt whether the interests of small and medium-sized enterprises and small businessmen will be taken care of in the formulation of a comprehensive "competition policy" so that they would not be treated unfairly. In Hong Kong, over 90% of the companies are of small and medium size. They play a very important part in improving Hong Kong's productivity and promoting economic growth. However, they are a group of people who are least protected. Apart from not having a single place in the Governor's Business Council, this group of people also fail to get support in respect of investment environment and research and development under the non-intervention and *laissez-faire* policy of the Government. With industrial transformation, Hong Kong is moving into the manufacture of high-value-added products. The Government should positively take measures to increase the competitiveness of these small and medium-sized enterprises, improve their investment environment and upgrade the quality of their products. In this way, these enterprises who are the pillar of our economy will be able to develop and help our economy further prosper so that Hong Kong can maintain its competitiveness in the Asian-Pacific Region. Therefore, the United Democrats of Hong Kong (UDHK) are proposing the setting-up of an Economic Development Council in which the small and medium-sized enterprises must be represented.

There is a worrying trend in our economy that big consortiums are monopolizing the situation particularly in franchised businesses. Quality of

services will not be improved where there is a lack of competition and prices will continue to rise as a result of monopolization. The past of China Motor Bus Company is a good example. Since the company was awarded a franchise, no improvement of service was seen. It is gratifying that the Government opens up 26 routes this year to introduce competition to bus services. It is only through competition that there will be improvement and incentive to improve service and draw customers. Yet there are still a lot of public utilities companies being protected by franchise, so the consumers' rights are adversely affected due to a lack of competition. The Government should play a role by setting conditions for franchise in such a way that these public utilities companies are responsible to consumers and there should also be a set of anti-monopoly policies. Matters such as the construction of Container Terminal No. 9, energy, telecommunication and Cable TV should be dealt with on the principles of anti-monopoly and introducing competition. In the United States, there is a long-standing Anti-trust Law to prevent monopolization. We may also consider introducing similar policy and legislation in Hong Kong to introduce competition so that the adverse consequences of monopolization will not jeopardize free market competition and the consumers' rights.

As the deputy spokesman for the UDHK on economic policies, I am much concerned that the Governor's Business Council might become a forum for lobbying and bargaining. I hope that there will be more transparency in the Council and in making decisions, the Council will take care of the interests of Hong Kong as a whole rather than allowing a small group of rich and powerful people to effect a cartel.

Mr PATTEN mentioned in paragraph 11 of his policy address that the Government will join forces with the Consumer Council to defend free markets as well as to enable consumers to have full redress. In a fair and perfect market, both the buyers and the vendors should be provided with full information. The consumers should have the "right to know" whether the products are hazardous to their health, the products are what they are said to be and the prices are reasonable. In order to defend free markets, we have to defend the consumers' rights. As for the commodities greatly affecting people's livelihood, such as flats, the Government should join forces with the Consumer Council to ensure that home-buyers are provided with full and accurate information, the developers are self-disciplined and the property estate agents are more professional. Thus there should be adequate monitoring and legislation so that flats will not be beyond the reach of home-buyers because of people who corner the market or unscrupulous property agents who pocket the "price differentials" and because of the rocketing prices. I, therefore, urge the Government to expand resources and powers of the Consumer Council and legislate for the Council to prosecute unscrupulous businessmen. Last year, the Consumer Council extended its jurisdiction to cover complaints relating to non-goods services as well as flats. But I think this is inadequate. Its power should be further expanded in order to protect the consumers' reasonable rights more effectively.

Let me turn to the question of environmental protection, which has been regarded by the industrial and commercial sectors so far as an impediment to economic growth. In fact, environmental protection and our economy are closely related. The manufacturers have not taken into account the pollution caused in the production process, that is, the social costs, so the pollution problem in Hong Kong is getting worse. The Governor has placed disposal and treatment of sewage and solid waste on "The Environmental Priorities". While I am pleased by this, I am also disappointed. The Government's approach in environmental protection is treating symptoms and it is not comprehensive enough though pragmatic. It has not embodied the philosophy of environmental protection: tackling problems at their root and taking prevention. The proposal of developing landfills in remote areas of the New Territories to deal with solid waste merely treats the symptoms but fails to get at the root of the problems. In another words, it fails to achieve the three major aims, namely reduction of solid waste and pollution, reuse and recycling.

In fact, the Government should address the problem through a "polluter pays" scheme. On one hand, such scheme can enhance public awareness of environmental protection; and on the other hand, it can reduce pollution and encourage recycling. As the more one pollutes, the more one has to pay, manufacturers will take into account the social costs in their decisions on production and thus improve their production method or develop a more efficient method. Apart from penalizing the polluters and the inefficient users through a "polluter pays" scheme, the Government should also consider making "taxation concession" to reward enterprises which have attached much importance to environmental protection so that they will realize that they have to include the social costs and reduce pollution. As for the big enterprises which are stubborn and commit offences repeatedly despite warnings and deliberately ignore the laws on environmental protection, they may be sentenced to imprisonment, if necessary, as a punishment. In this way, we will not only have both sticks and carrots but also foster a sense of "corporate responsibility/corporate citizenship" in Hong Kong. The entrepreneurs and businessmen will then understand that environmental protection does not necessarily lead to a rise in costs. In this way, we will be able to protect ecology, our quality of life as well as our economic prosperity. In fact, environmental pollution will deplete the competitiveness of the entrepreneurs since the overall productivity of their workers will decrease due to poor health. And for the promotion of environmental protection, trades relating to "green" commodities such as thermal energy recycling and material recycling technology will be developed, thus creating more businesses and jobs. In this way, we can dispel the misconception upheld by the big entrepreneurs that "environmental protection and economic growth cannot coexist" and the sense of "corporate responsibility" can help to maintain a lasting, close and balanced relationship between mankind and environment.

It is encouraging that the Government requires an Environment Impact Assessment (EIA) to be included in papers submitted to the Executive Council. However, it is indeed discouraging that there is no legislation requiring an EIA

on major projects undertaken by the public and private sectors. As a matter of fact, the Government has to announce the state of environmental pollution annually so that the general public are informed of the progress of the work undertaken for environmental protection in Hong Kong. Besides, the Environmental Protection Department should set up a comprehensive environmental database and provide a full record of pollution cases to facilitate public enquiry. What is more important is that the Government should create a powerful co-ordinating mechanism within the Secretary-level framework to make the policy branches take into full consideration environmental factors in the formulation of their policies and in major decision-making. Only in this way could we ensure the Government poses itself as a "green Government".

I think the Government should devise a Freedom of Information Act as soon as possible to put into practice what are stressed in the policy address; namely a "comprehensive competitive" economic policy and the tackling of the pollution problem. Except for the protection of commerce and trade secrets, a Freedom of Information Act will make the business sector understand more about the Government's measures of concern to them and ensure a fairer and effectiveness-oriented environment for competition within the trade, thereby considerably minimizing unfair cases of corruption, favouritism and monopolization. Further implementation of environmental protection will also be achieved through the early formulation of a Freedom of Information Act. This is because the Act will give the public the right to know so that they could understand the state of environmental pollution, for instance, in respect of water quality, air quality, toxic substances and radioactive materials, through the database or by checking records. It is, therefore, very important to formulate the Freedom of Information Act, in order to allow for fair competition of businesses and step up public monitoring of the Government's efforts on environmental protection on one hand and to highlight the openness of the Hong Kong Government on the other.

I am extremely dissatisfied with the absence of discussions on recreational and cultural policies in the policy address. While the Government paid attention to improvements in the material life of the general public, it failed to mention ways to better their spiritual life, to foster a balanced development in their well-being. In my opinion, the Government should establish an "Arts Council" or "Arts Development Board" as soon as possible to promote on all fronts our arts development including that of performing arts, visual arts and cultural arts and emphasize the importance of freedom in artistic creativity in Hong Kong and formulate a set of clear and far-sighted cultural policies. In order to implement on a firm footing such freedom of artistic creativity, the Government should firstly review or even repeal, with immediate effect, any censorship systems or legislation that have stifled artistic creativity, such as the banning of films on sensitive or political issues on the grounds of their jeopardizing Hong Kong's friendly relationship with its neighbouring areas. Secondly, the Government should review the policy that the Council for the Performing Arts has frozen its subsidy to local arts groups in the past three years. Arts groups need government subsidy to sustain their growth. The Government should also

review the existing policy of letting the Council for Performing Arts decide on its own the allocation of funds to arts groups. Such decision-making power should be delegated to an "Arts Development Board" comprising representatives from the arts circles, government officials and staunch supporters of arts development.

In addition, the Government should establish an independent telecommunication authority as early as possible in order to formulate a set of long-term telecommunication policies. This would rectify the prevailing policies which are confusing and lacking in long-term planning, so that services would be improved through competition between the media and the telecommunication industry. Such would result in the incorporation of brand new technology, provision of diversified entertainment and information services, protection of the consumers' right to choose as well as the maintenance of a reasonable level of charges.

Finally, it is most disappointing that the policy address did not mention the future of Radio Television Hong Kong (RTHK), the corporatization of which has been delayed for years. Since RTHK does not have any television channels, its television productions.....

DEPUTY PRESIDENT: Mr MAN, under Standing Orders you are limited to 15 minutes. Please conclude your speech.

MR MAN SAI-CHEONG: Yes, Mr Deputy President, just a few more words.

DEPUTY PRESIDENT: Please conclude your speech.

MR MAN SAI-CHEONG: Mr Deputy President, could I have a couple of seconds' grace to say a few more words?

DEPUTY PRESIDENT: You really must conclude your speech, Mr MAN.

MR STEVEN POON (in Cantonese): Mr Deputy President, over the past 150 years Hong Kong has developed from a small fishing village into an international city of crucial importance. Hong Kong's success is attributed to many factors, among which two are the most important. On the one hand, Hong Kong, bordering on China, is well placed to exploit its vast natural resources and market. On the other hand, Hong Kong, as a British colony, has been able to stay away from the persistent uncertainty in China over the past century.

Even since embarking on its development into a metropolitan city, Hong Kong had seen China suffer from a number of turbulences but Hong Kong could always go through them unscathed and focus its efforts on economic development.

Now comes a time when Hong Kong will return to China in 1997 on the basis of a "one country, two systems" concept at a time when China has successfully maintained a stable political situation, achieved a growing international status and made spectacular economic success. And this is also the aspiration of the Chinese both within and outside China to have a unified China. The signing of the Sino-British Joint Declaration marked the end of British rule and the beginning of a new era.

Following the signing of the Joint Reclaration, Hong Kong's economy has been interwoven with that of China and we can no longer stand aloof from China's political development. The pound sterling plummeted several weeks ago but it had no effect at all on Hong Kong whereas the settlement of the Sino-American dispute over the Section 301 sanction and the upholding of the economic reforms and openness as endorsed in China's 14th Party Congress were able to trigger a surge in the Hong Kong stock market. The implication of these incidents is that the agenda of Hong Kong is no longer decided in London but to a very large extent in Beijing. As a future Special Administrative Region of China, Hong Kong will not be able to stand aloof from the affairs of China. As a local government, Hong Kong will certainly be subject to the influence of the Chinese central government.

Under such circumstances, it is our essential and urgent task to maintain a good dialogue and co-operation with China so as to lay a solid groundwork in 1997 for the establishment of a smooth relationship between China, the central government, and Hong Kong, the local government. This is also what I and many Hong Kong people expect the United Kingdom to do in its remaining less-than-five-year rule.

Yet, in his policy address the Governor did not give any idea as to the establishment of a good Sino-Hong Kong relationship before 1997. There is no proposal whatsoever regarding how to improve our communication with China, how to co-operate with China in the political and economic arenas and how to bring about better understanding between officials of the two governments.

On the contrary, the policy address gives one an impression that our Government intends to provoke a confrontation with China. This is very regrettable.

On 30 June, 1997 the Governor may depart from the Chek Lap Kok or Kai Tak Airport, or maybe as he wishes, he will take a through train back to the United Kingdom, where he may become a well-respected politician. However, during his governorship in Hong Kong, if he fails to build up a Hong Kong which can maintain a harmonious relationship with China and a Hong Kong

which can enjoy a smooth transition to 1997, he will definitely be regarded as an incompetent Governor of Hong Kong. It is because he will after all leave us with a chaotic Hong Kong and the job to clear up the mess.

Last year in the debate on the policy address, I urged the Government to build on the success of reaching the Memorandum of Understanding on the new airport and strive for further communication and co-operation with China. To our disappointment, last year there was not only no progress in achieving better communication and co-operation but, on the contrary, things got worse. Furthermore, owing to the position taken by the Governor, Mr PATTEN, in his policy address, the Sino-Hong Kong relations have been at an all-time low. I would like to urge the Hong Kong Government to make efforts to improve the present strained Sino-Hong Kong relations.

In my opinion, the odds are Hong Kong will become a place which China cannot rule in accordance with the Basic Law, or even a threat to China. Hong Kong's future opportunity indeed lies on its future role as the most powerful locomotive of China's economy. At present, 40% of China's foreign trade is conducted through Hong Kong and 60% of its overseas investments come from Hong Kong or via Hong Kong while 90% of its foreign loan deals last year were arranged in Hong Kong. In fact, the impetus given by Hong Kong to China's open economy has spread far beyond South China to other provinces. Increasing number of Hong Kong entrepreneurs have already participated in projects in China's northern provinces such as real estate development, energy supply, piers and highway construction, telecommunication and the manufacturing industry. It is evident that Hong Kong's economy is in fact interwoven with China's overall economic development.

Last year in the debate on the policy address, I urged the Government to establish with China a committee on economic co-operation in South China so as to strengthen Hong Kong's co-operation with the provinces in that part of China. However, this proposal was not accepted. In this year, the economic co-operation between China and Hong Kong has been significantly enhanced and has extended to other provinces beyond South China. In view of the new Governor's new working style, I once again request the Governor to reconsider this proposal and go a bit further by setting up a committee on the economic co-operation between China and Hong Kong.

Mr Deputy President, my colleagues in this Council may be disappointed if I do not talk about the new airport. The Governor only spared three paragraphs for the new airport and the related projects. But he fell short of putting forward any idea to resolve the present dispute between the United Kingdom and China over this issue. In fact, the Governor tried to evade the crux of the problem, which is the soaring cost of the airport railway. In fact, it shot up by 80% from July 1991 to April 1992. With so colossal a project, the participation of so many engineers and financial experts and the commitment of so much money to commission a consultancy to prepare a feasibility report, it is really beyond our understanding why the scale of the project can be amended to

such an extent that the cost has sharply risen by 80% within a short span of nine months.

The Government has never bothered to disclose the breakdown of the cost estimates of the airport railway to the public. The reason may be very simple. According to the present cost estimates, the airport railway project cannot be carried out cost-effectively. I am not urging the Government to scrap the airport railway project. I only wish to ask the Government to make a drastic reduction of the cost of the project which has already gone up by 80% and closely monitor the Mass Transit Railway Corporation (MTRC).

In paragraph 35 of the policy address, the Governor mentioned that the MTRC has earned itself a worldwide reputation as a responsible borrower with a strong credit rating. Yet, the Governor failed to point out that the main reason for the MTRC to attain such a reputation is that the Government has kept on injecting Hong Kong people's money into the MTRC to make up its deficit so that it can clear its debts in time. In fact, to sustain a strong credit rating, the MTRC has already made a loss of \$3.5 billion out of the \$8.4 billion which is the taxpayers' money injected into the MTRC as capital. For this reason, the Government should, in the interests of the public, keep a close eye on the MTRC and give some thought to the idea of reorganizing its board of directors and the executives should have no role in it, so that the board will be able to monitor the operation of the MTRC effectively.

Mr Deputy President, with these remarks, I support the motion.

MR HENRY TANG (in Cantonese): Mr Deputy President, at this delicate moment, what can be called a good policy address for Hong Kong? I think a good policy address must contain two major elements. Firstly, given that Hong Kong is a leading international financial centre, how will the new Governor run Hong Kong, which is already in the latter half of the transitional period? How will he hold things steady to enable Hong Kong to make its "smooth transition" to the special administrative region (SAR) government during this critical period of four and a half years? All of this is not only of concern to the 5.7 million people of Hong Kong. It also captures the serious attention of the international community. In other words, an important and indispensable element of governing strategy for the coming years is one which enables Hong Kong to make its smooth transition to 1997 on the basis of a partnership among China, the United Kingdom and Hong Kong itself, marked by mutual accommodation and mutual concession.

Secondly, a policy address must lay down a visionary and far-sighted development programme. For the United Kingdom, 1997 may be a "full stop" with regard to its rule over Hong Kong. However, for the general public of Hong Kong, 1997 is certainly not the end of things. We expect there to be more satisfactory development after 1997. If the people of Hong Kong had had no expectations concerning the days after 1997, Hong Kong would have become a

pool of stagnant water long before now. We have reason to expect that as a responsible Governor, he will make sensible decisions and give the public a future to look forward to, a future that does not end by 1997 but holds the promise of longer-term development, a future for the next generation, a future to strive for.

It cannot be denied that Mr Chris PATTEN's policy address has moved things forward both in welfare policy and in democratic government. It has made the general public both excited and delighted. Many citizens even regard it as the most outstanding policy address in many years. However, I have some reservations about it. This is because the Governor has obviously ignored my two major expectations about the policy address. And many friends in the business community share my disappointment.

China-the United Kingdom-Hong Kong relations are a very delicate issue, which is rather hard to spell out in concrete terms since there is no fast rule or specific instruction that must be followed. Still, to maintain sound tripartite relations, what will be essential is a basic spirit of mutual trust and sincere co-operation. Without it, I am afraid that "smooth transition" will become nothing more than an empty talk.

I remember that, on 9 July this year, as Governor Chris PATTEN arrived at Hong Kong and took the oath of office, he said towards the end of his speech, "I have heard it said that the relationship between Britain and China,, is still bedeviled by misunderstandings and lack of trust..... I will do all that I can to remove misunderstandings and to build up trust. Trust is a two-way street. Good co-operation with China is my sincere aim and my profound wish."

These words are still fresh in our memory. Yet it seems that the Governor has already turned the table on his promise. The thrust of his policy address is quite clear. It is headed for a deterioration in Sino-British relations, a deepening of mutual misunderstanding. It certainly will destroy the understanding and trust that have been established so far and cast a dark shadow over political development during the transitional period. I hope that the Governor's forthcoming visit to China will not be a kow-tow trip or a pilgrimage but a trip to win for the people of Hong Kong a political system that we can accept.

In this policy address or policy blueprint, all developments are invariably timed to end at 1997. Every proposal in the policy address begins with by making it explicitly clear that the relevant programme will be carried out "from now until 1997" and that "further development after 1997 will be a matter for the Government of the SAR". The details of administration after 1997 should admittedly be up to the Government of the SAR. Still, arrangements must be made sooner than that for social development and for public spending. If we recognize the importance of "convergence," then there is no reason why all policy planning should stop at 1997. Such myopia will seriously undermine the

long-term development of the SAR and be bad for the people who will continue to live in Hong Kong.

Also, it appears that the Governor's proposals on economic development in the policy address do not hit the nail on its head. I am rather disappointed. It is an indisputable fact that Hong Kong's economy is undergoing a structural change and is developing in the direction of financial and other service industries. This, however, does not mean that manufacturing is in perpetual decline. If we depend too much on service industries, then our overall economic advantage will suffer a serious blow in the event of a global recession. For many years, I, with many friends in the business community as well as economists, have been urging the Government to give active support to industrial development and to encourage researches on high-tech industries. At the beginning of this year, I moved in this Council a motion, that was supported by all unofficial Members, urging the Government to review its industrial policy. Regrettably, the Government has turned a deaf ear and ignored this public request. Also, the Government has paid no attention to the declining competitiveness of Hong Kong's industry in the international marketplace.

The policy address stresses that importance must be attached to competitiveness. I personally hope that Mr Chris PATTEN will be discerning enough to see that the Government really has the responsibility for aiding industrial development and that manufacturing must not be left to fend for itself until it is knocked out of the game by the other three small dragons of Asia.

The Government often boasts the support it gives to industrial development. Yet one never sees any real action that is well planned. People cannot but doubt the Government's sincerity of helping the development of Hong Kong's high-tech industry. Everybody knows that industry in the United Kingdom is in steady decline. Even the well-known Jaguar sedan, which was very much in demand at one time, has experienced a marked sales decline in recent years. The once leading position of British products in the global marketplace is gone forever. Will Hong Kong's industrial success make it even more difficult for British industry to hold onto its market share in the world? Is this why the United Kingdom is ignoring our call for sustaining our industrial development? If the British Hong Kong administration is really looking at Hong Kong's industrial policy in such a frame of mind, this is indeed something to be regretted.

During the economic structural transition, there has emerged in Hong Kong a very strange situation where "there are people without jobs on one hand and jobs without people to fill on the other". I am in favour of the Government's plan to inject \$300 million into the retraining fund so that 15 000 workers will be retrained in the next two to three years. This is a very constructive plan but it still seems inadequate.

There are now 65 000 unemployed workers in Hong Kong. The \$300 million will only pay for the retraining of 15 000. This will still leave

40 000 to 50 000 unemployed workers without any kind of government help. I propose to inject \$900 million into the retraining fund during the first year and \$300 million during each of the following years. This will give all unemployed and underemployed a chance to participate in a more balanced and better training programme. As a result, the unemployed and underemployed may be able to fit into the future economic environment. Trainees will be able to put their training to good use to meet needs in society and in the marketplace. Since the policy address maintains that the Government has a duty to support the economic structural change, the Government must discharge this duty decisively and thoroughly. There should be no foot-dragging or equivocation.

Also, many members of the public have criticized the retraining plan and thought that it has failed because middle-aged workers who are lowly educated still cannot find jobs after retraining. During the past several months, both the Federation of Hong Kong Industries and I sent letters and paid personal visits to various big industrial and commercial enterprises to ask them to give priority to hiring retrained workers. I believe that this effort has produced some result. But the result may not be satisfactory. The main reason is that many complain that the retraining programme is not balanced and that many retrained workers are not up to par. Therefore, I would like to suggest that the Government, being the biggest employer in Hong Kong, should take the lead in hiring these retrained workers. They are experienced and capable. They are willing to work and to put up with unfavorable working conditions. It is true that they are not so young. But the Government's plans to set up many homes for the elderly, child care nurseries, house-keeping helper services and clinics are certainly related to the retraining of these workers in the sense that employment opportunities will be made available to them. The Government has achieved a remarkable success in hiring many disabled persons to fill suitable positions. I believe that retrained middle-aged workers will be more than equal to their jobs.

Lastly, I am disappointed at the policy address's failure to touch upon the compulsory private retirement protection scheme. I hope that this does not mean that the Government is totally without sincerity about such a scheme. I repeat that the Government has the duty to do its best for protecting the interests of the public. A sound retirement protection scheme cannot be successful without government participation. The Government has a basic social duty to guarantee against possible risks. It cannot call it quits by passing the buck to employers and employees.

Mr Deputy President, these are my remarks.

MR TIK CHI-YUEN (in Cantonese): Mr Deputy President, one can say that this year's policy address is the most eye-catching in many years. In my opinion, there are three main reasons: (1) It is Mr PATTEN's maiden policy address. Everybody would like to know what policy the new Governor is going to pursue. (2) The policy address touches on political reform and the improvement

of people's quality of life, which are things of concern to all. (3) The publication of the policy address was coincided by a series of unprecedented promotional activities such as the question/answer sessions. As we can all see, the policy address has become the talk of the town over the past fortnight.

The Governor has stressed that the policy address contains only proposals. He welcomes Members of this Council and the general public to make comments. And there will be consultation before final decisions are made. Meeting Point welcomes the Governor's way of doing things: announcing administrative measures in the form of proposals, holding public consultation and listening directly to the public views. Compared with past policy addresses, which merely announced decisions already made by the Government, this year's represents a step forward in the direction of an open and accountable administration. Meeting Point will be taking an active interest in what procedure the Government will follow in consulting with the public and in what actions the Government will then take. Meeting Point does not wish to see reasonable action methods become political manipulations, where there are "posturings but no real actions".

I believe that the constitutional package is the most controversial part of the policy address. The media, too, have been focussing on the election systems for 1994 and 1995, the separation of the Executive Council and the Legislative Council and other like issues. However, I would like to point out here that in fact the people are also interested in the improvement of the quality of life. Meeting Point has held many forums with local residents on the policy address. At these meetings, most of the residents offered comments on issues closely affecting the quality of their life (such as education, health care and transport). I think that residents would like to have better health care services, which, to them, are as important as more directly elected Legislative Council seats. Regrettably, the media seem to have assigned a secondary place to reporting on proposals for improving the quality of life.

The policy address devotes a great deal of space and several chapters to talking about the improvement of people's quality of life. It also presents a list of specific recommendations on improvements to be made. For instance, it talks about adding more teachers, providing more beds in hospitals and protecting the interests of service-users. With regard to the improvement of people's quality of life, Meeting Point has three comments to offer:

- (1) While the policy address contains a host of recommendations on the improvement of people's quality of life, these recommendations are nothing more than repayment of "old debts". Nothing new is proposed. They are mostly old policies and old commitments. All of these recommendations are the basic demands of the citizens, who have been pressing them for many years. Only now will they become reality. The Government is merely making up for the commitments and promises it made in the past.

- (2) The proposals of the policy address for improving people's quality of life are quite fragmentary. They all represent slight improvements within the scope of existing services. But many existing basic social services are not satisfactory, falling far short of the demands of the citizens. Public assistance is one example. Making a slight improvement on a very inadequate service level cannot meet the needs of our society. Also, given Hong Kong's present economic situation and the Government's present financial strength, these piecemeal improvements are really unsatisfactory.
- (3) Plans for the improvement of services with a bearing on people's livelihood do not go beyond 1997. No policy direction is set for future developments. Nor is there any in-depth review of the needs of society such that reasonable long-range targets for the various social policies can be formulated.

I will now make some comments on education, health care and public services in New Territories North.

Education

In his policy address, the Governor proposed to increase recurrent spending on education from now until 1997 by 15.8% in real terms. This appears superficially to be quite generous. The truth is that a 15.8% cumulative growth over the five years from 1992 to 1997 averages out at a 2.998% annual growth rate in real terms. This is far behind the 5% annual growth rate of gross domestic product that the Governor projected. In other words, appropriation for education will increase at a much slower rate than the rate of economic growth.

Meeting Point thinks that this is indeed discouraging. In the education area, Hong Kong must within the next few years carry out many recommendations, including those of the Education Commission Report No. 5, to improve the quality of primary and secondary education, the increased places of tertiary institutions and more funding for research in these institutions. A 3% annual rate of increase in real terms is simply inadequate.

The policy address refers to parent's expectation of quality education for their children. However, it makes no mention at all of the right of parents to participate in the formulation of the education policy or of the right of students to participate in the learning process in their schools. This is really disappointing. Nor is it consistent with the "new client-based culture" proposed in the policy address. Meeting Point thinks that, where the education system is concerned, parents have the right to know, the right to participate, the right to air grievances and the right to choose schools. Their rights, as well as their obligations, should be laid down in a "parents' charter". Meeting Point urges the Government to play a more active role in this connection.

Meeting Point welcomes the plan to reduce the size of each class, beginning next year. However, I would like to draw the Government's attention to the shortage of Primary 1 places in some new towns, such as Tai Po, North, Tuen Mun and Yuen Long. Actions should be taken to forestall any further shortage of school places in these new towns as a result of class size reduction. Also, the Government plans to re-draw the boundaries of school districts so as to achieve a flexible distribution of school places. We think that, in expanding school networks, the Government must observe the principle that schools for Primary 1 students should be within walking distance.

Meeting Point thinks that the development of the education policy should follow an overall strategy. Also, there should be co-ordination among pre-school education, basic education and tertiary education in their development. I suggest that the Government conduct a comprehensive review of education services next year and formulate an education policy that goes beyond 1997. In view of the 1997 issue, we think that national education should be strengthened to help the younger generation in facing the return of sovereignty to China.

Health care services

On health care services, the Governor's policy address begins by stressing the need for the Government to continue improving the quality of health care services. The Governor also recommended a 22% increase in real terms in recurrent spending on health care services from now until 1997. The additional allocation will be used to add 4 200 beds, start 13 new clinics and expand 11 existing clinics. In these recommendations, we see only some quantity improvements. Most of these improvements were in fact promised by the Government years ago. They are not new programmes. It seems that the figures are intended to give the impression that the Government is making further commitments to health care services. This prompts one to doubt if it is the Government's intention to mislead the public.

With regard to the improvement of service quality, I believe that the most attractive improvement is to cut the waiting time and allow advance appointments. But these are improvements promised long ago by relevant departments and institutions. They are nothing new. Because not much can be done in the way of improving the quality of services, the Governor included in his policy address, as important improvements, even such negligible items as air conditioners, drinking fountains and cleaner lavatories. Evidently, the Government has done nothing at all in the way of improving the quality of health care services. Before this, the administration stressed its determination to improve quality. There is inconsistency between what is said before and what is said later, is there not?

In recent years, the general public has shown a keen interest in the rights of patients. However, the policy address makes no mention of the question of how the rights of patients are to be protected. In the past, the Government also acknowledged the need to protect the rights of patients, but they were all idle

discussions of principles, not followed by matching actions. Meeting Point thinks that the Government should set up a working group to draft a "patients' charter", through which the rights of patients are to be protected and the citizens are to be educated on their rights and obligations.

Also, Meeting Point is unhappy with the Government's failure so far to take actual steps to publish a white paper on health care services as it promised it would. Aging population, rising health care cost and the public's higher expectations all add pressures to the development of health care services. The Government should expeditiously review existing health care services, put together a white paper and set long-term development targets for health care services that meet the needs of society. In addition, the Government must further study the necessity of a central medical insurance scheme.

Public Services in New Territories North

I must begin by sternly criticizing the Government for the mistakes it committed in its development of the new towns. New Territories North, including Tai Po and North, are Hong Kong's second-generation new towns. However, the Government failed to learn from the experience of its development of the first-generation new towns like Sha Tin and Tuen Mun. If it had done so, it might have avoided the recurrence of various kinds of community problems. Problems that occurred before are continuing to occur today. The Government's biggest blunder is "to move the population first and to provide facilities later". Also, in planning community facilities, the Government failed to consider the demographic characteristics of the new towns nor did it take the real needs of the residents into consideration. Now, I would like to pinpoint four problems plaguing the residents of New Territories North over the years and urge the Government to take prompt action to improve the necessary public services.

(1) Backward health care services

The population of New Territories North has increased from 100 000 or so to 400 000 today. But there have been no major improvements in facilities providing health care services. Problems concerning casualty services, specialist out-patient services and hospital beds have not yet been ameliorated despite the fact that residents have fought for improvements for 10 years. Take hospital beds for an example. Many years ago, the Government agreed to build a hospital in North District. Yet, to this day, regrettably, "officials are merely heard talking; the Financial Secretary is not seen to allocate the money." Building the hospital will add beds and will improve casualty services and specialist out-patient services. These are services really needed by the residents of New Territories North. The proposed hospital was promised by the Government in the past. I know that the Hospital Authority and other relevant departments are all in favour of its construction. Now, the Governor, too, stressed the need to improve health care services. Then, what justification is there for the Government still to refuse the funding of the hospital project?

(2) *Insufficient school places in primary and secondary schools*

In this academic year, many Primary 1 students in North District were assigned school places in resource-deficient, ill-equipped rural schools. Thanks to a spirited fight put up by their parents, the problem was finally resolved for this year. Still, we worry that the same problem will crop up again in the coming years. The Government should study and find a proper solution. The shortage of school places in secondary schools is another problem that has existed for a long time. This year, 500 Form 1 students in North District were assigned school places in Tai Po. As for the students in Tai Po, because of the allocation of local school places to students of North District, 500 Form 1 students in Tai Po were assigned school places in Sha Tin and elsewhere. This was a senseless arrangement with which the district boards of both North District and Tai Po expressed strong dissatisfaction. We urge the Government to take immediate measures to provide sufficient school places in North District. This will save students the trouble of travelling a long way to go to school in different districts.

(3) *Lack of diversity of transport*

To travel out of their district, the residents of New Territories North rely mainly on the train. To some of them, train is expensive, but there is no viable alternative. There are now only six bus routes linking up New Territories North with other districts. They are not enough to meet the needs of the residents. Also, the population of New Territories North is continuing to rise. The Government must provide the residents there with diversified transport services. Also, intra-district transport needs to be improved in keeping with local development.

(4) *Neglect of rural development*

In the past, rural community facilities and services were provided by the villagers themselves on their own initiative. But spontaneously and voluntarily provided services are now not enough for the villagers. Nowadays, when the Government plans the development of a new town, it will invariably include various community facilities commensurate with the size of population. But the Government has no sound plan for rural community services. Is the Government treating rural villagers and new town residents differently? We urge the Government to provide additional services in rural areas and take the needs of rural villagers seriously.

Mr Deputy President, it costs money to meet the above basic needs related to the improvement of people's quality of life. To spend this money will be justified and reasonable. Given its present financial strength, the Government definitely can afford to do so. It is hoped that the Government will really care for the well-being of citizens at the grassroots.

Mr Deputy President, these are my remarks. Thank you.

MR JAMES TO (in Cantonese): Mr Deputy President, the Governor's policy address, except for its constitutional reform package which is apparently well thought-out, is too brief when it comes to mapping out strategies in other areas. Also, the Governor has failed to have a good grasp of the situation and the absence of a more thorough approach is disappointing. In this regard, when I came upon paragraph 86 on page 25, "The main areas of improvement in the various key programmes will be presented to Members of this Council later this week by the respective Policy Secretaries", I indeed hoped to be properly briefed on the details of how the various government departments will be implementing those main areas of improvement. It is unfortunate, however, that only three Policy Secretaries have so far taken the trouble to organize briefings for Members. I cannot but ask why it has actually turned out that the Policy Secretaries are the first people to sabotage the commitments made in the policy address.

Today, I will focus on the inadequacies and omissions of the policy address.

Housing

I think Members will recall that at the debate held on 24 June this year on the problems of rehousing, compensation and impact on the community environment arising from urban renewal by private developers, a consensus was reached among Members following discussion and voting that this Council was in favour of the setting up of an ad hoc committee by the Government to conduct a comprehensive review of the issue of urban renewal. In this connection, to follow up on the motion, I made a point of conducting a questionnaire survey and organizing forums. I approached all district board members and area committee members of West Kowloon to discuss with them, and seek views from them, community and livelihood problems arising from redevelopment, in an effort to keep abreast of latest developments.

The preliminary result of the consultation exercise shows that most people are inclined to think that private developers should take up the responsibility of rehousing and compensating the tenants affected by redevelopment instead of passing on the social cost to the Government.

Regarding the issue of rehousing, the United Democrats holds the view that a rehousing fund should be included in the developer's cost estimate and the fund should be turned over to the Housing Authority to build public housing for the affected tenants, in order to forestall the scenario of people being made homeless as a result of redevelopment. I am delighted to see that this view of the United Democrats is also shared by the Land Development Corporation, according to its latest annual report.

Unfortunately, the Governor only reiterated in paragraph 59 of the policy address the number of newly completed units of the 1987 Long Term Housing Strategy, which is 40 000 annually, or about 100 daily. This indicates that the

Governor is not aware of the present pace of urban renewal and the impact it will have on the community as a whole, and the housing problem of low income families in particular. Also, the policy address has failed to break down the daily output of the 100 units into a ratio between public housing and home ownership flats. Nor is it clear whether the low income families will be able to benefit at all to ease their persistent housing problems.

Furthermore, apart from the number of public housing units, there is also the problem of location of rehousing. Generally speaking, residents who are eligible to be rehoused by the Government are invariably resettled in public housing situated in very remote parts of the territory where they have not been before, such as Tuen Mun, Tin Shui Wai and so on. And their social support network would be removed as a result. In this connection, I would strongly urge the Government to consider providing more public housing on the West Kowloon Reclamation and the old airport site, so that the affected residents will be able to be rehoused at locations not far from their old homes.

Quite apart from the problem of redevelopment, West Kowloon is undergoing a great many changes to its community and environment as a result of reclamation works. I would like to urge the Government in my capacity as a Member from the West Kowloon constituency to closely monitor the environmental impact of the reclamation works and the speedway construction.

Law and Order

Law and order is, I believe, another perplexing problem to Hong Kong people, apart from the problem of redevelopment.

Insofar as law and order is concerned, one line of argument which has always been taken by Hong Kong Governors, from the late Sir Edward YOUDE to Lord WILSON, is that Hong Kong is a relatively safer place than other countries. However, after detailed analysis of the situation, I must point out that our law and order is not as satisfactory as we like to believe. The low number of reported crimes suggests that there are many unknown factors preventing people from reporting crimes. Also, it is much too simplistic to look only at the detection rate as a whole. I had closely scrutinized the detection rates of various categories of crime and found that the detection rates for crimes which require investigation and intelligence was rather unsatisfactory. For example, whereas the detection rate for crimes involving assault of police is 100%, that for burglaries is less than 3%. In this regard, it is indeed worrying that the policy address treats law and order so lightly. I wonder if the Government is still obsessed with its notion of Hong Kong being a safe city with an excellent crime detection rate.

Paragraph 78 of the policy address suggests that an addition of about 800 police officers will be deployed next year on beat duties. While the increase of police presence on the streets is a welcome move which will have its deterrent effect, it does not naturally follow that this will result in the apprehension of

criminals. We must understand that criminal activities have become sophisticated in the nineties, stemming from the fact that high technology is employed and criminal syndicates become internationalized and well-organized. I would like to cite smuggling activities as an example to illustrate how surprisingly well planned they could be. A ringleader on the shore can easily give instructions to tens of sea crafts of various sizes through a walkie-talkie. With the co-ordination of a land force of over 100 gangsters, the whole consignment of 800 video-cassette recorders can be successfully unloaded in as fast as a matter of eight seconds. In this regard, it would seem that our criminal investigators are going to need high analytical powers, patience, ability to probe the psychology of the criminals, general and scientific knowledge, in order to deal with the increasingly internationalized and better organized criminal syndicates which are involved in activities ranging from smuggling, car theft, organized illegal labour importation, to fake credit cards. In this context, to ensure that Hong Kong remains a safe city, it is not only necessary for police investigating units such as the Commercial Crime Bureau, the Narcotics Bureau and the the Organized and Serious Crimes Bureau to have the courage and persistence; it is also necessary for them to get brains and the diligence to examine data and intelligence and be well-versed in criminal law and the rapid innovations in methods of investigation, in order to deal with the increasingly complex and sophisticated crimes. It is improper for us to stress police patrol at street level above everything else, or alternatively, to have unrealistically high expectations of the White Bill now under deliberation. For even the compulsory testimony may not always achieve our goal; the most reliable way remains independent investigation and a good intelligence network.

The above is only a rough discussion of the crime situation and the problem relating to the failure of our police to keep up with the new developments. I hope that the failure of the Governor to address the changing circumstances is mainly due to the short time he has been in Hong Kong, and therefore his inability to fully understand the situation. I hope that the failure has not been due to the shortsightedness of the officials who advised him and their inability to understand the requirements of crime fighters in modern times.

In addition to the above problems, the way the policy address deals with juvenile delinquency is also frustrating. One can indeed see the gravity of youth involvement in crimes from the crime figures released by the Government. The papers which I obtained from the Commissioner of Police even indicate an upsurge in youth involvement in serious crimes. And there is also the problem of triad activities in schools and the problem of abuse of soft drugs by young people.

There is no mention at all in the policy address of these serious youth-related crimes. And it is regrettable that the Governor in his reply to questions from Members was only able to attribute the situation to such general and inherent causes as family, education and living environment, without offering any concrete solution or basic strategy to deal with the problem.

My United Democrats colleagues and I would like to urge the Government to face up to the problem of youth crimes squarely and, through inter-departmental co-ordination, to review the present youth services, step up public education and plug legal loopholes in respect of the unrestricted sale of soft drugs. For example, the Government can provide additional social workers in schools and take a more flexible approach to the deployment of social workers such that the more problematic schools will be able to each have one social worker. The establishment of outreach social workers can also be increased and their services stepped up. Communication between police and schools should be strengthened so that all teachers, not only the discipline masters, will be able to have a better understanding of the extent of young people's involvement in criminal activities and be able to deal with the situation accordingly. Parental awareness can be increased. And there are many more viable measures to be taken.

Meanwhile, the issue of tens of thousands of families with illegal immigrant mothers, smuggling, particularly the problem of joint anti-smuggling activities proposed by the Governor and the problem of illegal workers all warrant our attention. But no further information is forthcoming regarding any of these problems. The United Democrats strongly requests that the Government should as soon as possible make public the policies which it has formulated on these issues. Meanwhile, the stepping up of counselling for prisoners to reduce the chance of their engaging in crime again also brooks no delay.

On the issue of law and order, the Governor also reiterated the importance of the Independent Commission Against Corruption (ICAC). We understand that the ICAC has been very successful in its fight against corruption in the public sector. There is, however, an upward trend of corruption in the private sector. It is well known that corruption is rampant in Mainland China. We have reason to fear that, with the increase in Sino-Hong Kong trade in the latter half of the transition period, corruption will rear its head in Hong Kong. Rumour has it that if a Mainland China corporation or Mainland Chinese figure is involved in corruption activities and the whole matter becomes sensitive, then the ICAC will exercise very great restraint in conducting its investigation. In this regard, in order to maintain Hong Kong as a city for international trade and investment, and in order to ensure fair competition, the United Democrats fully supports the ICAC in its all-out fight against corruption.

On the issue of human rights, the United Democrats has always been a strong advocate of the setting up of a human rights commission in order to enable Hong Kong people, particularly those who cannot afford the high cost of litigation, to have a channel through which they can complain about abuse of human rights. In addition, the United Democrats would also like to have legislation to protect the free flow of information and the right of the public to have access to necessary information. Meanwhile, the Official Secrets Act should be amended in light of the local situation. A number of laws have been repealed due to their incompatibility with the Bill of Rights since its

implementation, although these laws have so far been quite effective in combatting crime. This has dealt a blow to our law enforcers and the prosecuting departments. In this regard, the United Democrats believes that, instead of taking a passive and evasive attitude, the authorities concerned should face up to the challenge of the Bill of Rights and carry out a comprehensive review of all existing laws so that law enforcers will be aware of the Bill of Rights and also how to reconcile it with their law-enforcing duties to make sure that we will continue to have successful prosecutions.

I would like to particularly point out that, if the law against the laundering of illicit money now before the Court of Appeal is found to be incompatible with the Bill of Rights, then this would have serious implication for the Organized and Serious Crimes Bill which is under deliberation. I would thus urge the Government to come up with contingency measures to prepare for the eventuality of the appeal being overruled.

I am surprised that the Governor has made no mention at all of the issue of boat people. I appeal to the Government to continue its negotiation with Vietnam to expedite the repatriation and encourage the United States at the same time to lift its trade embargo on Vietnam. The latter will encourage the boat people to be more optimistic about the economic prospects of their country and speed up the voluntary repatriation process.

On the issue of finance, I would like to remind the Government that there has been no progress at all regarding the introduction of regulations it promised last year which are applicable to insurance agents. I hope the Government will be able to expeditiously implement the relevant policy so that the rights of the public can be protected. Meanwhile, the Government should come to a decision on the issue of protection of depositors. The United Democrats also requests that the Securities and Futures Commission should have its powers of investigation in respect of the listed companies expanded and step up at the same time its monitoring of outside foreign exchange dealing so as to safeguard the interests of small investors.

Lastly, I would like to talk about the localization of the Judiciary and the Legal Department. The Government has implemented the policy of localization for the Judiciary and the Legal Department for a long time. However, the pace of localization so far has been extremely slow and disappointing. Local officers make up about only one third of the Directorate of the Legal Department, and most of them are not division heads. Insofar as the Judiciary is concerned, localization is slowest in the appointment of district court judges. Only one of the twelve judges appointed this year is a local. Bearing in mind that high court and appeal court judges are promoted from amongst district court judges, the present situation means that there is a dearth of local judges in the lower courts who may be considered for promotion in the first place. I would urge the Governor, the Attorney General and the Judicial Service Commission to immediately review the existing localization policy and its implementation and to offer an explanation to the public. Meanwhile, I would also ask the

Government to begin the implementation of its policy to separate the Legal Aid Department from the Government. That is the demand consistently voiced by the legal community and people who are concerned about the principle of judicial independence and human rights.

In closing, I would like to talk about the Law Reform Commission and the whole issue of law reform. First of all, the speed of law reform is too slow and resources are inadequate. One always hears rumours about the Governor's intention to disband the Law Reform Commission. I hope the Government, and the Governor in particular, will be able to make it clear to the public that great importance is attached to law reform, the strengthening of the Law Reform Commission and other relevant institutions, in order to make sure that our law will be reformed in line with our social development.

Mr Deputy President, with these remarks, I support the motion.

DEPUTY PRESIDENT: Dr Samuel WONG, I shall have to interrupt you at 8 o'clock to suspend Standing Orders.

DR SAMUEL WONG: Mr Deputy President, I would like to support the Governor's social policies, especially to raise standards in the schools and to improve life for the elderly. I am encouraged by his concern for the local environment, though I hope this is only the first step towards taking a more responsible global approach soon. I like his effort to improve the accountability of the Administration. I am impressed by the outstanding membership of his Business Council, containing such sound technological expertise. I wish I could say the same for the Executive Council, however, which has found a new low in technological know-how, at a time when technological changes in Hong Kong are the highest ever and on the ascendent. I can see a grave risk of ill-advised decisions there.

However, there are three points upon which I take issue with the Governor. I refer to his weak suggestion to provide much needed sandwich class housing; his failure to address the issue of technological development of Hong Kong; and his ill-advised proposal to misappropriate the nine new functional constituencies.

There are currently an estimated 50 000 sandwich class families needing homes. The Governor has suggested the supply of only 13 000 flats for them over the next five years. I suspect this is not enough to meet the natural increase in demand and that the problem will therefore become a never ending story. If the figure cannot be improved, a better solution, I suggest, would be to give tax exemption for mortgage payments and let the market forces take over. This is the class that contributes so substantially to the brain drain and we must keep them here.

It has become traditional for the Governor's annual speech to fail to address Hong Kong's technological development. This has been true for different Governors. The common factor is the input from an administration almost totally devoid of technological expertise at policy level. For example, information technology has become like a drug coursing through the veins of every sector of Hong Kong and there is no in-depth understanding of its effects or side effects in any part of the policy branches of the Government or in the Executive Council. One day we might find ourselves addicted without remedy. Even Hong Kong's infrastructure, depending as it does so heavily on engineering, was not mentioned at all in the official summary of the Governor's address, and even the address itself glossed over the main developments to spend a few brief words on the financing of the airport. Meanwhile, for lack of policy and planning, traffic builds up on the roads at our border crossings; crippling congestion is a daily event on the Tuen Mun and Tolo Highways, and we all waste valuable time in traffic jams every day in our urban streets. This congestion affects our economy and hence our ability to sustain our social services.

Turning to democratic development: the functional constituencies were described in concept in the *1984 Green Paper Further Development of Representative Government in Hong Kong*. This explained the need, in the special circumstances of Hong Kong, for representation of the economic and professional sectors of Hong Kong society which are essential to fulfil confidence and prosperity. It was upon this concept that the related section of the Basic Law was based. Indeed it stemmed from the negotiators who put together the Joint Declaration. They took the view that Hong Kong's economic miracle has been achieved with a Legislative Council drawn from a cross section of society. This could be best reproduced in elected form by having some members representing grassroots and some representing functional groups. Many of the latter are responsible for the generation of wealth in Hong Kong, contributing directly to the economic miracle, without which our enhanced social policies, so vital to the grassroots and their representatives, cannot be sustained.

8.00 pm

DEPUTY PRESIDENT: It is eight o'clock and under Standing Order 8(2) the Council should now adjourn.

FINANCIAL SECRETARY: Mr Deputy President, with your consent, I move that Standing Order 8(2) should be suspended so as to allow the Council's business this evening to be concluded.

Question proposed, put and agreed to.

DR SAMUEL WONG: The Governor's proposal departs from this concept. Indeed, the sheer size of his proposed functional constituencies would ensure that the choice of candidates, the interplay of party politics and the motivation of the voters were closer to those of direct geographical elections than the functional constituencies (It has been suggested this was his intention). And in particular, information technology, on which our society is so heavily and economically dependent, would still not be represented in this Council.

I therefore reluctantly conclude that the Governor's proposal does indeed depart from the spirit of the Basic Law and the Chinese Government were right to object to it.

Besides, even if there was general agreement to such a course, would it be the right development of democracy for us at this stage? Who can guarantee that dramatic extension of the franchise will sustain the economic miracle? Can the Governor guarantee that diffusing the nine new professional constituencies will be certain to sustain the economic miracle? Of course not. No more can the advocates of the *status quo*. But at least they can claim a spectacular track record.

So much for my right to criticize. I am now going to argument and persuasion. I believe the Governor has not correctly identified the problem and so has chosen the wrong solution. The problem is not that voters do not have a conduit to this Council to make their opinions heard. They have. The weakness in our democracy is that too few people vote. Voter turnout is such that every directly elected Member of this Council, geographical or functional, was returned by a minority of their electorate. They cannot know for certain that they represent the majority of their constituencies.

The immediate solution to this development of democracy in Hong Kong is not, therefore, to give all workers a second vote. With their known reluctance to go to the polling booths, especially more than once, it might only make matters worse. The solution is first to get more of the electorate to vote, so that our successors in this Council can truly say they were returned by and represent the majority of their electorate.

And I shall tell you one way it can be done.

Let them vote using the dial on a nominated telephone — in the first instance keeping the traditional polling booths as an alternative. The technology can handle it. Technology today provides sufficient security against fraud that banks allow transfer of money by telephone. Within the next year technological development will enable the risk of fraud and abuse to be further reduced. The counts will be available on the stroke of midnight on polling day and will all be dead accurate first time, with no human intervention, thus reducing the chance of fraud still further. The only obstacle I can foresee is negative thinking, something of which our new Governor does not seem capable.

This approach cannot fail to increase the number of voters, at least by extending the voting to more of the infirm, the severely handicapped and the baby minders. At best it could double the proportion who vote, especially in bad weather. Then we will have true representation in this Council. Then we will have real democracy. Then we can expand the geographical elections with conviction.

While I agree with the Governor that the relationship between the Legislative Council and the Government should be developed, I have great reservations about the proposal for a Government-Legislative Council Committee as the right course of action. For developing such relationship I believe that more approaches will be required and many more individuals will have to be involved in order to achieve a high level of mutual understanding. At present, without any definite terms of reference or any firm arrangements, it seems premature for Legislative Council Members to decide which of them should join the new body. I strongly urge a careful reconsideration of this matter.

In conclusion I urge my colleagues to give our new leader our full support. If there is a factor that exceeds all others in importance in the running up to 1997 it is solidarity to continue the economic miracle.

I support the motion.

DR YEUNG SUM (in Cantonese): Mr Deputy President, the 1994 and 1995 elections of three tiers of assemblies will be the last popular elections that Hong Kong will hold before its sovereignty reverts to China. How much this round of elections will advance the development of democratic government in Hong Kong will have a bearing on whether Hong Kong will succeed in having "Hong Kong people ruling Hong Kong and a high degree of autonomy" after 1997. In this connection, the sections about the constitutional package contained in the maiden policy address of Governor Chris PATTEN specifically about the arrangements for the 1994 and 1995 elections are very important. As the constitutional affairs spokesman of the United Democrats of Hong Kong (UDHK), I would like today to state the UDHK's position and opinion in regard to this matter.

Over the past fortnight, we have heard some people in the community endlessly and strongly criticize the constitutional package in the Governor's policy address. They are unhappy not because the proposed package is not democratic enough but because, on the contrary, they think that it is too radical and that it seeks to stir up unrest or even that it is a plot. I am bemused by this reaction. The Sino-British Joint Declaration clearly provides that "the legislature of the Hong Kong Special Administrative Region (SAR) shall be constituted by elections". The Basic Law, too, lays down that for post-1997 legislatures, "the ultimate aim is the election of all members of the Legislative Council by universal suffrage". These two important documents on Hong

Kong's future have thus set democratic government as the target of development. How could one regard further democratization of Hong Kong's existing political system in such a direction as a plot?

What puzzles me even more is how one can use the word "radical" to describe the pace of democratic development where it takes 10 years to evolve from a Legislative Council constituted by indirect elections to one with one-third of its seats returned by direct elections and to evolve from the direct election of one-third of the district board seats to the direct election of all of the district board seats. After all, this simply is neither a "radical change" nor a "dramatic change". Those who think so and say so are in fact talking nonsense. In fact, their only wish is to suppress democracy in Hong Kong and to oppose the people of Hong Kong becoming the masters in their own house.

Mr Deputy President, there are several additional points which are open to question with regard to the constitutional package as proposed in the policy address:

- (1) Functional Constituency (FC) elections. The UDHK is basically opposed to FC elections. We feel that FC elections must eventually be abolished. However, since the FCs are going to be with us for a long time, we must put in place the necessary arrangements whereby FC representatives are to be returned by a democratic process. For this reason, the UDHK supports the reasoning and spirit behind what is proposed in the policy address: do away with all forms of corporate voting in the existing functional constituencies, replacing them with individual voting; distribute the nine new FC seats for 1995 elections among all industrial and commercial sectors as now classified by the Government; and increase the number of eligible electors in the functional constituencies to 2.7 million. However, I feel that the drawback here is that the FCs, after their franchise is extended, still fail to include three types of people: (a) women who do not hold jobs; (b) students who are 18 or above; and (c) retirees. This literally denies some people in the community the opportunity to have a second vote in Legislative Council elections. This is inconsistent with the principle of equal and universal voting right stipulated by the Bill of Rights. At the same time, we think that those women who do not hold jobs nevertheless perform very important roles at home. Therefore, they should be included in any newly created FCs.
- (2) The composition of the 1995 Election Committee (EC). The UDHK is opposed in principle to the idea of an EC. Our long-held position is that the 10 seats to be returned by EC in 1995 should all be returned by direct elections instead. Then, the number of directly elected seats will be increased to half of all Legislative Council seats. However, if there is to be an EC after all, then our position

will be that the EC must be democratically composed. Now, with regard to the composition of the 1995 EC, the policy address proposes that all or most of the EC's members should be directly elected district board members. We think that this proposal is a bit equivocal. The UDHK stresses that, if there is to be an EC in 1995, then all of its members must be directly elected district board members.

- (3) Development of district administration. The policy address proposes strengthening the representativeness of the two municipal councils and district boards and totally abolish the appointed membership to the two municipal councils and the district boards in 1994. Undoubtedly, this proposal warrants support. On the other hand, however, the policy address says that the Heung Yee Kuk's and the Rural Committees' ex-officio seats in the Regional Council and in the nine New Territories district boards will be retained. Such an arrangement indeed runs counter to the objective of strengthening their representativeness. We think that, since the Government is ready to abolish the appointed seats which have no popular mandate, it has no justification for retaining the ex-officio seats.
- (4) The separation of the Executive Council and the Legislative Council. As the Legislative Council becomes increasingly democratic, there is a need for a review of the relationship between the Executive Council and the Legislative Council. Our consistent position has been that the Governor should appoint more directly elected legislators to the Executive Council. This will broaden the popular base of the Executive Council and make sure that the Council's decisions will be consistent with the popular will. Now, however, according to the policy address, the Executive Council and the Legislative Council will be completely separated, to say nothing of more directly elected legislators to be appointed to the Executive Council. This will make the Executive Council an even more closed and less transparent body than it was before. We think that this is a major retrogressive step in our political development. Also, the policy address proposes that, after the Executive Council and the Legislative Council are separated, the Governor, as chief of the administration, will meet Legislative Council Members at least once a month to discuss government policies and proposals, and report to the Legislative Council after major overseas trips. The UDHK is basically in favour of these ideas. The proposed measures, regardless of the separation of the Executive Council and the Legislative Council, will be conducive to better communications between executive departments and this Council and to the Legislative Council's assumption of a bigger role in overseeing the Government. However, the only fly in the ointment is that, as the proposal now stands, the measures are informal or

uninstitutionalized arrangements, which the Governor may abandon at any time should he change his mind. Therefore, to make sure that the proposed measures will remain effective permanently, the relevant authorities must take steps to have them institutionalized.

Mr Deputy President, on the whole, the constitutional package contained in the Governor's policy address shows a greater government commitment to the development of Hong Kong's democratic political system before 1997. However, it obviously does not go far enough to satisfy Hong Kong people's yearning for democracy. The UDHK, while supporting its direction and spirit, has submitted four requests as above.

Mr Deputy President, colleagues in this Council have different views about the constitutional package of the Governor's policy address. Some colleagues point out that those who are now calling loudly for democratic reform will emigrate with their entire families after 1997, leaving a messy situation behind for the people of Hong Kong.

Such views, Mr Deputy President, strike a mental chord. I hold a certificate of identification. I have not applied for any foreign passport and I do not intend to do so. I have made up my mind to remain in Hong Kong with my allies in the liberal camp to strive for democracy, to bring about the reality of Hong Kong people ruling Hong Kong with a high degree of autonomy. This is because, in my belief, democracy in Hong Kong will not only be important for Hong Kong's future development but will also have a momentous impact on the future of China. I think that Hong Kong has the conditions for the development of democracy and that democracy is a basic right of the people of Hong Kong.

Aside from the constitutional issue, Mr Deputy President, I am also the spokesman for the UDHK's sub-group on welfare matters. I therefore wish to give our view about the proposed welfare measures in the policy address. Basically, the UDHK is disappointed at what the policy address has said about welfare. In his policy address, the Governor said that social welfare spending will have increased by 26% by the year 1997. This figure is barely acceptable. Look at this financial year's social welfare spending. It exceeds last year's by less than 4% in real terms and on a breakdown, shows negative increases in many items (such as youth services). According to the policy address, there will be a 26% increase from now until 1997. This means an average annual rate of increase of about 6%, which merely makes up for last year's shortfall and does not exceed any of the projections in the 1991 White Paper on Welfare. Also, we welcome the policy address's promises to make up for the shortfall in services mentioned in the Green Paper on Rehabilitation. However, at the same time, the Government should give consideration to improving the quality of services and developing those services that have consistently been neglected. Meanwhile, it is also said that special priority will be given to the elderly. The measures barely catch up with the time-table laid down in the appendix of the 1991 White Paper and do not suffice to pass for priority consideration in any way.

The policy address is even more disappointing with regard to youth services. The UDHK has consistently urged an increase in the number of social workers in schools until the target of one social worker per school is attained. But, the policy address says the ratio of social workers to school children will be 1:2 000 between now and 1997. So still what we will have is one social worker for every two schools. The neglect of youth services is apparent from the fact that the Government has not added outreaching social work teams as promised by the White Paper. Now that student suicides and juvenile crimes have become so serious, and now that the minimum voting age is to be lowered, the Government needs to assist in solving youth problems and teach them their civic duties. Regrettably, however, we do not find in the policy address any government commitments in this area.

With regard to social security, the policy address says that the amount of Public Assistance will be increased by 15% from \$825 to \$950. This does not mean any improvement in real terms. If we use \$825 as the base, then the adjustments in the amount of Public Assistance from 1982 to 1992 have basically fallen a bit behind the rate of inflation. The 15% increase proposed by the policy address will barely enable the amount to catch up with inflation. In fact, after the inception of the Public Assistance Scheme, there was a period, that is from 1971 to 1982, when the amount of Public Assistance not only outstripped the rate of inflation but also the economy's real growth rate. However, beginning in 1982, the amount of Public Assistance basically fell behind the economy's real growth rate; nor was it linked to the rate of inflation. Therefore, the UDHK would like to express again its hope that the Government will readjust the basic amount of Public Assistance in accordance with the rate of inflation and the economy's real growth rate, thus making up for the shortfalls in social security.

In addition, the population of Hong Kong is aging. And this is quite obvious. We urge the Government to act expeditiously to set up a retirement protection scheme. Some may think that the Governor's policy address this year is too generous in its spending on welfare services. But I believe that such an absurdity will not be bought by anybody who is familiar with Hong Kong's social welfare services or with the life of the lower-income groups.

This policy address, which is entitled "Our Next Five Years — the Agenda for Hong Kong", may be said to have contained some new ideas concerning constitutional arrangements. In respect of the social welfare policy, however, it impresses people as one which follows the old path, makes no breakthrough and does not show any further government commitments. I am thoroughly disillusioned with this!

Mr Deputy President, with these remarks, I support the motion.

MR HOWARD YOUNG (in Cantonese): Mr Deputy President, it appears we do not have a quorum.

DEPUTY PRESIDENT: There is more than a quorum now.

MR HOWARD YOUNG (in Cantonese):

A. Airport

Mr Deputy President, out of all infrastructure and capital works planned for Hong Kong, no other project is dearer to the hearts of the tourism industry than the new airport.

The Governor indicated that in the worst case the Hong Kong Government would consider shouldering the expenditure of the airport project alone.

I urge the Governor to put best effort to reach a compromise acceptable to all sides in his talks in Beijing, as the people of Hong Kong would much prefer to see the project start in full force with the blessing of the Chinese Government. Going it alone should be a last resort because borrowing costs will be high.

There are issues related to the new airport other than financing. The first one is the design of the airport. The second one is legislation on the Airport Authority. There is a feeling amongst many influential members of the trade, both local and international, that some of the planning is being done in a vacuum. The International Air Transport Association have expressed dismay at being consulted on some crucial aspects of the terminal building at only a very late stage.

What we worry about is surfacing. The recent airport terminal is designed with a much larger area for commercial and rental use than the original design. More level changes than before, as much as seven, have been created. At Kai Tak Airport, where I shall later board a plane, the check-in counters and departure hall are currently situated on the same floor, whereas at the new airport the most direct way to board an aircraft from check-in counters entails passengers to change two to three levels. Some of the escalators on the route simply point to the opposite direction, giving travellers the wrong idea that they are not heading towards the aircraft. This kind of design can hardly be called user-friendly.

The Airport Authority Bill is being drafted but to our disappointment, tourism people have not been invited to give their views on a number of crucial issues. For instance, will legislation lay down clear performance measures? How will charges by the airport which will become Hong Kong's biggest

monopoly be controlled? Will there be guidelines for ensuring that people who have proven expertise in running aviation, transport, tourism and the financing of business are appointed to the Board? If Hong Kong needs to go it alone, should we not address the Chinese call for increased equity by building into the Airport Authority legislation now enabling clauses for a reasonable share of the equity to be invited from the private sector?

B. Recreation and Culture

Mr PATTEN is a music lover but his favour for arts and music was not reflected in his policy address. Not a word is mentioned about recreation and culture, a great disappointment to arts lovers as well as workers in the arts field. It seems that the Governor has missed out recreation and culture on his priority list. He is not alone, for we ourselves as Legislative Councillors — at least those Councillors who spoke yesterday — have not spoken out enough for recreation and culture.

To be honest, recreation and culture is not the sort of thing that will win a lot of votes for us, but this is no excuse for making it the sacrificial lamb in government funding.

It took years for Hong Kong to shake off the image of a cultural desert. The Government should not relapse in its vigour to foster the development of arts in Hong Kong. Development of sports, recreation and cultural arts elevates Hong Kong's international status no less than our success in economic growth. Organization of international cultural and sports events adds new attractions to Hong Kong and enhance the quality of life for the six million people who live here. Cultural development in Hong Kong also plays an important role in attracting tourists to our shores.

It is discouraging to learn that funding allocated to the Council for Performing Arts has been frozen at \$35 million for the past three years. Because of the freeze, the Council for Performing Arts has had to also restrain its subsidy to many performing groups.

Not only is this frustrating, another bad effect is that when these arts companies have to cut expansion or suspend recruitment, artists graduating from our now established Academy of Performing Arts may have to face gloomy prospects for their careers. The Governor said in his policy address that all children should be given a chance to move ahead as far as their talents allow. It will be sad to see these youngsters unable to demonstrate their talents if outlets are curtailed for lack of funding.

C. Tourism

As long as the economy thrives, tourism as a component will closely follow its pace. In 1991, tourism remained the third largest foreign exchange earner, bringing a total of \$40 billion in foreign exchange.

This growth has been achieved with the sustained efforts of the Hong Kong Tourist Association (HKTA) and the promotional efforts of airlines, hotels and tour operators. At this time of allocating funds for government expenditure, I hope the Government will respond to HKTA's request to keep their subvention growing in line with GDP too. These are not charitable payments, they are investments for the future.

There is another worry of the HKTA and the tourism industry. The Hong Kong airport tax is unreasonably high compared with other international airports, in fact the highest in the world. The Government has not given any promise to set a ceiling to it, but on the contrary, never ceases to throw out balloons threatening a further rise.

In face of the rapid improvements in other Asian destinations, I am afraid the attractiveness of Hong Kong as the major Asian aviation and tourism centre will gradually diminish. To maintain the competitiveness of tourism (I am pleased that the Financial Secretary "read my lips" here), I urge the Government to pledge that firstly, in the future it would not increase airport tax, and secondly it would make a review of the intention to triple airport charges and set them at a sensible level.

D. Constitutional Changes — Functional Constituency

In last week's debate, I stated the reason why I thought the Election Committee was against the spirit of the Basic Law. Today, I will talk about functional constituencies. In his package for constitutional changes the Governor has made adjustments to some aspects of the existing functional constituencies and put forward a new concept.

Firstly, in the existing 21 functional constituencies, corporate voters will be replaced by individuals controlling the corporations concerned. However, the Government must put in place safeguards against abuse such as companies increasing the number of directors or managers for political purposes to a level incommensurate with business needs.

Secondly, since the idea is to base the franchise on functional occupations, the place of registration for these "functional voters" should be the place of work rather than the place of residence. In addition, polling stations should be located according to workplace, polling should be on a working day, employers ought to be obliged to allow their staff a few hours off to vote and, like all other functional constituencies, candidates need to show substantial direct relationship of their job with the constituency.

I think the concept of the increase of functional constituencies does not entirely conform with the spirit of the Basic Law. The reason is that the functional constituencies referred to by the Governor are quite different from what the Hong Kong Government invented and called "Functional

Constituencies" in 1984 and therefore different from what the people thought when they were written into the Basic Law.

Functional constituency is a unique feature in the constitutional machinery of Hong Kong. Some may question its credibility, but it is designed especially to suit the political and economic reality of Hong Kong. It was designed to strengthen the economic success of Hong Kong, for without economic success, there would be no need for China to put forward the concept of "one country, two systems" for Hong Kong.

The Governor said that the new package brought in working people who also contribute greatly to Hong Kong's economy. I agree it does. I am not against the idea of giving every member of the working population a vote based on occupation. In fact this has the advantage of focussing the electorate's attention on economic as well as local district issues.

Perhaps we should call a spade a spade and admit that this is another form of direct election. We should try to justify our arguments for revising the definition of functional constituency by indicating that this suits the needs of society and that our working population have become more mature politically. Some of the 20 directly-elected seats for 1995 should be filled by vocational rather than geographically based direct elections since what is suggested is functional constituency in name, direct election in spirit.

In September I conducted a survey within my functional constituency to find out what they want from the Government.

Tourism people view a smooth transition as one of the top priorities of the Government. We treasure a peaceful political environment as we have seen how instability has killed tourism in other lands. When I debated on the new governor in this Council this year, I said, "The primary task of the new governor is to effect a smooth transition for Hong Kong."

In my survey, respondents were asked to indicate priorities for a number of issues, including stability, smooth transition and democracy. The result was that respondents who considered smooth transition imperative were three times more than those who thought greater democracy was of the utmost importance.

Mr Deputy President, these are my remarks.

MR WONG Wai-yin (in Cantonese): Mr Deputy President, I would first of all like to begin with an adaptation of two lines from "Invitation to Wine" by the famous Tang Dynasty poet Li Bai which may serve as an introduction to my speech today. "Do you not see torrential rain descending from the skies, turning the New Territories into one vast ocean? Do you not see the miserable congestion on Tuen Mun Highway, the tailback that is a common sight night and day?"

Since the Governor delivered his policy address on 7 October, he has always stayed in the limelight and enjoyed unrivalled public attention. While people are enthusiastically talking about the clever and bold arrangements of his constitutional package, it would appear that problems which have a far greater bearing on people's livelihood have been neglected. I have collected a fair amount of public opinion from the four public forums on the Governor's policy address, which I organized in my constituency (New Territories West). Public discontent was evident in particular with respect to the failure of the policy address to address people's livelihood problems.

Mr Deputy President, I will focus on the livelihood problems which have been neglected or only lightly touched on in the policy address.

Transport is the most serious problem faced by the over two million residents of the New Territories. It is regrettable that it has not figured at all in the policy address. It makes one wonder the extent to which the Governor understands the situation. If we look at the situation in New Territories West, Tuen Mun and Yuen Long, we can see that the Light Rail Transit (LRT) system has failed to provide a satisfactory service since its inception in 1988. Commuters have been complaining about infrequent service, overcrowded platform, inadequate route coverage and poor feeder bus service. Repeated breakdowns of service in peak hours resulting from accidents have proved that the feeder buses are inadequate to meet passenger needs. People have been demanding angrily for the abolition of the LRT service area so that other modes of transport may be able to help out. It is understood that a working group has already been set up by the Transport Department and the Kowloon-Canton Railway Corporation (KCRC) to study the possibility of abolishing the LRT service area. Unfortunately, with the repeated delays by the authorities concerned, one wonders when the decision will be made.

Furthermore, the Government is not able to do anything about the phenomenon of New Territories lots being converted into car parks for container-carriers. The section of Castle Peak Road between Tuen Mun and Yuen Long is daily filled up with heavy vehicles resulting in serious congestion which has met with residents' bitter complaints.

Tuen Mun Highway has already reached capacity. With the completion and occupation of the housing estates at Tin Shiu Wai, there will be additional, and much greater, strain on Tuen Mun Highway. Traffic congestion on Tuen Mun Highway has become unbearable with a daily occurrence of serious traffic accidents, each time resulting in the road blocked for several hours. The Government has stressed that the construction of Route 3 will provide a solution to the problem, but it looks as though its construction has been indefinitely postponed. Mr Deputy President, can you put up with such a situation? Traffic congestion is not only robbing the residents of their valuable time; it has also economic consequences to Hong Kong as a whole. While the Government has encouraged urban dwellers to move into new towns, it has failed to attend to their transport needs. Mr Deputy President, you have been hailed as the most

impartial Member of this Council. Do you consider this to be fair? It is regrettable that the transport problem of residents of new towns has again been neglected. The relevant government departments are still saying that improvement work will have to depend on availability of resources.

In order to solve the internal and external traffic problem of New Territories West, Meeting Point has the following proposals.

1. The LRT service area should be abolished so that other modes of transport can play a complementary role in terms of catering to the needs of commuters.
2. Monitoring of work progress of New Territories Circular Road, Tuen Mun-Yuen Long East Corridor and Southern Bypass should be stepped up in order to forestall any delay.
3. Construction of Route 3 (Country Park Section) should proceed immediately.
4. The proposed mass transit railway system for New Territories West should be built expeditiously.
5. The section of Castle Peak Road from Tuen Mun all the way to Tsuen Wan should be widened.
6. Ferry services between Tuen Mun and urban areas should be strengthened.
7. Arrangements in respect of repair works on Tuen Mun Highway should be improved.

Quite apart from the traffic problem, flooding is also another serious problem confronting New Territories residents, particularly those living in Yuen Long like myself. Unfortunately, there is only very brief mention of "major drainage improvements in the northwest New Territories" in paragraph 32 of the policy address. The Governor has given no specifics of the improvement works, and nothing in the way of work progress, which makes it quite natural for residents to have misgivings about his sincerity. Residents of northwest New Territories are on tenterhooks night and day at the advent of the rainy season. They are unable to sleep well because they worry that any sudden downpour will flood their homes and they will not be able to even run for their lives. The torrential rain which fell this year caused flood water up to a depth of more than ten feet. The situation was particularly acute in Kam Tin and Sha Po village area where the flooding inflicted countless loss in property and villagers had to swim to safety or rescue lives of others. One can imagine the extent of the disaster when the British Forces was also called in to help with the rescue work.

We understand that the Government has had plans to forestall flooding in northwest New Territories for a number of years. It is unfortunate that those plans have not been implemented until this year when the situation really got out of hand and the Government eventually agreed to commit the necessary funds under pressure from the various quarters. Work is expected to start next year and be completed by 1998-99 but it will not be until then that the flooding problem will be resolved. It is really ridiculous. Flooding is an immediate and very real problem to the residents but the Government has seen it fit to ask them to put up with the situation for another six to seven years for a solution. Mr Deputy President, the Government has the will and power to build the mammoth new airport project in five years' time. But the building of Route 3 and a couple of waterway works have to take up to six to seven years. Can one conclude therefore that the latter works are even larger in scale than the former?

Mr Deputy President, the Government's attitude towards the twin problems of traffic and flooding in the New Territories reminds me of a famous fable told by the ancient Chinese philosopher ZHUANG Zhou in his work, "WAI WU PIAN". It contained the following dialogue between ZHUANG and a carp: I was on my way to visit a magistrate yesterday when suddenly, I heard someone call my name. And when I turned round, I saw in the rut a stranded carp. I said, "Come on, Mr CARP, what are you doing here?" Upon which came the reply, "I belong to a marine species in Eastern Ocean. I am sure you have a bucket of water or two to save my life". I said, "Right, I am going to the South to talk the kings of WU and YUE into diverting the Xijiang River. Then you will be able to have as much water as you want." The carp was very upset and said angrily, "I have nowhere to stay since I have been stranded on land. A bucket of water will do to save my life. You would no sooner find me sold in the dry fish market than return from your trip to the South." This fable tells of an encounter between ZHUANG Zhou and a carp on the road. The carp asks if the philosopher can give it some water to save its life. He replies, "No problem, if you can wait. I am going to the south of the country to build a canal and bring the waters of Xijiang River right up to you. You will have as much water as you want and live happily ever after." The carp says, "In that case, you will find me in the market for salt-preserved fish." It would appear that the Government is no less philosophical than ZHUANG Zhou.

Whereas, insofar as law and order is concerned, the Governor has dealt with the issue at some length, most of what he has said amounts to no more than that he was "concerned" about the problems involved. It is unfortunate that car thefts, smuggling activities involving ammunition, among other things, and armed robberies have remained just as rampant and worrying. With little headway made in curbing illegal immigration activities, it would appear that the Government is unable to put the law and order situation under control after all. The Government seems to be only counting on the enactment of the Organized and Serious Crimes Bill and the stepping up of cross-border co-operation. I recall that the Commissioner of Police has always stressed that Sino-Hong Kong co-operation is excellent, each time at the end of meetings between security

officers from the two sides. However, in practical terms, the fight against crime has not been apparently as effective as one would have expected. The continued emphasis on cross-border co-operation will not bring about any real improvement and will actually backfire because the public will tend to dismiss it as another empty slogan.

The Chinese have an old saying that it is better to rely on oneself than seek help from others. Meeting Point has the following proposals.

1. Police presence on the streets should be strengthened. Office duties should be left to the civilians. And this should be stepped up expeditiously. Police officers stationed at the Vietnamese refugee camps should be redeployed. Police protective gear should be improved. Efforts should be made to retain officers so the police establishment as a whole will be boosted.
2. Existing ordinances concerned should be revised such that penalties are heavy enough to deter car thefts and the hiring of illegal immigrants.
3. Detection should be expedited and criminals brought to justice as soon as possible. Intelligence gathering should be strengthened and advanced equipment be installed for this purpose.
4. Procedures for reporting crime should be streamlined. Co-operation between the police and the public should be stepped up. Bad elements within the police force should be eradicated if police reputation is to be upheld. An independent Complaints Against Police Office should be set up to weed the force of its black sheep and to salvage the reputation of the police force.
5. A Cross-Border Security Task Force should be set up to achieve effective co-operation.

Mr Deputy President, I am naturally delighted, as the Chairman of the Association for the Rights of the Elderly and someone with a keen interest in the development of services for the elderly, that the policy address has explicitly stated that the services for the elderly will be accorded a high priority, but at the same time, I am rather sceptical about this whole priority business. I am delighted because the Government has at long last come round that our senior citizens who have worked for a whole lifetime for Hong Kong should have a better deal. I am rather sceptical because in the past, the Government has made a lot of such promises and they have always proved to be quite disappointing. I am not sure if this time around, high hopes have been raised only to be dashed again.

On the issue of the basic public allowance, that is the most controversial, the policy address proposes that a single adult will have his monthly public

assistance raised from \$825 to \$950, or a rise of 15%. But I think that the modest increase is inadequate even to outstrip the inflation over the past years, not to mention the fact that the proposed increase will not be implemented until July next year, which is not good enough to solve the immediate financial difficulty of people on public assistance. Meanwhile, insofar as a family of four is concerned, the new assistance will come to a monthly \$5,505, including rent and other additional subsidies, which is more than 90% of the median income of a manufacturing worker. The Governor is apparently quite proud of this handout but he forgot to mention the fact that over 60% of the recipients of public assistance are singletons and elderly persons. The handicapped are another category of public assistance recipients and they account for under 20%. Families on public assistance account for about the same percentage of recipients and they are after all a minority category. In this regard, Meeting Point proposes that public assistance increase should be pegged to the average real wages in order to minimize the controversy arising from the different methods employed by the Government on the one hand, and the pressure groups on the other, in the calculation of the cost of living index. Also, old age allowance and disability allowance have all along been linked to public assistance in terms of adjustment rate, but in the policy address, they have apparently been unpegged, and no explanation has been given why this should be the case. Whatever the rationale, Meeting Point is strongly opposed to the proposal for separate treatment.

Lastly, I would also like to talk about legal aid and related services which are also highly relevant to the man in the street. Unfortunately, the policy address has made no mention of the issue. I recall that at the motion debate in this Council which I initiated in July this year, Members agreed unanimously to urge the Government to conduct a comprehensive review of legal aid and related services and to canvass public opinion through the publication of a consultation paper to identify areas for improvement such that the public could have a bigger role to play in policy formulation regarding legal aid and related services. Now that several months have elapsed, the Government has only adjusted the level of subsidy for legal services; it has yet to come up with any proposals for improvement to most of these services. In this regard, I would like to urge the Government again to publish a consultation paper as soon as possible, before the end of this year, to gauge public opinion on ways to improve our legal services.

If I may sum up here, Meeting Point's view on the various proposed improvements to people's livelihood is that they are more like repaying old debts than innovative reform. The most important issue remains whether the Government's undertaking to fulfil its old promises will eventually translate into reality; that will remain to be a matter of keen public concern.

Mr Deputy President, with these remarks, I support the motion.

DR TANG SIU-TONG (in Cantonese): Mr Deputy President, when I ran for the Legislative Council by-election in September, my platform was centred on a smooth transition and the maintenance of Hong Kong's stability and prosperity. In this connection, I truly believe that Hong Kong people will have high expectation of, and give their full support to, this belief. I shall exert my utmost efforts to this cause and work closely together with my colleagues in this Council to push forward and realize this important objective.

The Governor's policy address can be divided into two main parts, namely livelihood and political development. On livelihood, the proposals on social welfare point the right way forward. Indeed we need a Government which shows more concern on people's well-being and extends a helping hand to those who are in real need of assistance. It is proposed in the policy address that the recurrent expenditure on welfare will be increased by 26% in the next five years. Taken at face value, the proposal seems to suggest that the Government is now more concerned about people's livelihood. But the allocation is merely to make up for the Government's long-term negligence on welfare services and is still grossly insufficient. For example, the proposal that the monthly rate for a singleton under the Public Assistance Scheme will be increased from \$825 to \$950 is still unable to meet the actual needs of these people. Therefore, the Government should consider making more fund available. On the medical and health front, although we are heartened that the expenditure in the next five years will increase by 22% in real terms to provide an additional 9 200 hospital beds, to open 13 new clinics and to expand 11 existing clinics, we doubt whether these proposals can be actualized in view of the present shortage of nursing staff. With the increase in facilities and the improvement on quality of services, we need sufficient staff to cope with the situation. For this reason, the Government should quicken the pace of recruiting and training nursing staff to meet the need. Meanwhile, medical expenses are met on a "users pay" basis since the inception of the Hospital Authority. And this has imposed a burden on the general public. I earnestly wish that people will not be denied of emergency medical services due to their lack of means. On housing, although the Housing Authority and Housing Society will jointly be able to provide 100 new flats daily, the supply may still fall short of the demand. And the housing scheme for the sandwich class is utterly inadequate. Some find the policy address very disappointing because many territory-wide issues which have a direct bearing on the man in the street are barely touched upon or even not mentioned at all in the policy speech. For example, the issue of inflation is a major concern to most people but the address failed to come up with any specific solutions. I do earnestly hope that the authorities will be able to put forward solutions in the near future. Likewise, the policy speech does not mention anything about our transport. The development of new towns, especially in the New Territories, such as Tuen Mun, has spawned serious transport problems. The traffic congestion on the Tuen Mun Highway is getting more and more serious and has already reached an unbearable stage. Drivers and commuters who use the Highway everyday are subject to daily torment and they have a lot of complaints. The Government should immediately construct Route 3 and extend the mass transit system to the affected areas to relieve the situation. The

authorities should also expeditiously review its transport policy so as to forestall any recurrence of the situation where transport facilities are out of step with population growth. It is regrettable that other issues such as youth problem, retirement protection, elderly welfare, 11 years of free education and flooding in low-lying areas are not provided with clear guidances in the address.

The major principle laid down in the policy speech is to encourage people to come forward and have the highest degree of participation in the management of their own affairs. However, if the Government is not going to promote civic education concurrently, the above mentioned principle is merely a mirage and the objective is hard to attain.

The Governor has established a Business Council to advise him on business matters. But of the 18 appointed members from the industrial/commercial sector, the majority come from influential local and foreign consortia or hongs. As a matter of fact, our economy depends to a large extent on small and medium sized enterprises and most of the firms in Hong Kong employ less than 50 employees. For this reason, it is evident that the composition of the Governor's Business Council should be reviewed. On the whole, the policies on livelihood and economy laid down in the policy speech will create a better business environment and a caring society. They deserve our support.

The Governor spelt out his proposals on constitutional reform in his policy speech at length. Nowadays, Hong Kong people regard democratic progress as important as smooth transition. Therefore, any political reform should be compatible with these expectations. Naturally, we should also study these proposals to see if they will lead to a more efficient Government before 1997 and beyond because such a Government can enhance people's confidence in Hong Kong's future. Another practical consideration is to look at the implications of such proposals. Many of the proposals and changes contained in the constitutional package will take place in 1995 which is one-and-a-half years before 1997. We are going to encounter some difficulties in tackling the problems arising from our reformed political system and its possible impact on society within a short span of one year and six months with the aim of making it function effectively in 1997. And we will have limited time on our side for rectification if there is any slippage. So any reform which is hastily carried out naturally arouses concern. Besides, a smooth transition calls for many corresponding arrangements in terms of administration and personnel. I therefore suggest that the Government set up a special committee composed of high ranking people to study and plan all administrative measures for the transition so as to minimize possible impacts and uncertainties in the transitional period.

It is also proposed in the policy address that the appointed members on the two municipal Councils and district boards be abolished. I support this process of democratization in principle. However, bearing in mind that Hong Kong people have got accustomed to the appointment system, it is unadvisable to bring

in sudden changes. Moreover, well-established institutions with long public service history which serve a practical function, in particular those in the New Territories, should be given due respect. Although many prominent personages and professionals are willing to serve the community, they may not be interested in contesting district board elections. In this connection, I hope that the appointment system will be phased out so that the business and discussions of the councils/boards can have a more balanced participation from all sectors.

To establish a good Sino-Hong Kong relationship is extremely important to the development of Hong Kong. But the policy address failed to map out any specific policy or give any idea in this respect. I hope that the Government will strengthen our relationship with China and facilitate effective co-operation between China and Hong Kong. In conclusion, I am going to give full support to any political reform that will be conducive to a smooth transition and the maintenance of Hong Kong's prosperity and stability. But I have reservations about any reform that will bring about unnecessary anxieties.

With these remarks, I support the motion.

MISS CHRISTINE LOH: Mr Deputy President, we have been told far too often that we must maintain the prosperity and stability of Hong Kong in order to protect our way of life here.

It is encouraging to discover that the Governor recognizes otherwise. That the truth is precisely the reverse. That our primary concern must be to protect our way of life here — and from this first principle, prosperity and stability will follow.

Our way of life is one which depends upon democratic methods and democratic values, in society and in government. To echo the Governor's own words, "democracy is an essential element in the pursuit of economic progress".

On the whole, I welcome the package of constitutional measures announced on 7 October. But I welcome it only as a first step, and as a first step which is already long overdue. We are at last gaining some momentum, but we have very little time. Let us use it bravely.

Let us implement this package after some fine-tuning. And let us hope, sincerely, for China's endorsement, but let us not depend upon it. Then, let us proceed still further to fulfill the democratic aspirations of Hong Kong people.

We cannot ignore the reality of those aspirations. Whenever Hong Kong people have been given the opportunity to express a view on constitutional development, they have declared themselves in favour of democracy. They have returned to this Chamber, by direct election, Members whose common characteristic has been the courage to advocate democracy in the face of opposition, threats and bullying.

This Council must press the Governor and the British Government, relentlessly, to advance that cause. It must impress upon China, and upon Britain, the need for a timetable which places the achievement of full democracy not so remote as to be meaningless.

In the interim, let us offer the best possible advertisement for this Council as a "vigorous and efficient" organ of government, to borrow again the Governor's words. Let us seek every possible opportunity to engage our collective wisdom with the process of policy formulation.

To do so efficiently, we need the focus and the flexibility of a committee system. The use of standing committees to vet general policy and Bills would concentrate the Council's experience and expertise to maximum effect. I therefore ask fellow Councillors to move ahead without delay in the adoption of such a system.

I wish to make a last point on the constitutional package. I cannot support a Government-Legislative Council Committee which would undermine the integrity of the full Council. I am disturbed by the haste with which the Government seem to want names for 10 nominees and I am uncomfortable with the intense lobbying among Councillors. If we are to have this Committee let us ensure that it will not be an exclusive bargaining club between officials and Councillors on that Committee.

Cultural democracy

We depend as a society upon democratic values, and democratic values depend in turn upon an informed and responsible public. Culture is central to this social and political balance. It articulates our sense of purpose and our sense of cohesion. It educates us in the capacity to value and enjoy our everyday life. It is the expression of our freedom to think, to comment, and to create.

It is not the responsibility of governments to define or to create culture. But governments do have a responsibility to encourage a climate in which culture can flourish. They must support but not dictate.

The Recreation and Culture Branch is currently carrying out an internal review of the Government's arts policy, but it is doing so with virtually no consultation of the arts community. The Governor has affirmed, through the creation of his Business Council, the value which Hong Kong places upon co-operation between the public and private sectors. In that spirit, I strongly advocate a fresh approach, based upon a comprehensive arts policy developed in collaboration with the professionals and practitioners of the arts community.

We are fortunate in Hong Kong to have dedicated and talented artists active in all fields of the performing and the visual arts. Let us support them. Let us not do so grudgingly, as though they were a dispensable luxury, but let us

recognize their essential contribution to the health and to the harmony of our society.

Central government funding for the arts has stood still for the past three years. It is time now to redress that situation. This Government is budgeting to spend HK\$1.8 million per hour for the next five years on building for Hong Kong's future. It would be unwise and wholly unacceptable were the arts not to benefit significantly from that new investment.

As a start, I urge the Government to provide an additional HK\$10 million to the block vote provision to central government funding with the requirement that a portion should go towards helping developmental work. In the longer run, a comprehensive arts policy formulated by the Government together with the arts community will set priorities.

I am tired of people saying Hong Kong only cares about money. For our own self-respect, let us show them we share with the rest of the world a love of beauty and creativity.

Environmental priorities

(A) Waste treatment and disposal

We should, perhaps, be grateful that the Governor spent 10 paragraphs in his speech on the environment. But in reality, 10 speeches, 10 years of speeches, would not be enough to eradicate the damage we have done.

We are told that 73 of the 118 targets set out in the 1989 White Paper have been met. Yet we are not told that, according to the Environmental Protection Department's estimates, air quality will have deteriorated 50% by the end of the decade. Mr Deputy President, that is outrageous. The cost to the community if this is allowed to happen will be enormous in terms of working days lost, extra medical costs and the grief of deteriorating public health. Instead, I ask fellow Councillors to join me to require the Government to set a target to improve air quality by at least 50%!

We are told that a comprehensive sewage programme is going to cost HK\$17.8 billion. Commitment to Phase I alone will only remove large solids and heavy metals. The nutrients that have caused increasing incidence of red tides will not be treated.

Depending on the natural tidal flushing action in the Western Harbour can only be a stop-gap solution at best. We do not, do we, want Hong Kong to become Pong Kong.

This Council must press the Governor to commit to Phase II. My understanding is that it will take approximately 15 months to complete tests to determine the best option for Phase II and then three years to implement the

plan. If there is the will, the entire sewage strategy could be implemented before 1997. Councillors, let us do it.

Phase II will probably need China's co-operation but it does not have to be another Chek Lap Kok. Surely, China and Hong Kong should have little to argue over effluents.

We are told that the Government will spend HK\$7.3 billion between now and 1997 to handle solid and toxic wastes. With emphasis on disposal and not minimization, the Government will forever be looking for more holes in the ground to dump rubbish. In fact, much of that HK\$7.3 billion will be spent on landfills. The Government must recycle and must find ways to reduce wastes.

These proposals cost money. I support a "polluter pays" principle for both the sewage strategy and for dealing with solid wastes. I call on the Government to put before this Council its charging plans as soon as possible for public discussion.

(B) Environmental impact assessment

I welcome the Governor's requirement for government policy proposals to carry out environmental impact assessments (EIAs) in time to permit meaningful public response. EIAs should be done before projects are given the go-ahead. Let us make sure that these assessments are not just a couple of paragraphs prepared and assessed by the same officials.

(C) Government to set green example

The Governor stated his intention that the Government itself should set a "good, green example", and that he wanted "concern for our environment to enter every corner of the Government". He did not, however, go on to say in concrete terms what the Government might do. Allow me to offer some suggestions.

Firstly, the Environmental Protection Department, and not the Agriculture and Fisheries Department, should take over responsibility for conservation. The conflict in the AFD's current dual role of exploitation and preservation was shown all too clearly in the Sha Lo Tung fiasco. And that fiasco, we know, has not ended. Hong Kong should adopt a policy whereby country parks and adjacent lands of outstanding natural beauty, and sites of special scientific interest, ought not to be disturbed.

Secondly, the Government should adopt, publish and observe a set of green principles which should include sustainable use of natural resources, waste reduction, and wise use of energy. Such a code could then also serve as a model for the private sector.

Thirdly, let the Government's commitment to review the 1989 White Paper in mid-1993 be a genuine critical exercise. Let us have a Green Paper supplying a comprehensive and objective assessment of Hong Kong's environmental problems and solutions for public consultation.

Public involvement in this process is important because, if we are successfully to protect our environment, society as a whole must understand and must accept willingly the disciplines and restraints which that protection requires. We must not only change rules here, we must change attitudes.

Conclusion

The Governor closed his address by saying Hong Kong's way of life will survive and flourish "because it works so well, because it embodies values we all hold dear".

Let us be clear about what those values are. They are freedom, enterprise and the spirit of democracy. We neglect them at our peril.

With that, I support the motion.

MR ROGER LUK: Mr Deputy President, as the last Member to speak, I found that there is hardly any issue in the Governor's policy address which has not been discussed.

Although there are different views on many issues, in particular the constitutional reform package, there is a common concern about the prolonged question of inflation. It is very disappointing that the address lacks insight in this pressing issue. Inflation remains a major threat to our growth but, unfortunately, its causes are still widely misunderstood.

For the last five years, the Hong Kong economy has continued to prosper amidst a general downturn of world major economies. Our GDP in real terms has grown by 6.5% a year, but inflation has also accelerated to over 10%. This is, perhaps, the price we pay for substantial growth. But the question is: Could we pay a lower price for prosperity?

Development in recent months appeared to be encouraging. The inflation rate has now gone down to 8% in August. But the fall has been largely technical: lowering imported food prices and diminishing effect of the dramatic tax increase on tobacco and alcohol last year. As the current inflation is basically domestically generated rather than imported, the latest development could hardly be a reversal of trend.

There is a general consensus that our recent problem has been structural, arising from the imbalance of demand and supply of domestic resources, in particular skilled labour, in the course of transformation from a manufacturing

to a servicing economy. This is an over-generalization. What we are facing is actually a complex resource and cost/price structure problem.

In a macro sense, the Hong Kong economy is still manufacturing-based as export orders remain our bread and butter, the ultimate impetus to growth. What has changed is the location of our production. In practice, the plants relocated to South China are offshoots of the manufacturers' operations based at Hong Kong. It is estimated they employ over three million Chinese workers, compared to the highest of only 900 000 in Hong Kong back in 1980. Support services like research and development, marketing finance, however, still have to remain in Hong Kong for obvious reasons.

The recent scenario has therefore been a rapid expansion of the services sector in Hong Kong to support the enlarging production capacity of our manufacturers in South China and the expansion has been so rapid that domestic resources, in particular labour, have been under great stress. As the increase in labour supply, for instance, has been slackening due to demographic factors, the obvious result is rising wages and pressure on domestic prices. This is what we call inflation.

It has been argued that our linked rate system limits our ability to use monetary weapons to fight inflation. But, the fact is the system itself does have a built-in mechanism.

The self-adjustment mechanism for a small, open, exporting economy like Hong Kong under the linked rate system works through the balance of payments and the money supply. In simple language, domestic inflation would push up export prices, reduce external competitiveness and in turn widen the trade deficit. This would then reduce income, contract money supply and depress growth. Domestic inflation would naturally come down, bringing down export prices and restoring our competitiveness. Trade deficit will then narrow; money supply will expand and the economy will return to growth.

The question is why this built-in mechanism has not been working to check inflation.

With the extensive relocation of the manufacturing sector to South China, re-exports now constitute 70% of our total external sales. Our external demand is now largely met by "external" resources, not domestic resources. The export sector is virtually unaffected by the domestic cost/price structure.

For the past five years, export prices on average increased by only 3%, as against 9% for domestic prices. This discrepancy reflects that prices of our exports are now basically determined by the cost/price structure in South China rather than Hong Kong. With such an advantage, our export sector has been able to remain competitive in the world market despite accelerating domestic inflation.

So the current scenario is best described as an "inflation impasse". The root of our problem is not the structural transformation of the economy, nor the linked rate, nor labour shortage, but the lack of an effective balance and check on the domestic cost/price structure.

As such, it cannot be resolved by conventional means. The key lies in activating an effective adjustment mechanism. In the long run, therefore, the problem would diminish with the alignment of the cost/price structures of Hong Kong and South China through the convergence of the two economies underway.

There is no effective short-term solution other than an abrupt domestic cost/price adjustment. In this regard, it has been suggested by some quarters to de-link the Hong Kong dollar. This would certainly enable more vigorous monetary measures to be brought in to check excessive domestic demand and bring down inflation. However, this is not a viable option as both political and economic risks of tampering with the link are daunting.

The determination of the Administration to preserve the currency link is never doubted. However, determination is not enough. We must be fully conversant with the theory and practice of the system as applied before we could effectively uphold the link. There are lessons to be learnt from the recent European ERM crisis and we should learn them well.

Despite these constraints, we are not totally helpless but improving efficiency is far from enough. What we need is a package of measures to ensure domestic resources are fully and effectively utilized and to keep the increase in wages in line with the improvement in productivity.

In recent years, for instance, the private sector has been linking annual pay increase strictly to performance, thereby restraining the increase of the total salary bill. Unfortunately, their efforts have not been echoed positively by the public sector. The annual pay adjustment for the Civil Service is said to be determined by reference to private sector pay trend, but the adjustment has more often than not been much higher.

Take this year as an example. The adjustment for the Civil Service is over 11% excluding the annual MPS point increase, as against the average increase in the private sector of only 8% to 9% on a comparable basis. This is certainly very discouraging and would undermine our efforts to combat inflation. I share the concern of Mr Peter WONG. I urge the Administration to critically review the basis of adjustment.

Importation of skilled labour and retraining of local workers, if properly managed, are helpful in alleviating the pressure. It must be aware, however, that as a long-term policy, importation of labour has diminishing effects. Apart from social problems that may arise, the imported workers would also generate

demand for domestic services, as they are consumers themselves, thereby adding inflation pressure.

Therefore, it is unlikely that we can get rid of inflation shortly. We still have to live with this evil at least for some time.

With growing sophistication of the financial sector, the creation of the Hong Kong Monetary Authority to enhance and streamline the administration of our monetary affairs is a timely decision. As details are yet to be announced, there are concerns about its role and operations. I share the view of Mr Vincent CHENG. Hong Kong is known for its openness, and proven flexibility and efficiency. They are what makes Hong Kong today an international financial centre. It is vital that these competitive advantages always remain intact. What is important, therefore, is that this new development would not mean a change in course of Hong Kong to a more active regulatory philosophy and to a more intervening monetary policy.

The constitutional reform proposals have been thoroughly debated by fellow Honourable Members. I just add a few personal observations.

Representative democracy is not mutually exclusive to prosperity and stability in this order. On the contrary, history has demonstrated that it is essential in the pursuit of economic progress.

An important challenge ahead of us is to put into practice "high autonomy under one country, two systems" as promised by the Joint Declaration and Basic Law. What Hong Kong needs, to borrow from the Governor's word, "is a well-trying system for our matured and sophisticated people to have a say how our community is run, and to tell without fear those running it where, what and when they have got it wrong."

The proposals in the policy address are innovative attempts to meet these aspirations given the constitutional constraints. They may be too conservative to some, too aggressive to others and even undesirable to many. I am sure that, with mutual trust and good faith, we could eventually chart a course that is widely acceptable. After all, we also need a smooth sail in these final years of transition.

With these remarks, Mr Deputy President, I support the motion.

CHIEF SECRETARY: Mr Deputy President, I move that the debate on this motion be adjourned.

Motion on the adjournment proposed, put and agreed to.

Adjournment and next sitting

DEPUTY PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 10.30 am on Saturday 24 October 1992.

Adjourned accordingly at eighteen minutes past Nine o'clock.

Note: The short title of the motion listed in the Hansard has been translated into Chinese for information and guidance only; it does not have authoritative effect in Chinese.

