

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 21 October 1993

The Council met at half-past Two o'clock

PRESENT

THE PRESIDENT

THE HONOURABLE JOHN JOSEPH SWAINE, C.B.E., LL.D., 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 ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., 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 DAVID LI KWOK-PO, O.B.E., J.P.

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

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

THE HONOURABLE TAM YIU-CHUNG

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

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

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

THE HONOURABLE RONALD JOSEPH ARCULLI, O.B.E., J.P.

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

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

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

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

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

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

THE HONOURABLE PETER WONG HONG-YUEN, O.B.E., J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN, J.P.

THE HONOURABLE MOSES CHENG MO-CHI

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

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

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

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING, J.P.

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

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 PHILIP WONG YU-HONG

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 ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

THE HONOURABLE JAMES TIEN PEI-CHUN, O.B.E., J.P.

THE HONOURABLE ALFRED TSO SHIU-WAI

ABSENT

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

THE HONOURABLE SZETO WAH

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

THE HONOURABLE SIMON IP SIK-ON, O.B.E., J.P.

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE CHRISTINE LOH KUNG-WAI

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR CLETUS LAU KWOK-HONG

THE DEPUTY CLERK TO THE LEGISLATIVE COUNCIL

MR PATRICK CHAN NIM-TAK

Member's motion**MOTION OF THANKS****Resumption of debate on motion which was moved on 20 October 1993**

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

MR MARTIN BARROW: Mr President, the Governor's policy address gives us a comprehensive plan of how he and his Administration intend to tackle the many challenges of the future. I support the commitment to raising Hong Kong citizens' quality of life through better education and welfare, a cleaner environment and the surety of adequate law and order. I cannot, however, support any compromise whatsoever of the territory's positive non-interventionist management philosophy in moving towards these important goals.

As the Governor himself notes, the fact that the community has reached a stage where it can place greater emphasis on improving its quality of life is essentially a function of the outstanding economic success of Hong Kong — a function of our unswerving commitment to non-interventionist freedoms which have allowed the business community to get on with the job of creating wealth and making Hong Kong people prosperous.

The Governor's policy agenda includes some undertakings that I believe could impinge unwisely on this traditional stance.

Take, for example, the proposed involvement of the ICAC in managing business codes of conduct. While I support a strong and effective ICAC and the Governor's call for business organizations to develop their own codes of conduct and to play a role in improving our commercial morality, I see only a very limited role for the ICAC in this process. Indeed, I believe that to involve the ICAC would be to set an unfortunate precedent. Police forces exist to enforce the laws established by proper processes, not to develop the laws themselves.

I would warn against any management policy that strays from our principles of non-intervention as a result of overzealousness in achieving certain goals in a limited time.

One cannot develop corporate morality just through legislation, which brings me to another policy point in the Governor's address that appears to contravene our commitment to a regulatory environment that promotes the rights of the individual as the driving force of capitalism.

The Governor foreshadows further regulation of auditors of publicly listed companies. I would like to say, firstly, that the relevance of company listing to the regulation of auditors escapes me. This would appear to be a matter for company law applying to all Hong Kong companies, rather than one that turns solely on listing. However, the more fundamental question inherent in this proposal for heavier regulation is: why does the Government need to get involved at all? The Hong Kong Society of Accountants can and does do a much more effective job than some *in terrorem* pronouncement by the Government and its ever-burgeoning corps of regulators can ever hope to do.

It is worth remembering that the events referred to in a recent inquiry happened after the new impenetrable listing rules were put in place — not before. If the company concerned does prove to have acted illegally, they would probably have been equally illegal under the simpler, well-understood regulatory framework of listed companies which existed previously.

I mentioned the danger of overzealousness in seeking to achieve certain goals in the next few years, and I would like to again stress that I continue to be concerned over an unabating flood of new legislation, on top of all the work needed to ensure existing Ordinances comply with the Basic Law. We must resist the temptation to seek a legislative solution to every perceived social or corporate abuse if we seriously want to perpetuate a system that has underpinned Hong Kong's economic success. The fact is that the marketplace is where wealth is created. Limit it by imposing onerous regulations and you limit prosperity.

We need only recall the mistakes of the developed world in the 1960s and 1970s — an era of legislation designed to control competition artificially by a plethora of laws which purported to mandate competition. Those laws failed to do anything other than create thousands of jobs for bureaucrats and lawyers, tying up the courts in monumental law suits. Many governments subsequently wound back the laws or the way in which they were administered.

Let me reiterate that it would be anachronistic, at this pivotal and transitional time in our history, to create precedents for stronger government intervention, when in fact the world around us is calling for lower taxes, smaller governments and greater self reliance. Let us be diligently wary of squandering or interfering with a wealth-creating philosophy that has carried Hong Kong through to a position where our GDP *per capita* is set to overtake Australia and the United Kingdom.

It is patently clear that no single factor has made a greater contribution to the welfare of the people of Hong Kong than our outstanding economic success. Why, then, has one of the key factors capable of undermining this success been glossed over in the policy address?

Mr President, I speak, of course, about inflation. It remains more than double that of Singapore, Taiwan and some others in the region, which clearly indicates we are far from getting the economy right at all.

Take a contributing factor, such as the labour shortage. I cannot agree with the claim that a new 1992 pledge was to bring in more people given that that decision was made back in late 1991.

I will not now rehearse all the arguments in favour of a more flexible policy, but I would assure my colleagues once again that I am not suggesting indiscriminate labour importation.

I am calling, simply, for more flexibility so that we are not shackled by shortages in our desire to maintain our service standards and competitiveness as a regional business centre.

I urge the Government and this Council to look again at the Singapore example. The labour shortage is not, of course, the only factor we need to be concerned about, but it is certainly an area in which the Government could make some leeway by embracing more flexible policies. After all, with a workforce of 2.8 million, even a doubling of today's imported labour quota would mean that less than 2% of the workforce were from overseas. I cannot believe such a small number would negatively affect the livelihood of our people.

Mr President, the Hong Kong Government's role in responsibly maintaining a level playing field with minimal intervention, as a crucial element of our ongoing economic health, cannot be achieved if we let slip pressures to keep bureaucracy at bay. As a member of the Public Sector Reform Committee, I will continue to encourage more progress in efficiency, performance and paperwork reduction.

We have already seen some very real progress through performance pledges, spearheaded by the Efficiency Unit, and I congratulate that unit on its success. Some civil servants may feel these pledges put them under increased pressure; to them I say it is up to you to come up with ideas to simplify your workload. There remain extraordinary bureaucratic steeplechases — hotel and restaurant licensing applications, for example, are circulated through no less than five government departments — although I am pleased to say there is at last some progress on this issue.

Nevertheless, we must continue to focus on what more can be done to reduce the amount of paper in circulation, to eliminate unnecessary forms and to streamline bureaucratic practices across the board.

Another element of government policy which should not be lost sight of is privatization and corporatization. I hope that once the current political discussions are out of the way, a dialogue can be reopened with China on the

merits of such policy, which can improve performance, create incremental wealth and fairly distribute benefits to investors, governments and consumers. I would draw the Government's attention to a recent World Bank study which gave a ringing endorsement of privatization.

I have focused thus far on the importance of not softening, or detouring from, our non-interventionist philosophy in pursuing new goals. The point is that we must ensure we do not jeopardize our ability to promote a clear and significant message to China on how Hong Kong is sensibly managed.

The Governor is of course right to stress the overriding importance of Hong Kong's relationship with China. The constitutional development issue has understandably gained considerable media attention, and it is therefore a credit to the Governor that his policy address did not end up a one-issue event. I say this, Mr President, because it is clear to the community as a whole that the very core of our future revolves around our economic links with China.

Already, interdependence between us — which has seen our China-related trade grow from 12% in 1978 to 60% of our total trade currently — has created an economic security that should serve as both an assurance and an asset for the future.

Mr President, I returned from Beijing this morning, having spent the last few days mainly with economists who are tackling the current issues facing the economy. I am impressed by the determined manner in which action is being taken, by the optimism about the future, and by the plans to continue opening the economy to the outside world. I do not believe we will see the kind of slowdown of four to five years ago, and I am confident that Hong Kong's role in China's modernization will continue unabated.

However, we do need to be cognizant of the potential pitfalls of fast-track growth in this relationship and ensure we manage it to mutual benefit.

Take the tourism sector, for example. It is more than ever dependent on China. Mainland visitors are expected to number 1.7 million by the end of the year, contrary to the Governor's somewhat out dated 1 million forecast, which was in fact reached last year. Mainlanders will overtake Taiwanese as our lead visitors in 1994, and as more of our international visitors travel on to China, we need to plan for, monitor and manage this increased flow, which is on track to exceed 15 million visitors in total by the year 2000, even at a modest 8% annual growth per year.

We need to take stock of how our immigration will cope, what accommodation will be available, what will be the environmental concerns and how will our transport systems meet the demand. As manufacturing's share of GDP continues to shrink, visitor expenditure will become an increasingly important contributor to our economy; tourism has already moved up the foreign exchange earning rankings to become the second biggest earner ahead of

electronics and second only to garments and textiles. As such, we have a responsibility to ensure all our visitors are well looked after and return home with a positive impression.

I urge the Government to form a group with the Tourist Association to plan for the long-term development of this sector. There are major issues which need to be addressed well outside the scope of the HKTA's promotional role.

Mr President, one of the best guarantees of Hong Kong's future is its importance to China's development. The future welfare of Hong Kong's people therefore turns on economic issues and how we build and manage our business relationship with China, in the context of one country, two systems. We have to get it right, both our policy affecting business and the protection of an administrative system characterized by free trade, low tax and minimum government intervention, that has created the living standards enjoyed by the people of Hong Kong today.

Mr President, I believe we need to recognize that positive economic achievements, particularly the strengthening of the Hong Kong-China business dynamic, have been masked by issues related to handover arrangements. As such, we need to concentrate on the economic agenda, spearheaded by our links with China, to provide the best way forward for our people.

With these words, I support the motion.

DR LEONG CHE-HUNG: Mr President, our Governor's annual address this year has a glossy cover, and an engrossing title *Hong Kong: Today's Success, Tomorrow's Challenges*.

Attractive it seems, on the surface.

But it seems that the title should be read better the other way round and that is *Hong Kong: Today's Challenges, Tomorrow's Success*. At least it would give the man-in-the-street a more positive impression that the Governor is not reaping all our hard earned successes and bet our bottom dollar on an unclear course of challenges into the future. Challenges should only be the means, not an end itself.

I doubt whether it is still too early to say whether Mr PATTEN's five-year plan beginning last year is a success. The road ahead is still full of rocks. It would be too generous to say that we have a successful Sino-Hong Kong relationship since his last policy address. As a medical professional, I would have thought health is another area that is too far-off from anything we call a "success".

It is at least a good sign for our Governor to talk more on issues that affect the livelihood of our citizens and less on politics. More pages have been devoted to the subjects that concern the people. But the care only goes skin-deep.

It has been said and implying Britain that:

"The trouble with this country is that there are too many politicians who believe, with a conviction based on experience, that you can fool all the people all the time" (*Nods and Becks*) (1944) p 206.

I am confident that our Governor and his policy advisers do not have such belief. Mr President, we are looking for the Government to translate its visionary care into effective action.

The blatant facts are: the daily life of the ordinary citizens does not seem to have improved in the past year. We continue to suffer from a polluted environment. We continue to suffer from a spiralling cost of living. More and more people find it hard to own a flat. And our aging population is being threatened by old age diseases and diseases associated with advanced countries. And then what about post-retirement protection for our working population? Just to name a few.

Mr President, I would like to focus my attention on the aspect of health but there are also a number of areas that I would also like to highlight first, according to the order in the policy address.

Firstly, consumer rights and protection.

Nothing more was heard this year after the Governor pushed hard for a citizen charter and consumer rights last year. Admittedly, it is good news that some three Bills are in the pipeline to ensure safe supply of goods and services with acceptable quality and which are open to consumers' inspection. Yet all these are only secondary when one compares this with the setting up of a unified set of standards by the Administration and its readiness to crack down on all dangerous goods and toys.

Furthermore, the Government must act positively to detect low standards by doing the testing job, instead of only passively reacting to complaints.

Secondly, occupational safety.

Our Governor promises tighter work safety control at construction sites. But the problem of work safety goes beyond those sites. We need safety committees in industries such as electronics, textiles and catering and others. Members of such committees should include both employers and employees, relevant medical professionals and safety inspectors. These committees should

be responsible for preparing a set of guidelines for the industries to follow and monitoring the implementation of these guidelines.

Thirdly, on elderly.

The Governor must be applauded for suggesting to set up a special working group to oversee elderly policy. But is this a revitalization of the now dormant Central Co-ordinating Committee on Services for the Elderly? What will such old can with a new label bring? And there is more — what are the plans for the monitoring of the continuing mushrooming private old age homes? How can the private sector be completely left out in the policy address despite the Governor's admission that it would be still too little and too late even if the plans to build more nursing homes in the near future for the elderly is implemented?

Fourthly, on nationality.

A loophole in the United Kingdom Nationality (Amendment) Act has created the problem of split families. I am happy that the problem is almost over following the joint effort of myself, many Hong Kong people as well as the parents themselves and the willingness of Her Majesty's Government to grant concession. But the problem over full British citizenship affects not only these families, not only the wives of the ex-servicemen and not only the ethnic minorities to whom the Governor has promised to continue to fight. It also concerns the 3 million BDTs in Hong Kong.

Fifthly, on environment.

I would like to address on two points. A word on clinical waste. There is no overall policy guideline on the disposal of clinical waste. The medical profession has therefore taken a lead to come up with a set of guidelines to advise its members that all sharps should be put in safe containers. But what is the point for doctors to put sharps into safe containers while the concerned departments under the municipal councils simply have no designated machinery to collect and dispose of them.

Mr President, we need a centralized authority to co-ordinate the efforts on this front. Piecemeal approaches to the problem by various departments would not only cause a waste of resources but also a breakdown of work.

It is again a waste of time to argue, amongst concerned departments and parties, whether a central incinerator should be built. If we do not even know what should be incinerated and how to ensure the safe transportation and storage of these dangerous waste, why care about the building of such an incinerator?

A few words on energy saving. Legislation itself is not enough. Incentives should be given to public utility companies to allow them a higher percentage of return should they achieve more energy saving. Creating green

managers to promote public education on this area is important. But what is the point of "waking up" the public to save energy whilst there is no practical means to work their will?

Lastly, on constitutional development.

The separation of the Executive and Legislative Councils does not bring about strengthened effectiveness of the Government, as expected by the Governor. Instead it brought around a breakdown in communication between the executive and the legislature. It is indeed a lesson too bitter to learn. The Legislative Council has requested for a division of labour, yes, but definitely not a severance in relationship. Examples abound that decisions made alone by the executive without the knowledge of the Legislative Council had caused much public outcry.

Although the Governor has repeatedly made reference to and expressed importance on the issue of "the executive should be accountable to the legislature" as enshrined in the Joint Declaration, unfortunately, this chasm has not been addressed nor approximated in his policy address.

Let me now, Mr President, move over to health.

Perhaps it is timely to put on record the appreciation of the health care professionals for the tribute the policy address has paid to them for their unceasing effort to improve health care under difficult circumstances and the high level of standard to treatment generated. But alas, the proposal for health is again similar to that of last year — there are a lot of trees but we still cannot see the forest. A lot of areas are mentioned and money, I am sure, will be given to develop them. In essence, a lot of money will be dished out but with no fixed direction.

The policy address has called for "a further assault on all delays and queuing time for medical treatment". Yet, Mr President, a faster pace of treatment of high quality can only be achieved with adequate working hands. The budget for the Hospital Authority (HA) is built on the principle that it will be comparable to the budget for the hospitals as if HA has not existed. The staff level on transfer to HA was capped on the strength number on the day of the takeover — the number which could only provide a quality service with a long waiting time and queuing time.

The suggestion to expand hospice service within the HA by taking care of some 500 additional patients in 1994 should be a welcome sign. Yet since 1989 when the then Medical Development Advisory Committee (MDAC) approved and urged the Government to take priorities to approve a hospice care policy and take active steps of implementation, very little has been done. Instead, voluntary organizations are developing to take up these challenges without the financial support of the Government. It sounds ironic that whilst so many

hospice services are not properly co-ordinated, let alone supported, the Government is coming up with a "new" hospice care service in the HA.

It may not be productive to keep on fault-picking, but instead let me express how I myself and the medical and dental professions would like to see our health policy develop in the next decade to come. Let us begin by asking a very simple question: "How we would like to see the health status of our people in the year 2003?" Having developed such a goal we then set about to develop implementation machinery, quality assurance monitoring and be ready to face the music should there be any slippage in target.

Time would not, Mr President, allow me to go through all and the many items that need to be improved. I would take up only a few areas that I feel are well within the prerogative of the Government to take a step forward.

Health targets must be developed through which the machinery of health education, prevention of a particular disease or disease pattern could take effect and be used as a gate keeper for minimizing the admission of people into the very expensive hospitals. Disappointingly, this has never found the ears of the Policy Secretaries of the Administration. Instead, in the case of cigarette smoking, for example, while we are confident that the maximum banning especially in young age will bring down the incidence of chest and heart diseases when they get old, the Government acted against the views of the majority of this Council to continue the sale of "confiscated cigarettes".

The progress of primary health care reform deserves a second look. *The Report of the Working Group on Primary Health Care* was endorsed by the Executive Council and debated thoroughly in this Council in July 1991. But how much has been achieved so far especially on a territory-wide basis? How many well women's clinics are being developed? How totally mature is our primary health care so as to make the elimination of the current problem plagued school medical service possible? Is this caterpillar movement reform due to the meagre budget so allocated to this gate keeper of hospital branch of health care?

Disappointingly, this year's policy address pays effort only on improving the cleanliness and comfort of general clinics — health must be more than just skin-deep.

Mr President, on the point of health care prevention, I would like to draw the Administration's attention to the inadequate direction in the problem of AIDS. Being a universally acclaimed "plague of the 20th century" and there is an expected rising number in the years to come, what moves are there to contain, let alone diminish, the problem? I am confident, Mr President, that this could be done but only with the proper research and collaboration of the workers in the region of Asia and Southeast Asia and perhaps with proper data on HIV/AIDS in Chinese races around the world. Hong Kong has the know-how and the will to take a lead, and the Hong Kong AIDS Foundation is all prepared

to take this leadership role. Yet, with a seed money of some \$30 million only, it is not quite possible to go too far.

Another very important point is that in spite of all being said for AIDS education, HIV carriers, let alone victims, are still being discriminated. Schools make excuses not to accept them. Big organizations will not employ them, even hospitals and funeral parlours put them at arm's length.

I call on the Government to instigate without delay a complete antidiscriminatory legislation that will encompass not only discrimination for the sexes but also for those with specific illness and the mentally and physically handicapped.

Mr President, there has never been any consideration to maintain a set of workable teeth for our citizens even at a ripe old age. The fact remains that the Government has not considered the need nor the desire to provide a comprehensive dental service. Yet we know very well that proper dental care in the young is the essence of the maintenance of a good set of teeth even when the population is well advanced in age. As our economy continue to improve and our reserve keeps on advancing, ought we not look into these "teething problems"?

Mr President, it has been some time since the Administration has been advised to come up with a policy direction for the containment of Chinese traditional medical practice and the use of Chinese medicine. It is high time that we should not tunnel our view into western and Chinese medicine alone, but look at the different alternative medicine also to establish a whole spectrum of health care and prepare policy guideline to better the health of our population in the next century.

Mr President, I have spent some time to elaborate the very many issues that this community can move forward to effect better health. We have the dedicated people and the infrastructure to do it. In the same way, Mr President, I have no doubt we can find direction in other social and day to day issues for Hong Kong. The last few months have seen us, however, being "suffocated" by the confrontational and unpredictable macrocosm of our political climate. Let us therefore turn our best side forward by solidifying our social issues to brace the onslaught of the changes of politics.

After all, Mr President, we have been used to the lancinating cold air from the north and the discriminating attitude from the west across the English Channel. Mr President, let us show the world we can!

MR PETER WONG: Mr President, the Governor's policy address this year highlights a significant phenomenon of the state of the territory in the transitional period up to 1997. Threaded through his authentic elaboration of

"today's success" is the open admission of the Government's failure to maintain a close, co-operative relationship with China.

Despite the Governor's acknowledgement of "the breadth and depth of our relationship with China", it is exactly in Sino-Hong Kong relationship that little progress has been made during the past 12 months. I am not only referring to the Sino-British negotiations over the 1994-95 elections, but also to the many areas of cross-border co-operation that must, of necessity, be settled in order to enable Hong Kong to face up to "tomorrow's challenges". We have been alerted to the slow progress made by the Joint Liaison Group in international aviation agreements, extradition of criminals, issue of visas and judicial matters, causing undue uncertainty and confusion. While my honourable colleagues have dwelt at length on the rather loose economic and social fibres in the Governor's address that are unlikely to take Hong Kong beyond 1997, I shall look at the lack of initiatives taken to prepare Hong Kong for its reunification with China.

Political reform

Many accountants join me in welcoming the concessions made by the Hong Kong Government during the recent Sino-British talks, since the negotiations cannot successfully conclude without some deference given by both sides. Concessions guided by expressed public opinion should help produce an agreement acceptable to the people of Hong Kong. According to the Governor, "It is clear that the community wants fair, open elections. It is also clear that the community wants continuity after 1997". Is this necessarily an ambivalence? Does this not make a case for a compromise between *status quo* and reform?

No one will dispute that Hong Kong people want to maintain our freedom, the rule of law and our existing way of life. But how can we ensure that our existing political, social and economic systems can continue and prosper after 1997 if we refuse to co-operate with China? Is it really true that if we do not stand up for Hong Kong's way of life today, there is no chance of doing so tomorrow? For many of us, it is pure folly to ask Hong Kong people to bargain for democracy by paying too high a price.

Reading between the lines of the Governor's speech, we can detect some arguments based on subjective value judgement and prejudice which have made the negotiations so difficult. The call for Hong Kong people to stand up to "extraordinarily modest aspirations", "what is right", "what is moral" sounds mesmeric; but how will these occidental democratic notions be looked upon by China which has only just embarked on the road to modernization? By insisting on orthodox western democratic norms, are we not stretching the interpretation of the Basic Law to which both sovereign states have put their seals of approval? Will high sounding principles stand up to the practical reality of the agreements already reached between China and Britain? The Chinese saying: "Know thyself and thy adversary to win a hundred battles" serves to illustrate the way to bridge the communication gap that has until today kept China and Britain apart.

The way out of the current impasse is for both powers to abandon their mutual mistrust and bigotry which is essential for "reaching an accord that meets the concern of both sides". If both sides are determined to make a success of the talks, they should go on working until an agreement is reached, without resorting to unilateral action. It is necessary for China and Britain to exercise more flexibility in the forthcoming weeks, taking into consideration the long-term cost and benefits of China, Britain and Hong Kong. This, I believe, is a moral obligation they owe the people of Hong Kong.

Civil Service

The indispensable role of a strong, efficient and stable Civil Service to Hong Kong's smooth transition to 1997 cannot be over-emphasized. It is for this reason that the Government's decision to set up a \$7 billion Civil Service Pension Reserve Fund, though long overdue, is hailed as a step in the right direction. It is also for this reason that the controversy over the new localization policy, which has the effect of tipping the balance in favour of expatriate civil servants, must be resolved as quickly as possible.

Many countries in the world have established regulations in support of localization of their civil service, and the Government's over-concentration on legal considerations seems to be unnecessary. Nor can its argument that the new policy helps to cut public spending stand, since it raises the question as to why this cost-saving exercise had not been adopted earlier. While the Administration's objective of non-discriminatory recruitment based on competence is creditable, it has difficulty in justifying the 37% of expatriate directorate grade staff in the Legal, Police, Housing and Customs and Excise Departments.

However, the number of affected expatriates is not as significant to the debate as the symbolic meaning behind the new policy. There is a strong public opinion that the new policy spells a change in the localization policy which has dealt a strong blow to the Government's sincerity. Critics of the policy point an accusing finger at the Government's alleged intention to benefit expatriates with lucrative local terms of employment.

In view of the divisive effects the new policy will have on the stability of our Civil Service, the Government should conduct extensive consultations with members of the Civil Service. The consultation exercise should aim at formulating a set of open and fair criteria acceptable to our civil servants, based on which new employment terms for expatriates can be worked out.

In addition to localization, more needs to be done to equip our civil servants with much deeper knowledge of China than is made available through the existing liaison programmes. This includes more specialist training for the Administrative Officers to cope with an increasingly complex and democratic political system; more opportunities for the generalist civil servants to exchange ideas with the professionals; and more chances for them to cultivate personal

contacts with their Chinese counterparts. In-depth orientation has to filter through all levels of the Civil Service, and not just confined to the directorate and senior Administrative Officer grades.

Corruption battle

The need to strengthen ties with China is particularly urgent for combatting cross-border corruption which has steadily increased in recent months. In China, where personal relations are essentially normal, businesses rely on the offer of gifts, cash or even deposits in bank accounts, which add an average 3% to 5% to the investment cost.

The problem of corruption in PRC companies is of concern to the accountancy profession, since more and more accountants and their client companies are providing services to mainland enterprises. Hong Kong and overseas investors dealing with PRC companies can easily get involved in insider trading, given the volatile price movements and turnover of red chips and China concept stocks. While there are a lot of differences between Hong Kong and China in the concept, regulation and penalty of corruption, the ICAC could only operate within the legal framework of Hong Kong. This would put Hong Kong and overseas investors in a disadvantageous position, and the proposed code of practice for local listed companies does not really address the crux of the matter. The plan to give auditors of all listed companies protection in reporting fraud is welcomed by the accountancy profession, as it will facilitate their dealing with major irregularities.

It is said that the key to combat corruption lies in anti-corruption education which is still at its formative stage in China. The formal visits and exchanges, talks and presentations, and training programmes for PRC officials and businessmen, arranged under the auspice of the Guangdong Procuratorate and Supervision Bureau, should be increased. But first of all, we must get to the root of the problem. A study being conducted by the ICAC and the University of Hong Kong on cross-border corruption will hopefully produce some pointers on the causes and solutions of the problem which needs to be tackled quickly in the run-up to 1997.

Environmental protection

I shall now turn to a subject of my immediate concern — the environment. The deterioration of our environment has been publicly acknowledged, although Hong Kong still lacks an environmental conscience and community action needed to maintain sustainable development. I am somewhat disappointed at the Government's antiquated approach of throwing more resources at the environment and tackling only visible pollution such as the countryside, although the proposed Conservation Fund is highly commendable. The Government is still dragging its feet in declaring the Victoria Harbour water control zone, while the railway companies and the container terminal are too slow in dealing with noise pollution. As legislators, our job is to ensure that

effective environmental protection legislation, backed up by realistic penalties, are in place to deter pollution.

Mr President, in order to achieve an informed debate on the subject, environmental costing is absolutely necessary. In western countries, green value is included in national accounts to reflect the gains and losses to a country's "environmental capital". Further, economic instruments such as green taxes and permits to pollute can bring the total cost out, and economic analysis and environmental audits can clarify which public policies should be followed. This kind of costing exercise and the appointment of "green managers" should be launched without delay in order to put environmental protection fully into the financial picture.

The intimate economic, social and environmental relationship between Hong Kong and southern China have necessitated co-operation on both broad and specific issues, which currently is confined to water pollution and exchange of information. Progress made by the action programme for protecting the Deep Bay environment conducted by the joint Hong Kong-Guangdong Environmental Protection Liaison Group is slow in forthcoming. Areas of co-operation should include water pollution in Pearl River Delta, Deep Bay and Shenzhen River; industrial pollution in southern China; safety of the floating oil depot at Mirs Bay and the nuclear power plant at Daya Bay; emissions from power stations, and cross-border traffic. I strongly deplore the idea that industrial polluters can just "shift" their polluting act from Hong Kong to the mainland where they are free from penalties. In view of the proximity of southern China to Hong Kong and advances in the best technology available today, it is also necessary for the Government to take another fundamental look at the second stage of the Strategic Sewage Disposal Scheme which straddles 1997, and to consult the Chinese authority on the scheme's implementation. I share the doubts of green groups and academics on the effectiveness and wisdom of live dosing instead of secondary treatment.

Let me round off with some specific environmental issues requiring Sino-Hong Kong co-operation. In view of the fact that our landfill projection is only up to 2005, it is high time that consideration be given to building landfills in China. It is possible for processed livestock waste to be sold to China's fertilizers companies and to set up environmentally friendly product plants in China. We also need to look to China for sand if we are to continue with our land forming requirements. Environmental technology in China, which measures up to international standards, is less expensive than that in western countries. Already, China's environmental products are being introduced to the Hong Kong market — sewage treatment and dyeing waste water treatment methods are being tried out at the Hong Kong Productivity Centre, while heavy metal recycling system is being adopted by local plastic and electronic factories.

Mr President, enough has been said about the importance of a good Sino-Hong Kong relationship to Hong Kong's stability and prosperity upon which the foundation of our hopes is built. What Hong Kong needs is not high sounding

words, but rather concrete action to enable the territory to make the best use of its unique relationship with China. Both the British and Chinese Governments are urged to exercise flexibility in the next rounds of the Sino-British talks with the aim to reach an agreement acceptable to Hong Kong. At the same time, the Hong Kong Government should set up fast-track decision-making processes in China-related administration issues such as the Civil Service, corruption and the environment. Since these matters affect the future of those of us for whom Hong Kong is our home, there is every reason for the Government to take up the initiatives to work out early satisfactory solutions. Here then is a challenge for the Administration — to show its mettle in the preparation for a smooth transition to 1997, which is the everyday dream of the people of Hong Kong.

Mr President, with these words, I support the motion.

MR MARVIN CHEUNG: Mr President, I welcome the majority of the statements contained in the Governor's speech but I have reservations about the announcements concerning retirement schemes and civil service pensions.

Hong Kong's laws on the protection of the consumer lag far behind those of various developed countries. It is high time the Government recognized its duty to take steps to redress this deficiency.

Many years ago when I was a member of the Consumer Council, I chaired a subcommittee of that Council on product safety. I can, therefore, attest to the fact that the Consumer Council has been urging the Government to enact laws to protect consumers against unsafe products for over 10 years. I am glad to see that, at long last, something is being done.

The question of whether or not to introduce either a central provident fund or a compulsory retirement scheme has dragged on for about 30 years. Despite its earlier rejection of a central provident fund and its apparent reluctance to implement its own revised proposal on a compulsory retirement scheme, the Government has not been able to put the question to rest or to come up with a viable option. I, for one, am very disappointed at the delay in presenting the people of Hong Kong with a final proposal.

In his speech the Governor said: "It will take time to establish a consensus in the community for the right way forward." I would venture to suggest that it should by now be clear to all that a consensus on retirement schemes is most unlikely ever to be reached. The Government should, therefore, be prepared to take the lead in formulating a final proposal on retirement schemes and presenting it to this Council and the public without further delay.

At this point I should like to say a word about the retirement schemes debate so far, particularly about the public consultation exercise which was referred to by the Governor. In my speech to this Council during the debate on a community-wide retirement scheme in February this year, I said that the

consultation paper was riddled with incomplete information, partial interpretation and misleading statistics. I argued that, until the fundamental question of the rationale for a compulsory retirement scheme was worked out, satisfactory arrangements made for the security of investments and a way found of guaranteeing adequate retirement benefits, it would be foolhardy for the Government to attempt to impose a compulsory retirement scheme on the people of Hong Kong. I stand by those arguments and I repeat them now in order to impress upon the Government that their consultation exercise was inadequate. The public will expect the Government's next proposal on retirement schemes to address the serious questions that I and others have outlined and to substantiate its proposals with complete and unambiguous information.

I turn now to the proposal to set up a Civil Service Pension Fund with a government injection of \$7 billion of public money. As in the case of retirement schemes, I am wondering if the Government has done its homework properly. In particular, I, like many others, am curious about where the figure of \$7 billion has come from. I was dismayed to hear the Deputy Secretary for the Civil Service say in answer to this question that it is what they feel they can afford.

What is the rationale behind the Fund and how is it going to work? The Government should state its aims and objectives clearly because the inescapable conclusion otherwise is that the proposal is merely cosmetic, a halfhearted attempt to deal with worries and pressures that have built up within the Civil Service.

If a Fund is going to be set up, it must be set up properly. I, therefore, ask the Government to explain the following: first, what was the actuarial valuation of the past service liability as at 31 March 1993 and how much of this was vested at that date; second, how is the \$7 billion figure computed and how is it related to the amount of the accrued liability; third, what will be the future policy on the maintenance of this reserve; and fourth, what real protection, if any, is afforded by the appropriation of funds under section 29 of the Public Finance Ordinance?

I welcome the promise of a \$100 million grant to establish a Provisional Arts Development Council, but more detailed information on funding is needed. It is unclear what this sum of \$100 million is actually for. Will there be an additional annual grant? For longer-term planning, it is essential for the Government to state the level of funding which it proposes to allocate to the arts on an ongoing basis.

In case there is a danger of our being blinded by government generosity, I would point out that the \$35 million annual grant to the Council for the Performing Arts (CFPA), which has been more or less frozen for the past three years, would have to be increased to, at least, \$50 million just to catch up with inflation.

Further, it should be remembered that the proposed Arts Development Council has a much wider area of responsibility than the present CFPA. It will, therefore, require additional funds over and above what was previously provided for the CFPA.

I agree that the introduction of performance pledges has made a good start. However, the impression overall is that pledges are often set at very minimal levels and I believe they could do with some fresh impetus. Most public service bodies state the obvious as to their purpose and confine themselves to waiting times and vague commitments about efficient and courteous service. Some do not even address the full range of services on offer.

Without wishing to belittle good intentions, I note, for example, that the Legal Aid Department may still keep clients waiting up to an hour before providing help to fill in a form, that it may take more than 28 days for a means test to be concluded and up to 28 days after grant of legal aid before the first interview is given. Out-patients, even once they have queued to be given an appointment, may still be expected to wait up to an hour after the appointed time before being attended to.

It is time we saw some more ambitious performance pledges. I urge the Government to take the lead in setting higher targets and in advertising implementation dates.

I understand that the Judiciary has yet to publish its performance pledges. However, I welcome the announcement by the Chief Justice last week that he has set up a working party to conduct a comprehensive review of the administration of the Judiciary and make proposals for improvement. I suggest that waiting times at our law courts are unacceptable. I urge the Judiciary to pledge that a reasonable waiting time of not more than three months for all courts is their objective. They should aim to achieve this target within 12 months' time.

Finally, there is an important omission from the Governor's speech. The consultation period for the review of the Town Planning Ordinance ended in May 1992 and since then we have heard nothing. Lest we lose sight of this important piece of legislation, which bears directly on the general quality of life in Hong Kong, I urge the Government to give it the priority it deserves and proceed urgently to present its final proposals to this Council.

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

MR CHEUNG MAN-KWONG (in Cantonese): Mr President, Hong Kong will revert to Chinese sovereignty in four years. In the latter part of the transition period, the issue of education reform in Hong Kong may be dealt with in the following two ways. First of all, we can go for internal reform and the crux of the issue is then how to come up with the ways and means with which the education standard of Hong Kong can be raised as a whole in an effort to carry

forward the economic and social development of Hong Kong. At the same time, in terms of carrying out the required institutional reform, and in order to tie in with the political transformation, the most important guiding principle is that the colonial education system in Hong Kong should develop along the lines of a national education system.

The theme in the area of education as enunciated in the policy address of this year is quality education, which calls for the improvement of education standards. However, it can be seen from the contents of the policy address that most of the issues raised are in fact old issues which are raised again for purely cosmetic purposes. They include increased provision of graduate teachers for primary schools, abatement of noise affecting schools, renovation of school premises and provision of special care for Band 5 students. The only new features relate to the increased provision of graduate teachers for secondary schools, the setting up of the language fund and the stepping up of computer education. Scattered and piecemeal reforms such as these are not able to cope with the situation at all; the crux of the problem which faces education reform remains unresolved. In terms of implementation, it is evident that for lack of a proper plan, the Government actually finds itself booed by spectators on all sides as it keeps passing the ball around in mid field in a political football match without the heart to try a shot at the goal.

Mr President, the improvement of education standards is a project which has to be complemented by a comprehensive plan. The most important element in the process is the availability of qualified teaching staff. The most serious shortcoming of the policy address is that the Government is still being rather evasive on the issue of providing direct subsidy to improve the pay of kindergarten teachers. If such subsidy is not forthcoming it will seriously dampen the desire of kindergarten teachers to receive training and this will in turn aggravate the brain drain problem. In so far as primary school education is concerned, the Government has seen fit to suddenly increase the number of teachers without any prior planning whatsoever. This has resulted in the percentage of trained teachers in primary schools falling from 90% to 80%. The two trends which I have just described will have a negative impact on the quality of teachers. It is up to us to draw up a 10-year plan to address the issue of how to increase the number of teachers trained at various levels in order that the goals will eventually be achieved of filling all secondary teaching posts, and 50% of primary teaching posts, by graduate teachers and ensuring that all kindergarten teachers are fully trained.

In addition to qualified teaching staff, education reform should also address the issues of the teaching medium and curriculum design. The Hong Kong education system has already progressed from elitism to universalism. In keeping with the progress, it is necessary that the status of the Chinese language should also be elevated as the mainstream language in so far as the issue of the teaching medium is concerned, as part of the effort to advance the cause of bilingualism in education. In terms of curriculum design, the learning ability of middle achievers who form the vast majority of our students

should also be taken care of. The effort should be made to rationalize and modernize those parts of the existing curriculum which are either out of date or plainly too difficult. The policy address only mentions the setting up of an uncontentious language fund. The failure to address the demand of educators for the mother tongue to be used as the teaching medium as well as for the reform of the curriculum is its second shortcoming which I have identified.

Reforms regarding teacher training, language in education and curriculum design must also be complemented by a good teaching and learning environment. It is not enough for the policy address to propose measures for the abatement of noise affecting schools and for the renovation of school premises. The most critical problem affecting the teaching and learning environment at this point in time is the practice of having floating classes in primary and secondary schools. The truth is that, presently, whole-day schooling is only nominally practised in primary schools. In real practice, the Government has seen fit to allow bisessional primary schools in the old districts to carry on as usual. They are left entirely to their own devices. There is no timetable for the implementation of whole-day schooling to speak of. Meanwhile, in terms of floating classes in secondary schools, the practice will not be discontinued in Form V and lower forms until the year 2002. In so far as floating matriculation classes are concerned, it is likely that the practice will go on forever, or for the next 50 years, to say the least. Is the Government serious about improving the teaching and learning environment? I think its failure to address the problem of the floating class is a third attempt to evade the real issue, and a third shortcoming of the policy address.

The policy address has nothing at all to say about tertiary education. There is only the same reiteration that in 1995, 18% of the young people in Hong Kong who are old enough to attend colleges and universities will be able to do so. Not only is the policy address lacking in new ideas but also, more importantly, it has effectively evaded the new problems which have arisen as a result of the rapid expansion of tertiary education. For example, one might ask: Has the quality of our tertiary students as a whole declined? Are there enough competent matriculants enrolling in tertiary courses? Are the non-degree courses able to meet the needs of our new circumstances? Have the tertiary school fee increases been too exorbitant? What strategic developments are earmarked for our tertiary education in the 1995-1998 triennium? All of these questions call for answers because tertiary education accounts for one third of the total expenditure on education. The failure of the policy address to answer any of these questions is its fourth shortcoming which I have identified.

Mr President, from a macroscopic point of view, there is a need for institutional reform to be carried out to the education system in Hong Kong. And reform should aim on the one hand to eliminate gradually the irrational features of our colonial education system and on the other hand, to retain the special characteristics of our system in order to serve the cause of two systems coexisting within one country. Concurrent with Hong Kong's reversion to China we will have to continue to face the new challenges of the world. During

the critical transition period we are going to have to face up to a whole lot of issues which must be resolved internally by the local circles of educators. Such issues include how the mother tongue is to be adopted as the teaching medium and how national education is to be promoted, how the teaching of Putonghua and English is going to be strengthened, how we can achieve a more balanced view of China, Chinese history, Chinese geography and Chinese culture, how the western concepts of democracy, freedom, human rights and the rule of law can be grasped through civic education, and not least, how the degrees awarded by academic institutions of China, Hong Kong and Taiwan are to be accredited. All of these issues will require us to do some reflection in search of a solution which will serve the interests of Hong Kong.

The strength to solve problems must come from within Hong Kong; we should not succumb to external pressure and intervention. It is paramount that two most important democratic mechanisms must be set up within Hong Kong. An Education Commission which is mainly made up of elected members should be set up. The other advisory bodies on education matters should also make a point of listening to public opinion in an open and democratic way. The views of professional educators in particular must be heeded in the formulation of policies on education in the run-up to 1997 and beyond. Mr President, there is a need for the existing Education Commission to undergo reform so that it will become more socially accountable. The secretive system, which is already out of date, must be completely dismantled. A popularly elected system should be instituted in its place as soon as possible so that there is more accountability to the electorate. I can say here that secrecy and the appointment system are two stumbling blocks which lie in the way of progress. The presence of these obstacles means that the Education Commission is not able to see the wide horizons which lie beyond.

In addition to reforming the Education Commission, there is also a need for the setting up of a popularly elected Teachers Council. The Council will promote the professional development of teachers, enforce the professional discipline, and assess the professional qualifications of teachers. An independent, autonomous and self-regulating Teachers Council will represent the conscience and moral strength of the teaching profession. It will carry the teaching profession into 21st century Hong Kong. It will effectively become the Project Hope of Hong Kong. After all, hope rests with talents and talents are produced by education.

Mr President, I should like to move on to the topic of the Civil Service. The civil service establishment is and will continue to be the administrative framework of the existing and the future government. It is an important pillar which supports social stability. Of all our civil servants we would have to rely most upon those local officers who are committed to Hong Kong. It is subject to that condition that expatriate officers who have either the ability and the expertise which we require should be recruited into our Civil Service to make their contribution to Hong Kong. In this regard, the most urgent priority is for the Government, in order to forestall the splitting of ranks, to freeze its plan to

unilaterally allow expatriate officers to switch to local terms. The Government should accelerate the implementation of its localization policy in a serious and expeditious manner. It should unify the terms of employment for both local and expatriate officers. Government departments which have been slow in implementing the localization policy — and they include the Legal Department, Legal Aid Department, Environmental Protection Department, and the Police Force — should be required to draw up a timetable for localization before 1997. This is to ensure that the cause of Hong Kong people ruling Hong Kong will become reality within the Civil Service.

The Government should be concerned about the morale of and the pressure faced by civil servants. Pressure comes on the one hand from jitters about 1997 as well as public expectations on the other hand. The public is expecting the Government to become more open and more accountable. Given that such pressure is quite inevitable, the Government should be all the more concerned about the worries which civil servants may have in going about their daily lives and in the course of carrying out their duties. The morale of civil servants must be maintained so that the Government as a whole can continue to be efficient. In this regard I would lend my support to the setting up by the Government of a pension fund for civil servants. Indeed, a pension fund for civil servants is not incompatible with a central provident fund for members of the public. They are by no means mutually exclusive. The most important thing is that civil servants should not have to worry about their future. A sense of security will encourage civil servants to work that much harder and eventually the community as a whole will be able to benefit. Mr President, I would further suggest that the pension fund for civil servants should be operated independently. It should be separated from the operation of the government reserves. An independent committee with both professionals and civil servants on it should be set up and charged with the responsibility of managing the fund.

Mr President, I would like to move on now to civil service issue outside the context of the policy address. The civil service establishment stands at 180 000, representing 6.5% of Hong Kong's total working population. Whereas their rights are protected by the Civil Service Regulations and Colonial Regulations, they are at the same time restricted by these two documents. The protection of the rights of civil servants should be the first priority of the Government. If the Government is to live up to the pledge made in the policy address that it will play the role of a good employer, then it should set a good example of allowing civil servants and employees of the subvented sector to have the right of collective bargaining. The Government and the civil servants should make good use of the mechanism for reconciling competing interests to reach an agreement which will be acceptable to both sides. This will enable the two sides to establish a healthy and progressive labour management relationship. Moreover, the Government should set up in the not too distant future an arbitration committee which will resolve pay issues of civil servants and their colleagues in the subvented sector. This will avert industrial actions by civil servants and any unrest which may ensue.

Lastly, I would like to talk about the issue of senior civil servants switching to work in the private sector. Statistics indicate that in recent years there has been a rising trend of senior civil servants taking early retirement or resigning altogether. And incidentally, their applications for switching to work in the private sector immediately are almost without exception all approved. In this regard, one is worried, for one thing, that confidential government information may be leaked to the detriment of both the Government and the public. On the other hand, one cannot help but suspect senior civil servants of actually abusing their positions to cultivate relationships which will help them advance their post-civil service careers. In the face of increased public suspicion in this regard, it is up to the Government to reveal to the public, and be seen to strictly enforce, the regulations which govern retired senior civil servants joining the private sector. This is in order to avert the scenario of the senior government official jumping on the business bandwagon, with indecent haste, immediately after retiring from his or her public office. The public should not be left with the impression that the officials are fending for each other, and that government and business are illicitly collaborating with each other. The public credibility of the Government should not be made to suffer.

Mr President, I always talked about democracy and political reform in the previous policy debates. Today, it is not my intention to again talk at length on such issues lest I be accused of using the occasion to vent my anger. I recall a famous Chinese poetic line which says that one must not overdo it in venting one's anger because one should take a longer view and in any case, getting too worked up is injurious to health. Put simply, the wisdom there is to refrain from saying useless things and look ahead. My policy is very simple indeed. I want to strive for a Legislative Council to be fully elected and the executive branch of government to be accountable to the legislature, and I want these to become reality before 1995. I will fight every inch of the way and I will not give up until my goal is achieved. I very well understand that democracy will be opposed or otherwise delayed by any totalitarian regime worthy of the name. I have long given up hope on such a totalitarian regime. I am only pinning my hopes on the awakening of more and more citizens, and on my own struggle. I am convinced that even though the democratic system may not be carried forth by the through train, the faith in and the pursuit of democracy which people have begun to embrace will surely continue into the future of Hong Kong. Democracy will not only straddle 1997 but will also straddle the Shenzhen River. It is a cause which will become a bond between the 1 billion-plus Chinese living in various parts of China. Together, we will continue this fight for democracy.

Mr President, I so submit.

MR CHIM PUI-CHUNG (in Cantonese): Mr President, I shall respond to the Governor's second policy address blow by blow and to give my personal views.

First, on the question of Hong Kong people's livelihood. In the Governor's address, there are 19 expenditure items in respect of which funding will be increased next year. Of these, two items involve consumer protection, two items on road traffic, two items on environmental protection, five items on education, two items on medical services, three items on social welfare and rehabilitation services, and one item each on elderly services, arts and civil servants' pension fund. Total expenditure thereon will amount to \$21.1585 billion. I question whether the expenditure as conceived constitutes a breach of Article 107 of the Basic Law which requires that expenditure shall be tailored to income. What the Governor is proposing arguably constitutes putting expenditure first irrespective of whether income can cope. He should have assured us that our income will exceed the proposed expenditure. As it now stands, expenditure will increase by 15%. To the people, this smacks of a policy of "throwing pepper powder all round". "Pepper powder policy" is a policy whereby everyone gets a bit of something. The powers-that-be may think that pepper powder may not be "hot" enough. But to the man in the street this amounts to throwing money all round. Now that the policy address has been delivered, in the upcoming Budget branch secretaries will need to explain the major items of expenditure under the "pepper powder policy" of the Governor and to ensure that it suits Hong Kong's particular circumstances.

The Governor's address makes special mention of a policy on elderly people. We must understand that in present-day society none is against respecting and caring for the elderly. Yet I hope that the Government will impress upon the public the need to start saving money when young (but not with the Royal Hong Kong Jockey Club) so that society will yield a reasonable return to see them through their old age. The Government has an obligation to guide the public on this.

Mr President, paragraph 113 of the address says: "In a modern, urban society it is all too easy to ignore the rights and personal dignity of the individual. It is particularly important that the Government should set its face against such attitudes." The Governor has argued this point beautifully. But on 28 September he attended an earth-breaking ceremony for a building project at Jubilee Street, Central known as H6 Development. It is beyond doubt that this project is a joint venture between the Government and private developers. But, Mr President, before I go on, I would like to declare my interest as a victim. Before the making of the order for resumption under the relevant law, one of my companies lodged an appeal with the Privy Council. Even before the conclusion of the case, the Governor has probably been misled about it. (The site marked red in the plan here used to belong to one of my companies. This probably shows on the closed circuit TV. The Government has resumed ownership over this site, in other words, sovereignty over it has passed. But no compensation has yet been paid.) Such being the position, the Governor has had the foolhardiness to attend the earth-breaking ceremony. I cannot help but ask:

Does this constitute contempt of the courts in Hong Kong and the United Kingdom? If I strongly demand the relevant government department to address this question.....

PRESIDENT: Mr CHIM, you said that the case is still pending. Is that right?

MR CHIM PUI-CHUNG: Yes.

PRESIDENT: In that case, you are out of order because under Standing Order 31(2) reference shall not be made to a case pending in a court of law in such a way as, in my opinion, might prejudice that case. So please bear that rule in mind.

MR CHIM PUI-CHUNG (in Cantonese): Mr President, I accept your advice. But if I did wrong, the Governor already had done it before me. I hope that the Government will officially resolve this question to enable the public to get at the truth through fair and reasonable channels. Here I would challenge the Government to the effect that if the development project in question were not meant to make profit I would be happy to let my company get only 70% of the market value of the site by way of compensation

PRESIDENT: You are out of order. Please desist.

MR CHIM PUI-CHUNG (in Cantonese): Mr President, I already declared my interest. I respect you as President of this Council. Yet I cannot help but doubt whether I have breached Standing Orders. Anyway, I hope that the point I have made will serve to get my message across to the Government.

Mr President, I now turn to constitutional reform. When the Governor first came to Hong Kong last year to take up the governorship, I gave a radio interview where I expressed my views and offered the Governor some advice. He is now the Governor, not the chairman of the Conservative Party that he used to be. His present opposite number is Mr LU Ping of the State Council, not the Chinese Premier nor Mr JIANG Zemin. Moreover, the Governor came from the Bath Constituency in England where the electorate numbered no more than 80 000. He lost the election there. He is not Jesus Christ who is omnipresent. Thirdly, China will be Hong Kong's sovereign power after 1997. China has special demands on and relations with Hong Kong. We should keep a close eye on this. Fourthly, over-endeavourment to the public or other similar activities might amount to incitement of a sort. Has there been such a change in the past? If Mr PATTEN is or was a British politician we, as the people and Councillors of Hong Kong, are not qualified to interfere. But as the Governor,

he is obliged, as we hope, to lead us through the latter part of the transition. Therefore we are qualified and indeed obliged to remind him of what is expected of him. As regards the Sino-British talks on the 1994-95 elections, although the British Government constantly requests for guidance from the British people as to the objective approach to such talks, yet the Chinese Government has time and again stressed the importance of the through train and the Sino-British Joint Declaration. Such being the circumstances, the basic objective factors should be as follows:

- (1) Legislative Council Members returned by the 1995 elections who possess foreign passports or foreign right of abode should not exceed 20% or 12 in number.
- (2) They should support the SAR Government.
- (3) They should support the Basic Law of the SAR.

Of course, as participants in politics, if we hope to ride the through train from 1995 to 1999, we must understand that there is a Basic Law governing us. If we think that we are politically well endowed, that may lead to "political suicide" or "political conceit". This would have nothing to do with the Basic Law, the objective conditions or the people of Hong Kong. As a matter of fact, as an experienced politician, the Governor fully understands what the outcome of the talks with China on the 1994-95 elections will be. It is because it has been clearly spelt out in the Basic Law. If amendments were sought or other requests were made before the electoral arrangements had been clearly spelt out in the Basic Law, I would have thought there should have been little problem. But now that the Basic Law has already set out the mode of elections which has been agreed to by the people, I should think the Governor well knows where he stands.

In the policy address there are 20 paragraphs under the Conclusion section which makes rather emotive reading. I think that as a responsible Governor leading a government, Mr PATTEN should tell in a clear and pragmatic manner the people the following:

- (1) Hong Kong will not be an independent entity after 1997. Before 1997 Britain exercises administration rights over Hong Kong and after 1997 sovereignty over Hong Kong will pass to China.
- (2) The pace of democratization must follow the provisions of the Basic Law.
- (3) If the people of Hong Kong have no confidence in the "one country, two systems", the Basic Law and the Chinese Government, they should leave together with the British. It is a basic obligation of the British to take these people with them.

- (4) If some people do not want to leave Hong Kong or the British would not take them along, they will have no alternative but to have confidence and to be carefree about the future.

I personally have a firm belief that since China has promised to implement "one country, two systems" there is absolutely no cause for China to fear the espousal of democracy by Hong Kong people. What China fears is that Hong Kong people might fall for the ruse that to be hostile and against the policies of China would be the best policy. Of course, all these sentiments are subject to the influence arising from the interplay of international objective factors and party politics. Therefore I believe that the talks on the 1994-95 elections will in the near future arrive at a consensus. The agreed mode will be that there will be no more than a couple of representatives from the largest functional constituencies as originally advocated by the Chinese Government. As the 1995 elections will take place under the Hong Kong British Administration, Hong Kong CPPCC delegates and NPC deputies and officials of Chinese organizations here should abstain from the elections. As regards other aspects, it is believed that further concessions will not be possible. Will the public accept this? The Governor should assure the public that this is going to be something he can secure for us. He has aroused the interest of the United States in Hong Kong. But he would do well to remember that on his return to the United Kingdom, be it before or after 1997, it is only there and nowhere else that his political future lies.

Mr President, on the question of Sino-British relations, the Governor has during the past two years made a number of commitments. But has he fulfilled these commitments? It is rather like the position of a student who constantly says he will do his study work but in the event may not do it. In this connection, we understand that the party in power in Britain now is the Conservative Party which is backed by the business sector. And the business sector will absolutely not sacrifice, for nothing, whatever in the way of commercial interests that has hitherto been achieved between China and Britain. Such being the circumstances, Hong Kong people should awaken to reality. What is tomorrow? What is a government's commitment? The Governor should demonstrate a responsible attitude towards all quarters. Therefore he should not excessively use emotive rhetoric to mislead the public.

Mr President, finally, I am turning to financial services. When the Governor delivered his policy address on 7 October last year, the Hang Seng Index stood at 5 553. Today, as at 3 pm, the index stands at 8 935, a rise of 3 382 points representing a 60% to 61% gain. This proves that Hong Kong does possess all the favourable conditions. Of course, the stock market of Hong Kong rests on the following four pillars:

- (1) Financial services. At the sufferance of the Government, banks in Hong Kong are basically implementing a profiteering policy which results in guaranteed profits.

- (2) Real estate. Real estate prices are being buoyed by the Government's high land price policy. Real estate development companies, upon revaluation of their capital assets, will stand to gain even more.
- (3) China's open policy. China's open policy has reinforced the ability of Hong Kong's manufacturing industries to make money although some may fail to survive.
- (4) The tourism industry. The success of Hong Kong's tourism industry is a result of the interplay of various factors. The hotel occupancy rate in October is notching 100%. This is a source of Hong Kong's competitiveness.

We are aware that the Securities and Future Commission (SFC) and the Stock Exchange have a set of regulations to regulate the trading of local and international stocks and shares, particularly with regard to market rigging and insider dealing. The SFC has time and again to take action to monitor listed companies. In recent days, especially the past two to three weeks, some managers of foreign funds have been saying that they are going to drive the stock market through the roof. Senior officials of the SFC are of the view that since these funds are buying stocks and shares with hard cash there is nothing wrong about it. I request that the Government should have a fair system in place which will not only regulate local listed companies, local investors but international investors as well. The Government should not be at a loss as to what to do when it comes to international investors. In 1987, the Hong Kong investing public lost \$2 billion. A responsible government should make preparations well in advance of contingencies and should not just fall back on shutting the stable door after the horse has bolted. As a representative of the financial services sector, I have responsibilities of my own to bear. (I must have incurred the displeasure of some people who must be saying "Don't start any trouble while the stock market is going from strength to strength!") But I feel it is my responsibility to speak my conscience. I hope the Government will grasp this and pay due attention.

Thank you, Mr President.

REV FUNG CHI-WOOD (in Cantonese): Mr President, the policy address fails to present a comprehensive policy although it is supposed to be a document through which the Government makes itself accountable to the public. All it does is to inform the public in a piecemeal manner plans and projects which the Government wishes to implement. In last year's policy address, the positive approach was taken to inform the public that the Government had accomplished 73 of the 118 targets listed in the White Paper on the environment 1989. However, in this year's policy address no mention is made of the number of projects which have not yet been accomplished. Is it true to say that in terms of environmental protection there has not been any good work done over the last

year which is worth mentioning? Is that the reason why no attempt has been made to give an account of the progress achieved so far? The fact is that many of the targets listed in the White Paper have not been accomplished on schedule. The reasons for this are many. While there may have been administrative problems, the main problems are with manpower shortage and lack of resources. The most obvious example is the long delay in terms of proclaiming the water control zone in Victoria Harbour. In this regard, one is rather sceptical as to whether the Government really has the will to tackle the problem of environmental protection.

The success of the Government in its effort to protect the environment depends very much upon whether it is able to secure the support of the public as well as the business sector. It is very important indeed that we should practise what we preach. The theme used in the government campaign which says that environmental protection is a joint venture actually has a far greater implication than has so far been suggested. It has a far richer meaning. No mention is made of it in the policy address. However, the intention of the Government can be quite clearly guessed when one comes to think of the recently launched sewage charging scheme. The Government does not provide the required resources in its effort to clean up the environment; what it means by "joint venture" is that the business sector and members of the public have to bear the pollution clean-up cost.

The Government has resorted to imposing a levy on the business community and the public as a whole on the pretext of "the polluter pays". In so far as the business sector is concerned, it is very reasonable that the cost of pollution clean-up (or extraneous cost) should be incorporated into their production cost. This will put an end to the present practice of the general tax revenue being used to subsidize the cost of cleaning up the mess created by business and industry. However, the principle that the polluter pays should be defined clearly in terms of its application.

It is likely that the future government will continue to impose levies on the people of Hong Kong by invoking the principle that the polluter pays. It is up to the Government to define that principle in terms of its application. The so-called acceptable level of pollution should be clearly defined. Questions regarding who should pay for the cost of cleaning up pollution and how much one should be required to pay should be answered.

It would seem from the way the principle of "the polluter pays" is being interpreted that it is a principle which is analogous to the principle of "the user pays" whereby everyone who uses a service will be required to pay towards its cost. However, there is not much incentive provided under the charging scheme of the Government in terms of encouraging people to cause less pollution. It would seem that the charging scheme is more oriented towards recovering cost than encouraging people to pollute less. As a matter of fact, the introduction of levies by the Government to pay for the cost of provision of basic services is not unreasonable from this point of view. And by basic services I mean the

building and repairing of bridges and roads, the provision of street lighting and the collection of refuse. However, if the Government resorts to charging for its services item by item, just as it has done with the medical service, then it becomes effectively a practice of itemized charging. In this connection, it is likely that the Government will in future, in addition to charging for sewage treatment, also charge for collecting garbage. I am concerned that the combination of all these charges will bring economic hardship to people in the low income brackets.

Supposing the Government is really serious about this hallowed principle of the polluter pays, then one would wonder why it has not been consistently applied in the formulation of its policy to introduce charging schemes. I will use three examples to illustrate how the Government has failed to thoroughly implement the polluter pays principle.

First of all, in October last year, the Government came up against resistance while it was trying to implement its new arrangement for the disposal of building waste. The plan has been put on hold for a year now. Large quantities of building waste are still dumped at the landfills. Instead of being transported to the public tipping areas, the building waste continues to take up valuable landfill space. We are faced with the result that public money is still being used to subsidize the building construction sector in so far as they continue to use the landfills to dump their building waste. According to statistics provided by the Government, the total cost of handling solid waste in the year 1991 came to \$470 million. Given that building waste accounted for 70% of solid waste, its handling cost was \$320 million. This is an example of taxpayers' money being used to maximize the profits going to the developers.

Secondly, although the Government has in place a scheme to levy charges on business and industry for solid waste disposal, and all vehicles carrying solid waste to the landfills are to pay a waste handling charge, the levy rates are not entirely in keeping with the principle that the polluter should pay. For one thing, the scheme has failed to transfer the cost of handling waste entirely to industry. For another, the levy is so small that the building industry has no incentive at all to redirect their waste to the public tipping area in an effort to relieve the pressure on landfills.

Thirdly, under the chemical waste disposal charging scheme which will soon be implemented, the Government has made it clear that it will be 10 years before the annually increased charges will yield sufficient return to recover the cost of disposing of chemical waste.

By giving the three above examples, I wish to make the point that the antipollution policy of the Government has been too easy on business and industry. I am wondering why the Government has not been able, in dealing with business and industry, to adhere closely to its policy of getting the polluter to pay.

We cannot continue to count on the Environmental Protection Department single-handedly implementing environmental protection policies and actually achieving the result of marked environmental improvement. The reason is that we can see from the policies of the Environmental Protection Department that they are mostly policies of a remedial nature. The department has scarcely any other policies which will prevent the further pollution of the environment. It is up to us to look at the issue of environmental protection from a macroscopic point of view. One question we should ask is whether, and to what extent, the environmental dimension has figured in the process of policy making. The Government is always the champion of economic development. Environmental protection measures are always secondary to economic gains. Since the environment has always to give way to economic considerations, there is no way environmental protection policies can be fully implemented. If it is the view of the Government that environmental protection is a secondary issue and an issue which does not enjoy the pride of place, then it can very easily come up with all sorts of excuses to retreat on its environment policy. The cost of environmental neglect is of course that our descendants will have to pay an even higher price to put things right. The worst case scenario may even be that the environment will eventually have reached such a point of degradation as to be completely beyond remedy.

In so far as traffic and transport is concerned, the policy address mentions that the number of private cars has risen by 62% over the past five years, in other words, the annual increase has been 12.4%. According to the figures released by the Government in the early part of this year, if the number of vehicles continues to rise by a yearly 9%, then by the year 2001 the number of vehicles in Hong Kong will have risen from 400 000 to 600 000. In this regard, it is expected that the problem of air pollution will worsen. However, no mention has been made of the environmental impact in the policy address. Neither has there been any commitment made with regard to the adoption of any policy to restrict the growth rate of vehicles on the road. The Secretary for Planning, Environment and Lands said at a briefing that the Transport Branch is seeing eye to eye with the Planning, Environment and Lands Branch with regard to the need for a solution to be found to the problem of air pollution caused by the rising number of vehicles on the roads. It is unfortunate that no commitment has been made specifically with regard to how to control the growth of vehicular traffic.

As a matter of fact, the problem of air pollution is not only caused by the increasing number of vehicles on the roads. It is also related to the fuel used by vehicles. Diesel is a more serious cause of pollution than petrol. However, the tax on diesel is half that on petrol. As a result of the tax discrepancy, people are encouraged to go for diesel. If the Government is indeed serious about alleviating the problem of air pollution, then it should review the existing tax regime so that the discrepancy can be narrowed. I am very disappointed that, although the scheme to encourage the use of petrol by taxis, mini-buses and other vehicles has been studied and debated again and again by the

Environmental Protection Advisory Committee over the last three years, it has yet to be fully implemented.

The policy address has three points to make with regard to the issue of environmental protection. The more important point there is that the Government plans to use several billion dollars over the next 10 years to complete the cleaning up of the New Territories. It is a well known fact that the problem of pollution is very serious in the New Territories. However, as the New Territories cover a relatively vast area and are physically quite far away from the seat of the central authorities, it would seem that the Government does not have the manpower for enforcement and prosecution. According to a survey conducted by the Environmental Protection Department, there are over 300 pollution black spots in the New Territories. Included in these black spots are some 550 hectares of agricultural land which is not governed by the Town Planning Ordinance. Most of these agricultural lands are used for open storage purposes. Improper change of land use means that the water absorbing function of the land is reduced and flooding has become more prevalent in the event of heavy rain. I would personally welcome the plans suggested in the policy address. However, it is up to the Government to multiply the manpower of the Environmental Protection Department and the the Planning, Environment and Lands Branch, particularly in their prosecution sections. It would seem from the data provided by the Government that the river training works in respect of the Shenzhen River, Indus River and Sheung Yue Ho as well as the drainage works required by Kam Tin and Yuen Long will already come to \$5.8 billion. I would like to ask if this sum is also included in the several billion dollars earmarked in the policy address for the cleaning up of the New Territories. The river training works planned for these rivers are more for the purpose of preventing flooding than the purpose of environmental protection. One would like to know how the several billion dollars committed by the Governor is actually going to be spent. I hope the Government will provide a full answer to this question.

I would fully support the government plan to set up an Environment and Conservation Fund with a capital injection of \$50 million so that environmental protection organizations will be able to conduct research and carry out their activities. Indeed, that is also a cause for which the environmental protection organizations have been campaigning over the years. However, there are many people who are concerned about who is going to make the decisions to allocate funds to whom and what the criteria will be. I hope that the Government will, in addition to consulting the central advisory committees, also see the point of consulting with the environmental protection organizations in order that the funds will be equitably and fairly disbursed.

As a result of changing circumstances, the Country Parks Ordinance drawn up in the 1970s is not able to give quite enough protection to country park lands in terms of saving them from the encroachment of development. An obvious example of encroachment is the use for over 20 years by the authorities concerned of 18 hectares of land which falls within the precinct of the Clear

Water Bay Country Park as part of a landfill for southeast New Territories. Another example is the approval by the Agriculture and Fisheries Department of the application for Sha Lo Tong to be developed into a golf course. In this regard, there is a need for the Country Parks Ordinance to be further revised so as to forestall any further encroachment of country park land or any other attempt to alter the prescribed use of country park land.

With regard to environmental protection in the private sector, the Governor has suggested the creation of the green manager posts to conduct environmental inspection and energy reviews. I would consider this suggestion to be worth supporting. However, I also have my misgivings about how many private firms will actually carry out energy efficiency audit on their own initiative. The Government should not be content with its policy of positive non-intervention and rely entirely on the initiative of the private sector on the issue of environmental protection. It is up to the Government to go for a more positive approach and legislate against environmentally unfriendly acts.

With regard to the energy policy, the Administration said in reply to a question which I raised last year that the Government was spending \$5 billion each year in the energy area. A motion was passed by this Council last year urging the Government to formulate a comprehensive energy policy as well as to set up an Energy Advisory Committee. However, no comprehensive energy policy has been forthcoming from the Energy Efficiency Advisory Committee set up by the Government because its terms of reference have proved to be too restrictive. It is indeed ridiculous that under the present arrangement the Economic Services Branch has been ironically entrusted with the task of formulating the environment policy. The Economic Services Branch is mainly concerned with the issue of economic efficiency and tends not to bother too much about seeing things from the perspective of environmental protection. It is up to the Government to practise what it preaches in an effort to reduce the waste of energy. It should formulate policies which will encourage the public and industry to save energy. For example, people should be encouraged to purchase products which are less energy consuming. The Government should also, in the process of setting up the profits control scheme with regard to the public utility companies, incorporate clauses which are in keeping with the principle of environmental protection. The operation of the public utility companies should be governed by such clauses to make sure that the principle of environmental protection is adhered to.

Lastly, I would like to talk about the issue of gender equality. A motion was passed by this Council last week urging the Government to make amendments to existing legislation in an expeditious manner so that both men and women will enjoy equal protection and equal rights in matters of succession. I hope that the Government will respond positively and expeditiously to the request of this Council in order that the womenfolk of the rural communities will be able to enjoy equal succession rights as early as possible. It was announced by officials at a meeting of the Legislative Council Subcommittee on Women's Affairs held yesterday that a government survey will be conducted

early next year to solicit public views regarding the *Green Paper on Equal Opportunities for Women and Men*. Mr President, the Government has seen fit to resort to fooling the public again by attempting to play down the strongly expressed views collected within the consultation period of the *Green Paper on Equal Opportunities for Women and Men* by diverting attention to the forthcoming survey results. The Government is actually trying to find an excuse for not following up on the request put forth by Members of this Council as well as other organizations concerned. I am greatly disappointed by the complete lack of any positive action on the part of the Government on the issue of promoting gender equality.

Mr President, I so make my submission in the hope that the Governor, who was formerly the Secretary of State for the Environment in the United Kingdom, will be able to try twice as hard in terms of resolving the issues which I have raised above.

MR FREDERICK FUNG (in Cantonese): Mr President, the theme of this year's policy address reads, in Chinese, "Building on the Foundation Today for a Better Tomorrow". It would appear that the Government is full of ambition and is able to take a long-term view. However, when we look more closely at the events which have happened recently around us, we will then discover that this theme is largely cosmetic. There are still a lot of issues which have yet to be resolved. The talks on political reform have not been going well. And livelihood issues are so numerous it is difficult to count how many there are. If we are to build on the foundation of today, then I am afraid that we will be in some really tough times and the future will be one of unrest and hardship.

The constitutional component

From the day the Governor gave his second policy address, the war of words has never ceased between China and Britain. Whereas China has been loud in its daily protestation against "the three violations" Britain has been vociferous in its righteous defence of its move to increase the element of democracy in Hong Kong's political development. I believe that over the years Hong Kong people have become rather accustomed to, if not altogether turned off by, this sort of rhetoric coming from the two sides. Hong Kong people are not allowed to participate in this war of words between China and Britain but they have to nevertheless bear the grave consequences of a breakdown of the Sino-British talks resulting from the two countries going their separate ways.

The Association for Democracy and People's Livelihood (ADPL) and myself have always been consistent in our position regarding the electoral arrangements for 1994-95. We are still hoping that the two countries will be able to come to an agreement on this issue so that elected representatives in the three-tiered boards and councils structure will be able to automatically serve beyond 1997, through completing a simple swearing-in procedure. Indeed, the through train political arrangement will not only be conducive to a smooth

political transfer but it will also contribute positively to the transition of a democratic political system in Hong Kong through 1997 to the extent that the post-1997 system can continue to develop on the basis of an existing and functioning system. I should like to make the point that the through train constitutes a very important factor in the democratic development process. If for some mysterious reason an elected representative is kicked off the through train, the implication of this is that the political system which allows this to happen is already extremely undemocratic. If we should give up the fight, then even though we may be able to have a democratic political structure which is more progressive than anything known in Hong Kong, there is a good chance that the democratic political structure will be dismantled after 1997 and be replaced by a system which is even more conservative than the one we have in place now.

In order to make sure that the elections, scheduled for 1994-95, for the boards and councils at all levels will be conducted smoothly and fairly, and in order to make sure particularly that new candidates will have enough time to think about whether or not to run and to adequately plan for it, it is imperative that both Britain and China should not continue to let their talks on electoral arrangements for 1994-95 drag on indefinitely. It is revealed in the policy address that the talks have to be concluded in a matter of weeks. ADPL agrees that a conclusion must be reached by the end of December. For otherwise it will be difficult for the preparatory work for the district board elections (that is, election preparation by the candidates and legislative groundwork for the elections) to go ahead and the district board elections for 1994 will not be conducted in a fair manner.

With regard to the proposal of the British side to revise the composition of the Election Committee, both ADPL and myself take the view that the arrangement for the Election Committee to be composed of representatives from four sectors, with the provision that these representatives should themselves be elected, is an option which one may consider as a way forward. However, generally speaking, the Governor has in his policy address only briefly talked about the direction in which the proposed revision will take. Details of the proposals will have to wait until a fuller account by the Governor and in this regard no further comment can be made on this issue in the meantime. In any case, ADPL would like the British side to insist on the substitution of corporate voting by individual voting in so far as the functional constituency elections are concerned. If corporate voting is not done away with, ADPL will consider going to court for a declaration that the conduct of functional constituency elections is in breach of the Bill of Rights.

Rebuilding Sino-Hong Kong relationship

The Governor has talked at length about the importance of co-operation with China. However, the policy address only mentions co-operation in the areas of exchange of technology and know-how. I believe, however, that if the personalities involved in the administration of Hong Kong affairs on both sides

are not able to establish close communication ties because of their dispute over constitutional reform then the development of a good working relationship is not going to be possible at all. Under the present circumstances, even though the two sides are able to co-operate, they will not be able to work in harmony over policy issues which are of a higher level and which are likely to have far reaching consequences. The fact is that there are a whole lot of issues waiting to be resolved, such as the airport, sewage treatment works, cross-border traffic and so on. It is stipulated in section 7 of the Memorandum of Understanding on the New Hong Kong Airport that the Director of the Hong Kong and Macau Affairs Office under the State Council of China should meet regularly with the Governor of Hong Kong. However, as a result of the constitutional dispute, such regular meetings have not been held for a long time. This certainly has an impact on co-operation between Hong Kong and China in various areas and at all levels. In this connection, we would like to see the resumption of regular meetings between the Governor of Hong Kong and the Director of the Hong Kong and Macau Affairs Office.

Economy and infrastructure

Not much coverage is devoted to the Government's economic policy in this year's policy address. However, there are many questions which are not answered. For example, I think Hong Kong people have a right to know how the Governor's Business Council is getting on with its work and what results it has achieved. I hope that the Government will make itself publicly accountable on this issue. The public should know what is going on in order to monitor the work of the Government. The reason is that there are many people who fear that the Business Council is made up of representatives of the various consortia who, instead of formulating a competition policy, which is apparently what they should be doing, are in fact more concerned with a secretive partitioning of economic interests behind closed doors.

I fully support the proposals advocated in the policy address to encourage competition and protect consumer rights. But there are still two shortcomings. First of all, the Government has not implemented any policy to combat monopoly. We are faced with a grave situation in which the major consortia are carving up spheres of dominance for themselves. We are hoping that the Government will be able to take measures to put an end to the situation as soon as possible in order to protect the rights of the consumer. For example, the Fair Trading Act of the United Kingdom may be introduced and a Takeovers and Mergers Commission and Fair Trading Commission set up in Hong Kong. Secondly, the policy address fails to mention what actions are forthcoming on the basis of the study reports recently completed by the Consumer Council. It fails to say how much clout the consumer has in terms of influencing policy decisions of the Government.

I am deeply disappointed by the fact that the Government has either not done anything about or deliberately chosen not to take notice of the widening gap between the rich and the poor. Hitherto, the Government has not sought to

use any effective taxation and economic policy to alleviate the unfair distribution of wealth in our community. It is up to the Government to come up with a positive response and give serious consideration to a policy which will alleviate the situation.

With regard to the dispute over the new airport, the Governor has failed to say explicitly what specific ways are being used to communicate with the Chinese in the talks with a view to finding an early agreement. Neither has he given the public any account of the differences between China and Britain under the existing financial arrangement as proposed. There has been no mention at all of what method has been used to collect public opinion on this issue. The policy address has nothing to say on the points which I raised just now. Hong Kong people are effectively kept in the dark. I cannot understand why the Government, which has seen fit to slightly disclose the British position to the public with regard to the constitutional reforms, cannot do the same with regard to the airport issue.

Meanwhile, both ADPL and myself are opposed to the Government's plan to build Container Terminal No. 9 at Kwai Tsing. I would consider that the accelerated development of northeast Lantau with the siting of the container terminal on the island is a far better option. The Government should not resort to using the issue of Container Terminal No. 9, a project which will make havoc of the traffic flow of Kwai Tsing, Western Kowloon and Western New Territories, as a bargaining chip in the Sino-British talks.

Failure to address the housing problem

The weakest part of the policy address relates to the housing issue. The Government has resorted to using figures to camouflage the worrying fact of the housing problem. Indeed, the predicament of the Government may be described as helpless. There are many serious aspects of the housing problem which the Government does not even have the heart to mention, for example, skyrocketing property prices, the general waiting list for public housing running to over 100 000 applicants, the plight of caged bedspace dwellers and so on.

It is mentioned in the policy address that the Lands Department will be provided with additional manpower so that the yearly production of private flats on the market will increase to 2 000. However, it is questionable whether that is an effective means to arrest the escalating trend of property prices. We would consider that the most effective way to combat spiralling property prices is to impose a short-term capital gains tax in order to directly dampen the desire to speculate in the property market. Meanwhile, the extent to which the Long Term Housing Strategy contributes to the price spiral is also an issue which should be examined. The reason is that a key shortcoming of the Long Term Housing Strategy is its failure to take the China factor into account. There are now many enterprises of China buying up property in Hong Kong. Such demand should be quantified and included in the Long Term Housing Strategy.

For otherwise, there is no way our projected housing production will be able to meet actual demand.

Meanwhile, given that under the present financial arrangement the Housing Authority has to turn over more than \$2 billion to the Government on a yearly basis, its financial position, far from strong, is in fact rather tight. I would like to urge the Government to abolish this financial arrangement so that the Housing Authority will be exempt from remitting interest and dividend to the Government and will then be in a position to plough back into the development of public housing the profits which it has made from such development. Exemption will also bring about improvement in terms of quantity of public housing production as well as quality of life for public housing residents.

I received before this Council's sitting yesterday representations from a group of petitioners who were requesting that the Government formulate a "housing law" and a "tenants charter". I have read their submissions very carefully and I tend to think that the Government should rethink its policy along these lines. I would like to express my support for the direction mapped out in the petitioners' submissions on a "housing law" and "tenants charter" and I hope that eventually every Hong Kong family will be able to have a decent place to live in.

Social welfare

I would consider, looking at the section on social welfare of the policy address, that the Government has not been able to provide for either the old or the very young who cannot fend for themselves.

Although the Governor says in his policy address that he is concerned about the problem of the aged, it would seem that his concern is rather selective. It is up to the Government to come up with a policy for the aged and conduct a comprehensive and active review at regular intervals of the way in which its policy for the aged has been formulated and is being implemented. The policy address makes particular mention of the housing problem of the elderly. However, even if the problem has been solved in quantitative terms, it does not mean that the problem has been solved entirely. The present situation is that the right of our senior citizens to choose is being ignored in terms of allocation of public housing and they are under enormous strain in their new living environment. In this regard, efforts should be made in seeking a solution to the problem of the aged to ensure that the elderly are able to live in an area which is close to their next of kin or which they have been living in for a considerable period of time. Also, the Governor should not disregard the problem of elderly residents living in public housing estates because many of the old housing estates are not equipped with elevators and access can become a big problem for their elderly tenants. In some housing estates located in Sham Shui Po and Tai Hang Tung, there are some elderly residents who have never ventured outside their flats for a whole year because they happen to live on the top floor, that is, the

eighth floor. In this regard, it is up to the Government to do something about the lack of support facilities for the elderly residents living in old housing estates.

With regard to needy children, the Government is only willing to increase the public assistance for the child by \$100. This is not only outright insulting; the money is not enough to meet the social expenses of needy children. I would suggest that both our old folks as well as youngsters need to have a proper social life. It is up to the Government to provide overall subsidy for recipients of public assistance taking part in activities organized by youth centres and elderly centres.

The setting up of a central provident fund

Lastly, on the issue of the central provident fund, I would consider that all Hong Kong people should be able to benefit from it and the Government should have a legislative, management and contributory role to play. The ADPL would like to see the benefits of the central provident fund going to every member of the community because we all should have the right to retirement protection and housewives, in particular, are making a great contribution to society because of the supporting role they play in the home. With regard to the people who through misfortune have lost their ability to work, I think society has the responsibility to alleviate their misfortune. In this connection, it is up to the Government, in upholding the principle of public justice, to make sure that the wealth of our society should be more fairly distributed. In practical terms, the Government should contribute on behalf of workers with low income and people out of work. It should also legislate to ensure that the employers also contribute towards the pension of their staff. In this way the Government will make sure that every retired person is able to draw a pension and live a decent life on his or her own with dignity. I am hoping that the Government will not further delay the project, for otherwise I think public resentment will become all the stronger. If I may sum up my comments on the policy address, I would consider that it has evaded policies which are controversial but which will nevertheless have far reaching consequences. The questions of sewage and medical charging are examples of such policy issues. Meanwhile, the proposed improvements to people's livelihood in the policy address are rather too piecemeal. There has been no major breakthrough in terms of major policy direction. In this regard, I would consider that the policy address is at best just a barely satisfactory report.

Mr President, I so submit.

MR TIMOTHY HA (in Cantonese): Mr President, one of the themes of this year's policy address is quality education. The Government will further implement its policy to improve the standard of teaching and step up its teacher recruitment plan. This is a policy direction with which I can agree. In order to achieve the goal of quality education, there is a real need for us to have a corps

of dedicated teachers. The ideal teacher is one who is not only eminently qualified but also one who is fully dedicated to the teaching profession. He or she must have both commitment and enthusiasm.

Hong Kong has been plagued in recent years by a serious brain drain in the teaching profession. The situation is particularly acute in the secondary schools. According to the findings of a survey on the numbers leaving the profession and their reasons for doing so, there were 1 106 teachers resigning between 1991 and 1992 in the 140 schools covered. The wastage rate was as high as 8%. Teachers were resigning because they wished to emigrate, switch to a different field, switch to a different school, further their studies or retire from work altogether. 17% of the teachers who resigned did so to switch to a different field. While the reasons for making the move may be idiosyncratic, it is believed that the poor image of teachers, inadequate fringe benefits, and lack of job satisfaction are some of the contributing factors.

The Government has revealed again this year that it will provide funding for the recruitment of another 800 teachers. However, it has not done anything more positive to stop the brain drain of teachers. The Government has acted like the manager of a football club who, all too conscious of the need to arrest its decline, is only concerned with stepping up recruitment of new players in an effort to reform its fighting team. It has done little to improve the morale of incumbent players. The problem is really that the new players have scarcely the time to settle in and develop a sense of belonging to the club whilst old players are already voting with their feet. I would doubt very much whether this lopsided approach is a good way to put together a really strong team of footballers, or teachers for that matter.

In this regard, it is not enough to step up the recruitment of teachers; it is also important to do something about retaining existing teachers and to develop a sense of commitment in new recruits of the profession. Something must be done to change the attitude of new recruits towards the teaching career as their second, third, or fourth option, or even a mere stepping stone. How are we going to achieve the goal of retaining existing teachers on the one hand and making new recruits feel committed to teaching and actually like taking it up as their lifelong career, on the other hand? I have the following suggestions:

(1) *Improvement of morale*

There are many people in the community, and parents particularly, who like to attribute the youth problem and slipping standards and behavioural problems of students to the schools. Teachers are not only faced with enormous work pressure. They also have to deal with the pressure coming from the community and parents. The sad reality today is that people nowadays do not have the same respect for the teaching profession as in the old days. It is not surprising therefore that many teachers are now complaining about their enormous teaching load and the lack of job satisfaction. Indeed, it is in such a social climate that there are many teachers who have thought about resigning to

switch to a new field. If we want to keep our teachers, we should first of all improve their morale. The community, and parents in particular, should give our teachers the understanding and support which they deserve. We have to make sure that the teaching profession remains to be a profession which is highly regarded by the community as a whole. This will go a long way towards helping existing teachers to become more enthusiastic about their job and in turn, more young people will be inspired to join the ranks of teachers.

(2) *Improvement of fringe benefits*

It is the responsibility of the employer to keep existing talents and recruit people who have good qualifications and can perform efficiently. In this connection, in addition to the community and parental support, it is also up to the Government as the employer behind the scenes as it were, to do something about improving the morale of teachers. It is mentioned in this year's policy address that the Governor is determined to play the role of a good employer. Although the Governor is referring here to the role of the Government *vis-a-vis* civil servants, I am nevertheless very appreciative of the will of the Government. As an employer, behind the scenes or not, the Government should not discriminate one group of employees against another. The fact is that in the aided schools which make up the vast majority of schools in Hong Kong, teachers are not receiving the same pay and fringe benefits as their counterparts teaching in government schools. In their first 10 years of service, they are only entitled to a contribution of 5% by their employers towards their provident fund, as opposed to the considerably greater 15% contribution by employers of teachers of tertiary institutions and the Vocational Training Council. They are not entitled to any medical benefits, any educational allowance for their children, or any housing benefits for that matter. If the Government is serious about becoming a good employer, it should positively rectify this unfair phenomenon. The fringe benefits of teachers should be reviewed in keeping with the principle of "equal pay for equal work". I think we should do well to think about why of all employees in the aided sector, teachers are singled out for humiliation. In terms of improving the fringe benefits for teachers, I have the following suggestions.

Firstly, insofar as the provident fund is concerned, the Government should take steps to narrow the gap gradually, in terms of employer contribution, between tertiary institutions/technical institutes and primary/secondary schools. The 5% employer contribution to provident fund in the first five years of service may, for example, be increased to 10% and the rate of contribution can thereafter be increased to 15%, beyond that five-year period.

Secondly, with regard to the housing benefits, I would consider that while the spirit of the introduction of the scheme to subsidize the housing mortgage is extremely good, its real benefits to teachers who want to buy their own homes are quite limited. They are hardly worth one quarter of the housing benefits being enjoyed by teachers in the above subsidized educational institutions. I

would consider that the provision of housing benefits may as well be administered along the lines of the Home Purchase Scheme designed for middle and low income civil servants. Subsidy is provided under that Scheme for the down payment as well as monthly repayment of the mortgage loan. Alternatively, the home purchase loan subsidy scheme provided by the Hospital Authority may also be considered. That scheme has the features of increased home loan, increased subsidy for the payment of interest, and an extended repayment period.

Thirdly, with regard to medical benefits, I think we can follow the practice of tertiary institutions and technical institutes in the administration of their medical scheme whereby the employer buys group medical insurance of all of their staff.

MR CHIM PUI-CHUNG (in Cantonese): Mr President, we have 16 Members and therefore cannot meet the quorum required under Standing Orders. Even if we include the President, there are only 17 Members here.

PRESIDENT: You have to stop while we get the quorum, Mr HA.

PRESIDENT: You can continue, Mr HA.

MR TIMOTHY HA (in Cantonese): Mr President, as we have spent some time just now, may I get back the few minutes.

PRESIDENT: Yes.

MR TIMOTHY HA (in Cantonese): I am very glad to read about the proposal in the policy address that a Language Fund will be set up to improve the standards of English and Chinese of students. However, the Government has yet to make known its specific plan regarding how the \$300 million is going to be effectively spent. It is mentioned in the policy address that the first thing which needs to be done is the improvement of the competence of language teachers themselves. I agree entirely with this approach because the ability of teachers will have direct bearing on the quality and learning of students. The question is how are we going to improve the competence of our language teachers.

(1) *Teachers of English Language*

With regard to the issue of improving the English standard of teachers of English, the existing arrangement by the Education Department of refresher courses and relevant English language teaching seminars for in-service teachers

will undoubtedly go some way towards helping some teachers of English in terms of improving the quality of their teaching. However, the fact is that there are nearly 80% of our teachers of English in secondary schools whose majors were not English. In this regard, the improvement of English language teaching cannot be accomplished in a simplistic way. It is a task which can be fraught with difficulties. The Government should not confine its efforts to strengthening and enlarging its training programmes to enable more in-service teachers to attend courses. It should also come up with ways to entice more graduates with English majors to join the teaching profession. For example, more attractive conditions of service may be offered as an incentive. Insofar as the recruitment of teachers of English is concerned, the short and middle-term solution may well be the recruitment of more expatriate teachers in order to achieve the immediate goal without expending too much effort. According to the regulations of subsidy laid down by the Education Department, each secondary school is able to hire one to two expatriate teachers. If the regulations can be relaxed so that more expatriate teachers can be hired, then the quality of English teachers will be further improved. Whether the Language Fund may be used to implement such a proposal is a matter for the Government to decide.

(2) *Teachers of Putonghua*

With regard to the improvement of Chinese language standard of students, there are some educators who advocate the prescription of Putonghua as a compulsory subject in primary and secondary school curriculum. I would consider that there are still many problems with such a move. If Putonghua is prescribed as a compulsory subject in primary and secondary school curriculum, then it will certainly result in a heavier curriculum which will add to the burden of students. The present policy of the Education Department is that schools have the discretion to teach Putonghua as a regular but optional subject or an extra-curricular subject. This arrangement has the advantage over the prescription of Putonghua as a compulsory subject in that it has greater flexibility for everybody. As a matter of fact, with Hong Kong developing ever closer ties with China, there is a greater demand for greater proficiency in Putonghua. It is quite natural under these circumstances that the schools will attach greater importance to the teaching of Putonghua in response to societal need. The Government should allow schools to have the freedom of choice in terms of deciding what is the best way to promote Putonghua, each according to their own unique circumstances. The advantage of giving the choice to schools is that pressure will be taken off the learning of Putonghua, which will no longer be a burden to the students. This is the reason why much as I am in favour of promoting Putonghua, I have reservation regarding the prescription of Putonghua as a compulsory subject.

Of the six major proposals regarding education in the policy address, only the setting up of the Language Fund and the procurement of more computers for schools are new items. The rest are not new proposals. I would welcome the proposed early implementation of the Fee Remission Scheme for

kindergarten students. However, I also feel that the limited commitment of the Government will not be quite enough to arrest the decline in quality, which has already been quite pervasive. I am even more disappointed that even now the Government is delaying the implementation of whole day schooling, and that even now no solution is in sight with regard to problem of floating class in secondary schools.

Hong Kong has been able to achieve significant economic growth. The Governor says in his policy address that, "this year, we are set to overtake Australia and Britain in terms of GDP per head". It goes without saying that our economic growth is encouraging news. However, our economic growth has not been appropriately reflected in government expenditure on education. According to the findings of a World Bank survey, for the period between 1960 and 1989, the government education expenditure to GDP ratio was 2% to 2.7% in Hong Kong, 5.2% in Singapore, and 4.9% in South Korea. Hong Kong is an international city whose economic development is heavily dependent on its manpower resources because it has no natural resources to speak of. The Government should identify education as an area which calls for long-term investment, it should significantly increase spending on education. The year 1997 should not be regarded as a barrier at which the Government should drag its feet. The Government should not sacrifice long-term education planning because of the 1997 factor. The senior officials responsible for education policy, when formulating a comprehensive and long-term education plan, should consult widely and give the matter careful consideration. It is indeed sad and deplorable that the two former Secretaries for Education were not able to stay in post for a decent length of time. Incidentally, both of them are working in the business sector after resigning their posts.

I am hoping that the Government will, for the sake of the long-term stability and prosperity of Hong Kong, make up its mind to draw up a long-term education plan. In this regard, if I am to evaluate the education content of this year's policy address, the most generous grade I can give is one of bare pass.

Mr President, these are remarks.

MR MICHAEL HO (in Cantonese): Mr President, as the representative of the medical and health functional constituency and the spokesman for the United Democrats on labour policy issues, I shall devote my speech to two subject areas, namely, the medical and health and the labour areas.

In so far as the medical and health area is concerned, the Governor has talked at length in his policy address about ways in which the various services can be improved. The series of service items enumerated, including the refurbishing of our hospitals, the shortening of waiting time, the expansion of renal dialysis programmes as well as service for the chronically ill and a hospice service for the terminally ill, is certainly good news to the extent that the various services will be improved to significant degrees. It is unfortunate,

however, that no policy direction is given following the enumeration of the items.

One would expect a policy address to elaborate clearly government policies so that the public will get to know the ways in which the Government would like to plan for the expansion of its various services and what their objectives might be. It is only when guidelines are given and the policy objectives known that the various executive departments will be able to plan for long-term development in adherence to those guidelines, until the objectives are achieved. As there are no clear policy guidelines to follow, it is likely that the various improvements will not be sustained when the exercise is over.

For example, what will follow when the \$32 million earmarked for the improvement of services for the chronically ill is eventually exhausted? To what extent are the additional provision of 135 renal dialysis places, and the provision of services for 3 900 chronically ill patients, able to provide a solution to the problems of all of our chronically ill patients? While there is no denying that the provision of additional funds is surely a positive step forward, I nevertheless tend to think that, like me, our chronically ill patients would rather appreciate a definition by the Government as to who qualifies as a chronically ill patient. It is up to the Government to clearly explain to the public what its policies are, who will be assisted under its policies, in what manner the assistance will be provided, and not least, how the expansion of these services will be comprehensively planned and implemented in different stages.

With regard to the hospice service, it is stated in the policy address that the Government will next year provide this service to another 500 patients. But what is the overall demand of these patients? I wonder if Members still recall that in the consultative document *Towards Better Health* a reference was made to the Oregon model in the United States. It is a model which provides hospice service for each and every terminally ill patient. Are we prepared to go for this goal of providing hospice for each and every one of our terminally ill patients? If that is our goal, what would be the overall demand? I am asking this question because we have to see the policy clearly spelt out, because it is only when we have such a policy can we talk about effective planning, and because it is only when we have effective planning can we talk about providing services for needy members of the public. The present position in which we find ourselves is that the proposed improvement measures have not been the product of effective overall planning and there is no policy to back them up. It is as if we are quite mindlessly buying a few new services because we suddenly realize that we have the money in our pocket and can therefore afford to do so.

With regard to the question of nurses, I have to say that I am pleased that the Governor has decided to provide funding for increased nursing degree courses and professional nursing care development. This is at least a reflection on the increased concern of the Government for the nursing profession. However, that decision by the Governor is also flawed to the extent that it is not guided by any policy either. The Government has decided to increase

160 nursing degree places but has said nothing about the existence of a policy on nursing education. It is now time for nurses to be professionally trained in degree level courses. In this connection, it is for the Government to make explicit its policy on this issue. What we would expect to see is the Government clearly setting out its policy and strategies with regard to finding a solution to the problem. We would expect the Government to tell us where the problems lie and what should be done to alleviate the shortage of nurses. We do not expect the Government to present us with a piecemeal solution. In this regard, I would like to call upon the Governor to ask the relevant departments to conduct a comprehensive review of the problems which exist in the nursing sector in the year ahead. It is hoped that in his next policy address the Governor will be able to inform us of a new policy which would put a stop to the current brain drain and produce better recruitment results. Such improvement will enable the Eastern Hospital and Tuen Mun Hospital to become fully operational.

With regard to the issue of medical funding, the level of funding received by the Hospital Authority is basically calculated on the basis of substantive staff establishments of the various hospital which it took over at its inception in 1991. The Hospital Authority is only able, on the basis of that funding level, to fill the pre-existing vacancies of those personnel of whom it is short. Since many new services will become available to the public, I want to tell the Government that the additional strain will have a great impact on the morale of medical personnel. It is up to the Government to make speedy improvement to the situation. The reason is that the morale of our medical personnel cannot be maintained indefinitely in the face of increased workload, even for the sake of reform and despite their goodwill to see reform succeed.

On the issue of fees and charges for medical treatment, the Government has said that we are faced with the twin problems of an ageing population and increasing medical cost. The Government has quite rightly made the point that Hong Kong has to spend more to deal with these two problems. I think we have no argument with this. Indeed, it is precisely because we are going to need more money that I am obliged to remind the Government that there are more services which will require greater government commitment, and there is all the more reason why the Government should not seek to recover the cost through charging the user. The escalating costs will translate into an increasing burden for the user.

Lastly, I would like to urge the Government again that it should conduct a comprehensive review of its existing policy on medical and health services, that it should give guidelines regarding the development of services, and that it should refrain from devising improvement measures on its whims.

The policy address can be said to have nothing to offer in the area of labour. Labour issues are dealt with in a few paragraphs in this year's policy address which runs to over 50 pages. Of course, it must be conceded that quantity does not necessarily mean quality. It is nevertheless evident that even

in these few paragraphs proposals with regard to finding a solution to the problems confronting our workers are conspicuous by their absence.

The section on labour in the policy address mainly focuses on industrial safety and the retraining programme. The issue of industrial safety will be dealt with at length by Mr LAU Chin-shek.

With regard to the retraining programme, I would agree strongly with the Government that the number of beneficiaries under the programme should be enlarged to include elderly workers and workers injured in industrial accidents. However, the greatest problem with the retraining programme as it stands is that there is little motivation for workers to participate. Given the fact that the Government maintains its policy to import foreign workers and that this will affect the chances of employment of retrained workers, there is no way workers' motivation will be enhanced. As the Government commits huge resources to the retraining programme we should at the same time think about a phased reduction of the number of imported foreign workers and the introduction of stricter monitoring of the labour importation scheme *per se*. It is up to us to protect the employment opportunities of our retrained workers in order to make the retraining programme effective and in this way we can find a once-and-for-all solution to the unbalanced state of our labour market as a result of economic restructuring.

It goes without saying that the delaying tactics over the issue of retirement protection evident in the policy address has all the more confirmed the public scepticism that the Government is not paying attention to the protection of workers' rights. I very much regret the Governor's attempt to mislead the public. He has seen fit to dismiss the efforts made by the various labour organizations over the last 20 years by a simple assertion that the public is still divided on the issue.

Admittedly, the Governor has not ruled out the possibility of setting up a central provident fund altogether and, indeed, he said that a formal announcement will be made towards the end of the year on the issue. However, it would appear from recent newspaper reports that government officials and the Governor himself have thrown cold water on the central provident fund. They are saying that the central provident fund may not necessarily have the support of the public and that the pensions will amount to so little anyway that they will not be enough to sustain the retirees. This is a reflection that the Government has all along never given any serious consideration to the feasibility of a central provident fund. Whereas the point was made in the consultative document last year that the management of a vast central provident fund would give rise to problems, the argument has switched this year to the meagreness of payable pensions, for the same purpose of negating the effectiveness of a central provident fund. It must be noted that the central provident fund is only a basic principle of protection for retirees. There are different possible ways to deal with problems relating to administration, rate of contribution and role of the Government. A serious and sincere attitude to take

on this issue is for the Government to first of all endorse the positive role of the central provident fund and then study the problems involved closely with a view to seeking solutions to them. For example, the Government should study the possibility of contributing on behalf of low income earners, the ways in which retirement protection can be integrated with social security, and not least, the ways in which the meagre pension payouts of contributing low income earners can be supplemented. The Government should not shirk its responsibility by coming up with all sorts of excuses, whilst paying no heed at all to public opinion. This is not the sort of attitude one would expect of a responsible government. The principle of openness, fairness and acceptability to the people of Hong Kong should apply as much to the talks on political reform as to social policies. Why does the Governor not show the same kind of "courage" in championing good social policy as he has shown in backtracking on his constitutional reform proposal. I am hoping that the Government will be able to realistically do a few good things for the people of Hong Kong.

I so submit.

DR HUANG CHEN-YA (in Cantonese): Mr President, the Governor said in his policy address that in the formulation of his policy objectives economic considerations had the pride of place. It is imperative that we should be able to maintain a sound and healthy economy.

It is regrettable that the Governor has failed to present us with any direction or strategy along which our economy will develop from a macroscopic point of view. It would seem that he has become rather complacent with one or two successes which we have been able to achieve fortunately over the past year.

Since we are living in an intensely competitive world, we should strive to make progress at all times, for failure to do so will mean that we are lagging behind. It is in many ways like sailing against the tide — we have to move forward by breaking the waves. We cannot afford to lose our head as we rejoice in our economic success; we cannot afford not to move on to achieve even more and greater successes; We should not act like the proverbial lazy hunter who, instead of going hunting, decided to bide his chance waiting under the tree for the hare to emerge from its hideout. We should not think that we will continue to solve new problems with old methods. It is imperative that we should continue to work hard to overtake our competitors and that we should continue to go for economic growth so that we will be able to take on new challenges with new strategies.

We are now faced with a new economic environment. Internally, we are going through the process of economic restructuring. Our economy is developing from one which is oriented towards manufacturing into one which is oriented towards services. Externally, regional economic blocs are being formed one after another in various parts of the world. Protectionism is being

revived and attempts made to erect obstacles again in the way of free trade. This new state of affairs means that the way ahead for Hong Kong is full of crises. Meanwhile, the trade pattern between Hong Kong and the neighbouring economies is also in the process of a major transformation. There has been increasing regional trade, which is no longer limited to merchandise, but which is also evident in the service sector. Take tourism as an example. The percentage increase of visitors from Asia to Hong Kong is far greater than that of visitors from Europe and the United States. As a result of the economic reform of China, the relationship between Hong Kong and China has become closer than ever. While this certainly has brought along many more opportunities to Hong Kong, it has also meant that Hong Kong will become all the more subject to the impact of economic fluctuations in China.

All of these widely observed changes which will bring about far reaching consequences point to the same reality. The Hong Kong Government should review the economic development strategy of Hong Kong over the middle and long term in order to make sure that we will be able to meet the new challenges in the area of trade which lie ahead. Furthermore, we should seek to identify the important role which Hong Kong is going to play in the overall economic development of China and to study the ways in which Hong Kong will be able to complement China in the process. The aim we should go for is one of making China rich and powerful at the same time as ensuring that Hong Kong will become even more successful. The Planning Department has recently published a review of the territorial development strategy of Hong Kong. We would consider that to be a very good effort made, though it is not quite enough. We believe that the Government should set up an Economic Development Commission with wide representation and charge it with the responsibility of formulating a forward-looking and comprehensive economic development policy which will take Hong Kong into the 21st century.

The United Democrats would like to take this opportunity to request the Government to plan its macroeconomic policy along the lines of promoting democracy, maintaining the rule of law, controlling inflation and enabling the people to prosper. With regard to the manufacturing sector, the Government should provide assistance in the development of new technology for the production of value added products while at the same time coping with the demands of environmental protection on industry. For the services sector, the Government should conduct as soon as possible a review of all sorts of problems which confront it and formulate strategies which will guide its development.

From a macroeconomic point of view, democracy, freedom, the rule of law, low inflation and prosperity for the common people are all of them factors which contribute to economic competitiveness. Democracy is the political condition for a market economy in which perfect competition and freedom of choice will prevail and in which good outcompetes bad. Democracy is the only way in which social conflicts can be reduced by peaceful means; it will reduce the damage of social upheaval to the economy. However, in terms of constitutional reform, the Governor has not only failed to deliver on his

promises and promote the development of democracy but actually made one big concession after another recently. Democracy is a reasonable demand of the people of Hong Kong. The people of Hong Kong compare very favourably with their counterparts in many democratic countries in terms of educational, cultural and economic achievement. Mr PATTEN should not seek to betray the legitimate rights of Hong Kong for the sake of protecting British interests. Neither should he sacrifice the long-term prosperity and stability of Hong Kong for the sake of maintaining short-lived peace. I can say categorically here that the people of Hong Kong are quite determined to strive for democracy. I demand that the Government should also strive for democracy for the people of Hong Kong with the same determination.

Hyper-inflation is another factor which adversely affects our economic competitiveness. Inflation increases the cost of production and eats into our savings. It has damaging effects on our economy as well as people's livelihood. Inflation in Hong Kong as a whole is mainly led by inflation initially in the services sector. The most effective ways to combat inflation in the services sector include the introduction of competition, the prevention of monopoly and the improvement of productivity. It is unfortunate that not much headway has been made in the introduction of competition although we have been talking about it for a year now. We believe that the Government should come up with appropriate measures in this regard as expeditiously as possible in order to put a stop to the monopoly situation. In the meantime, the skyrocketing property prices have given further impetus to inflation and it has become very difficult indeed for people to buy their own homes. Admittedly, the upward spiral of property prices has been somewhat checked by the move of banking institutions to tighten credit. That could only be a short-term measure. The property sector is an important part of the economy of Hong Kong. Neither runaway price increases nor a depressed market are in our interests. It is up to the Government to introduce a capital gains tax and increase the supply of land as a matter of great urgency so that the property market can develop in a healthy way and the people of Hong Kong can actually fulfill their desire to live secure and productive lives.

In so far as public spending is concerned, the very fact that the Government is willing to pay more attention to livelihood issues is a progress in itself. As a matter of fact, the Government should put into practice the principle of enabling the common people to enjoy prosperity. Unfortunately, the Government only sees the importance of a low tax rate which it persists in maintaining for the benefit of the business sector. In terms of people's livelihood, the Government has continued to adhere to its policy of providing relief for the poor without appreciating the importance of enabling the common people to prosper.

The misconception of the Government and the fragmentation of its economic policy have already resulted in contradictions which have arisen in terms of public finance. I would like to give a few examples of the ridiculous situation. In order to tackle the problem of serious brain drain in recent years

and to cope with the needs of future economic development, there is surely a need for us to provide training for a larger and better educated workforce. While efforts are made to meet that need, obstacles are ironically put in the way of students as the Government has seen fit to drastically increase tertiary school fees. This will not only hamstring economic development but it will actually diminish the other vital function of education of enabling upward social mobility. In this regard, the gap between the rich and the poor will not be easily narrowed.

In so far as medical and health services are concerned, the Government is inclined to introduce the principle of getting the patient to pay more. In practical terms, Hong Kong is being made to follow the American model. This will lead to a rising number of impoverished patients. It is expected that the increase of resources for public health care will be accompanied by an increase in the number of poor people which will create increasing demands on social welfare services. The result of this is the reduction of overall cost effectiveness because of the increasing costs of administration and support services. In the absence of any overall plan to improve the mix of illnesses or diseases in Hong Kong, and in the absence of any transparent market mechanism to control costs, it is expected that the medical spending will continue to rise without any improvement to public health *per se*.

Although the Government's industrial policy has been discussed by this Council on a number of occasions and requests have been made by legislators for the Government to attach great importance to the problems faced by the manufacturing and service industries of Hong Kong in the process of economic restructuring, the Governor has nevertheless made no mention of any of these in his policy address.

The continued relocation of industrial processes to China has enabled Hong Kong manufacturers to keep their costs down. However, Hong Kong cannot afford to become too dependent on the cheap labour and land of Mainland China. The reality is that the price of land and labour in the Guangdong province has already risen. Indeed, with economic development, it will not be long before the Mainland will master the skills of producing goods requiring low technological input. In this regard, Hong Kong should develop value added products and explore the commercial value of new technologies. There are many things which the Government can do to help. For example, the setting up of a data bank will enable manufacturers to establish ties with the scientific talent of the Mainland. The setting up of a public laboratory as a role model factory will likewise reduce the cost of scientific research and the time required for product development.

Whilst environmental conditions are being imposed on imports by a lot of countries, the destruction of the environment by industrial development is not considered to be any more acceptable in Hong Kong. However, our manufacturing sector is still lacking in environmental protection data and not

making quite much headway in the development of technological support in this field. In fact, the following steps should be taken by the Government.

1. It should compile an index of pollution prevention equipment and set up an environmental protection data bank.
2. It should encourage environmentally friendly industrial development.
3. It should enable manufacturers to improve their industrial sophistication in order that they can overcome the environmental conditions by moving upmarket and staying competitive.
4. It should set up an Environmental Issues Working Group within the Departments of Trade and Industry. The Working Group should be charged with the task of providing support and engaging in international negotiations. Hong Kong should strive to achieve industrial competitiveness which is in keeping with the environmental concerns while at the same time fending off attempts by the trade protectionists to put obstacles in the way of free trade on the pretext of environmental protection.

The economic restructuring which has been going on over the past 10 years has resulted in the service industry taking a leading role in the economy of Hong Kong. However, the Government has so far failed to come up with a clearly defined policy regarding our service industry; there is no direction for development. We believe that the Government should urgently conduct a review of the problems faced by the service industry and provide the necessary support in terms of trained manpower and facility.

The setting up of a Monetary Authority by the Government which has strengthened the monitoring of the banking sector and the securities sector is a measure which deserves our support. However, there are many other improvements which have to be made. There are many new financial instruments whose introduction is forestalled because of the bank interest agreement. This in turn has discouraged the further development of the financial market and has encouraged the banks to stay competitive by sacrificing their potential efficiency. The Allied Group saga reveals the extent to which there has been inadequate statutory monitoring of the practice of self dealing. Meanwhile, the small shareholders are not able to protect their legitimate interests by shareholder derivative suite. We understand, looking at the unusual fluctuations on the stock market which has become very political on a number of occasions, that there is a need for more statutory control over insider dealing. Malpractices such as these will hurt the health and reputation of Hong Kong's financial market. The United Democrats request that the Government should take a more active role in dealing with these problems. Whilst it is certainly encouraging to see new heights being achieved on the stock market recently, we should also be reminded that capital coming in and out of

Hong Kong is just as likely to cause dramatic ups and downs on the stock market and foreign exchange rates. We should be fully prepared and have a contingency plan in place. However, the service sector is not only confined to the finance industry. Communication is assuming an ever more important role in world business. Hong Kong is capable of becoming a communication centre in Asia and playing a leading role in television, broadcasting, publishing and information exchange. However, the Government does not have a clearly defined policy, let alone any plan to complement this development. The service sector is becoming more and more important to the manufacturing sector too. Product value can be enhanced by design, packaging, promotion and transportation. Is Hong Kong quite capable of meeting the daily increasing demands of China exports in terms of availability of facility, manpower and quality of service? We would like to have an answer to this question.

While we have been able to make some progress, we should by no means become complacent. In so far as trade in services is concerned, we are lagging behind Singapore, and a long, long way behind Japan. We have to work extra hard if we want to become the centre of service industries in Asia. I hope the Government will always remember that the future of Hong Kong will only be ensured if we are prepared to work very hard indeed.

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

DR LAM KUI-CHUN (in Cantonese): Mr President, the part of the policy address on patient-centred health gives me the impression that the Government recognizes where the problem lies and is determined to solve it but is at a loss to find a planned approach to tackle it radically. First of all, I would like to probe how long it takes for an out-patient to wait before he is given treatment at a specialist clinic. Currently a patient has to wait for four months on average for first consultation. What the policy address envisages as "improvement" will mean only a shortening of waiting time from four to under three months. There is no proposal however as to what specific measure will be taken to effectively shorten the waiting time. It would seem that the Administration thinks that it can let itself off the hook by exerting pressure on the Hospital Authority. It would appear that, be it before or after improvements to the waiting time, medical treatment will be available to a patient only after his illness has progressed from the incipient to the advanced stage.

A positive proposal that I would like to make to the Administration to solve this question of an unduly long waiting time is that it should seriously consider the possibility of co-operation between the private and public sectors in the provision of medical services. This concept is based on a number of practical factors: There are patients who have no money to pay for medical services and as far as the Government is concerned it has money but cannot hire enough people to provide medical services; as far as the Hospital Authority is concerned the time for treating new cases has been eroded by the everincreasing number of old cases which are crowding out new ones; there are

private practitioners all over town many of whom have time to do a bit more towards the provision of medical services. Such being the case, the natural solution would be: (1) The Government should hire at a low remuneration private practitioners, who happen to be so interested, to help out at public hospitals; (2) old specialist cases which have turned the corner should be transferred to general clinics or to interested private clinics, to lessen the burden on the specialist clinics.

As a matter of fact, many private practitioners have in recent years participated in the low-remuneration medical service which is mainly to cater for staff of large organizations. This scheme has proved to be quite a success and welcomed by the companies, the staff and the private practitioners concerned. The transfer of patients from public hospitals to private clinics has been the subject of a number of pilot schemes in the field of obstetrics. The results have been satisfactory to the hospitals, doctors and the patients. The Hong Kong Medical Association thinks that the schemes are worth promoting. A year ago I already openly elaborated on this concept which is designed to realize a threefold objective at one single stroke. I also proposed then that it should be fully implemented. If the Government is really intent on resolving the problem of an unduly long waiting time, it should not paint itself into a corner but should consider in good earnest the possibility of co-operation between the public and private providers of medical service.

The policy address mentions further training for nurses to raise the quality of nursing services and the standing of the nurses. This is precisely what the Liberal Party has been advocating as part of its platform. In this connection, there are three substantive points in our conception which we would urge the Government to consider:

- (1) With the rising demand on the quality of service provided by our medical and paramedical personnel, the role of nurses as a bridge between the doctors and the patients is becoming more and more important. To narrow the gap between the training for doctors and the training for nurses, the basic nursing training course must be elevated from the present part-time on-hospital study mode to a full-blown tertiary course level.
- (2) With medical technology ever progressing towards specialization, the specialist training for graduate nurses must be able to cope with high tech development. This kind of advanced training should be implemented on a permanent basis as on-job training and regular training in hospital.
- (3) Some experienced nurses who are minded to further their training are facing a language difficulty. Advanced nursing courses are almost all taught in English. Nurses who are accustomed to being taught in Cantonese cannot really follow. This constitutes a barrier to their further training and promotion. The Government should

consider on the one hand the English language requirement in the propagation of technological information on the international front and on the other hand consider the reality of a lowering of standard in English language common among Hong Kong students. It should formulate as soon as possible a reasonable language strategy to dovetail with the planning for further nursing training courses in the English and Chinese streams.

Last year's policy address made a number of promises. In the progress report annexed to this year's printed policy address, I have found that the first of the seven elderly health care centres promised in last year's address will not come on stream on a trial basis until next year. This pace of progress patently falls far short of the progress demanded by the public. It is evident that public response to the recent consultation document *Towards Better Health* tends to show a demand for the implementation of a healthy way of life. The primary health care service to be provided by the seven health centres will precisely meet this particular demand. As a matter of fact an organization has successfully operated on a trial basis a primary health care clinic in Wan Chai. But the demand for its service is so huge that the waiting time for first consultation is as long as one year and two months. Those who participate in the programme of a healthy way of life have demonstrated that their health has been improving in such a way as to outstrip participants of comparable health programmes. Thus the setting up of such clinics by the Government brooks no further delay. If the Government encounters any difficulty in setting up such clinics I recommend that it should attempt to run such clinics jointly with voluntary agencies. I understand that some voluntary agencies are eager to operate such clinics to save people waiting till their necks stiffen.

In the area of social welfare, it is fitting and proper to place the predicaments of the elderly among the foremost items for consideration. But I fail to see how the Government can basically solve the question of food and lodgings for the elderly both before and after 1997.

The current position is that the government allowance of \$1,550 given to old people in straitened circumstances, on top of the rent allowance, is all too insufficient to meet the living expenses of an elderly person in Hong Kong. And the Government has no way of radically solving the housing question confronting the elderly people.

There are many people in Hong Kong who are prepared to return to settle in their home country after retirement. The monthly living expenses per person in China's townships amounted in 1992 on average to RMB 152 yuans. What the Hong Kong Government should do is to remove the 180-day absence rule to enable these elderly people to qualify or continue to qualify for the grant of the meagre old age allowance after they have retired to their home country in China. Some political parties are of the view that this would mean forced exportation of old people to our neighbouring country. I would stress here that the Liberal Party respects old people's freedom of choice and is aware that most

of the retirees are living in their home country with their family and relatives. The Party believes that the Government should not deprive elderly people of their right to choose to return to their home country to spend their remaining years. Only this morning, a concern group approached OMLEGCO's Complaints Division with 1 500 signatures to demand the removal of the 180-day absence rule to enable old people to spend their remaining years peacefully in their home country. The reason why the Government is insisting on a qualifying restriction based on the number of days of absence from the territory is that Hong Kong people's money should be spent in Hong Kong. But the tens of thousands of dollars in pensions paid by the Hong Kong taxpayers to Hong Kong's retired expatriate civil servants from the United Kingdom keeps flowing to the United Kingdom to be enjoyed by retirees living there. Why is it that the meagre old age allowance cannot be enjoyed by old people who have retired to their home country in China? It can be seen from this that the current policy is based on double standards. Since the Government cannot solve the elderly people problem it must face up to reality and discuss the matter with authorities in southern China to find a solution. It should not hold on to these old people like a dog in the manger.

On constitutional reform proposals, my reaction to last year's policy address was that I deplored Governor PATTEN's ignorance of Hong Kong's reality and the mentality of the Chinese leadership: He knows too little of these. During the past year constitutional reform has stonewalled and the 14 rounds of Sino-British talks have made little progress. Governor PATTEN should have expected all this. In this year's policy address, he repeatedly seeks to lay the blame on the Chinese for failure in the talks. Reading between the lines, there is a strong hint at the barbarism, unreasonableness and bigotry of the Chinese leadership. Then at the end the Governor adds the clincher saying: "If we are not prepared to stand up for Hong Kong's way of life today, what chance of doing so tomorrow?" The Governor, in saying this, shows that deep down in his heart he has no confidence in post-1997 Hong Kong making improvements of any sort. He is still holding a confrontational attitude towards China.

I can recall that when Governor PATTEN first came to Hong Kong to take up office, he made a statement that he had no secret agenda. Looking at it again today, his claim sounded hollow and really like stating the opposite. Since 12 March this year, he has repeatedly done or said something calculated to provoke the Chinese whenever the Sino-British talks seemed to be making some headway. Examples were the gazetting of his constitutional reform proposals, the emphasis that principles can never be given up, the insistence on the through train and the statement that no agreement is better than a bad agreement. What I regret most is his timing of such provocative actions or statements, which repeatedly made the relaxed atmosphere tense again and made it more difficult for an agreement to be reached. I would not want to speculate on what his secret agenda is. If indeed there is a secret agenda, I request Governor PATTEN to disclose it to let us see whether it is fair to China and acceptable to the people of Hong Kong.

Now this time I still feel that Governor PATTEN does not understand the Hong Kong reality. The British want major changes. The Chinese want no change. The British have only slightly more than three years while the Chinese have until 2007 to make serious consideration as to change. The closer it gets to 1997 the greater the advantage will accrue to China. Governor PATTEN pins his hope on the Chinese not overturning a political system that has become established as a *fait accompli*. But he seems to have forgotten that the Chinese, after the Long March, did not hesitate to overthrow the governing regime. Now the SAR Preparatory Committee is gearing up its "two scenarios" preparations and the future political system is in the works. Now Governor PATTEN is hoping for a major change in five years and no change for the following 50 years. I do not know if I should call this mentality surrealist.

The British have insisted that the British-style through train is the wish of Hong Kong people. I believe that since time immemorial no country ever allowed another country to plant a few seeds in its political system which were calculated to overthrow the governing regime. This is a question of sovereignty and political survival. How can the British insist on having their own way?

Looking at this year's policy address as a whole, the part Governor PATTEN most warms to is constitutional reform but this is precisely the part for which there is no future. On livelihood matters, Governor PATTEN has demonstrated that he knows how to make use of Hong Kong's strong economic position to buy the hearts of the people. The policies this year that will benefit Hong Kong people are worth supporting. Unfortunately they are just a collection of quick-fix solutions. Long-term solutions are lacking. Governor PATTEN sets his sights no farther than June 1997. The time is short and the prospect of success is uncertain. If Governor PATTEN fails to get co-operation from the Chinese, will this short-sightedness of his worsen year after year from now?

This year I still deplore Governor PATTEN's ignorance of Hong Kong.

With these remarks, I support the motion.

THE PRESIDENT'S DEPUTY, MRS ELSIE TU, took the Chair.

DR CONRAD LAM (in Cantonese): Madam deputy, if the Governor feels that his policy address has been unfairly appraised, I share his feeling to a certain extent. I still remember that policy addresses in 1980s were always unanimously praised by the legislators. Though the laudation fell short of using the words such as "brilliant" or "excellent", it was already too much to those who were not used to flattery. Now, the times have changed. Praises which have originally been intended to heap on a policy address may immediately turn into accusations at the first sight of high-ranking Chinese officials' slight frowning. It is indeed difficult to administer a sunset government. Yet, the

general public are discerning. They would give their support to the Government as long as it really cares about them.

Unfortunately, in his policy address, the Governor failed to address some very important issues. The disparity between the rich and the poor is one.

In his policy address, the Governor expressed that we are set to overtake Australia and the United Kingdom in terms of GDP per head this year and we should draw level with Canada next year. He also said our real GDP growth is likely to be about 5.5% for the year. However how much of this impressive economic success can the general public share? In the past year, they worked hard and produced tens of thousands of public and private housing units. In doing so, they enabled Governor PATTEN to add an entry on his accomplishment list. They also enabled developers to make huge profits. Yet what did they get in return? Is the 30% industrial accident rate per year the answer?

Governor PATTEN flaunts the various achievements of Hong Kong. Yet he refuses to assist those who have paid a heavy price for working for the good of Hong Kong but have been denied a fair share of the success.

In 1991, the richest 20% of the people of Hong Kong took up 52.8% of the total household income in the territory. However the income of the poorest 50% of the population only accounted for 19.4% of the total household income. This situation is even worse than Taiwan in early 1960s. According to the Consumer Price Index (A) in terms of the Engel's ratio, the living standard of public assistance recipients at present has been reduced to the 1974-75 level. Alternatively, if we assess the seriousness of the problem of disparity between the rich and the poor in Hong Kong on the basis of a comparison between the assets of one-fifth each of the richest and the poorest people, the position is worse than countries like India, Indonesia, Bangladesh, Sri Lanka, Nepal and Pakistan.

A survey on the 1990 social indicators conducted by the Hong Kong Institute of Asia Pacific Studies of the Chinese University of Hong Kong revealed that as high as 65.7% of the respondents considered that unequal distribution of wealth existed in Hong Kong. A recent study by an academic of the Chinese University of Hong Kong pointed out that the impression that "Hong Kong is full of opportunities" was what members of the public subjectively felt rather than an objective fact existing in the society. The irony of the situation is that, according to the finding, the social status of one generation obviously can be passed on to the next under the education system of Hong Kong. It therefore shows that education is not a social ladder as effective as it has been generally perceived.

On the causes of the disparity, I agree to the analysis of a professor, namely: (1) the average wage increase rate far lower than the average growth rate in labour productivity; (2) the large-scale relocation of factories and plants across the border; (3) the continued low level of profits tax; (4) the surge of property prices.

However, as far as the policy address is concerned, obviously the Governor has no intention to improve the rights of the working class in terms of collective bargaining, minimum wage and central provident fund. He also has no intention to reform the taxation system. As for efforts to curb property speculation, what we have got so far is no more than posturing. No real actions have been taken. On the other hand, the Administration abuses the policy of "cost recovery" in an attempt to make the general public pay for medical services, sewage treatment and so on thereby burdening the public unnecessarily.

As for political reform, to the people of Hong Kong who are used to "kow-tow politics", the package proposed by the Governor last year was indeed refreshing. Encouraged by Mr PATTEN's proposals, some hotheads who have a deep love for democracy had seen a ray of hope and might have wrongly placed the hope for more democracy and freedom on him. As such, no matter whether or not he underestimated the strong reaction on the part of the Chinese Government, at this stage, he can never give way easily as their support has obliged him to hold fast. Any concession or complete backtracking on the part of the Governor would certainly cause many of his supporters to feel they are once again betrayed. And these people would become more cynical and they would keep their distance from politics. They would also feel helpless in their pursuit for their democratic ideal. Such consequences are sufficient to further weaken the impetus behind the development of democracy in Hong Kong. LU Xun once said, "There is no worse anguish in life than one finds no way out when one wakes up from one's dream. Those in the dreams are fortunate, but when we know that their dreams cannot come true, the most important thing is not to wake them up." That I quote this is of course not to encourage everybody here to live in dreams. What I wish to say is that a reformer, once he introduces his reforms, must be adamant and persistent in promoting them till the end. He must at least not become alienated from the people before the people alienate him.

On the issue of medical services, one wonders whether the people of Hong Kong, who have already sustained considerable injuries in the process of seeking personal wealth and pursuing freedom and democracy, can tend their wounds and convalesce at ease under the threat of "medical charges to be pegged to cost"?

The United Democrats of Hong Kong conducted an opinion poll on the Governor's policy address. One respondent said that the public clinic which she often attended tried to improve the quality of medical services by greatly reducing the number of patients treated by the doctors each day. As a result,

she sometimes failed to get a token even she queued up at about six in the morning. She asked me to put this to the Governor: whether this is what he referred to as "patient-centred health" in his policy address? This real case served as a strong accusation about, and made a mockery of, what the Administration claimed — that "no one should be denied adequate medical treatment through lack of means" and the so-called "waiver" and "safety net". When people do not even have the chance to consult a doctor, we cannot expect any improvement on services, can we? Intrinsically there is nothing new in the policy address. It only repeats the main points of the future plans of the Hospital Authority and the Department of Health. But strange enough, the Governor made no mention of the significant proposal contained in the consultation document *Towards Better Health* on the change of the charging policy of hospital services from one which only charges for the cost of catering to one in which charges are to be pegged to cost. The main reason for the Governor's deliberate omission is, perhaps, that he does not wish to have self-contradictory statements in his policy address. As a member of the public pointed out, "The Government has claimed that it would help the patients but then the patients are made to pay more. Those who go to public hospitals do so because they cannot afford to go otherwise. If they do have the necessary means, they do not need help." The Governor is always emphasizing that principle is of paramount importance when he does things and what is done must be open, fair and acceptable to the people. If the decision to be made following the consultation paper *Towards Better Health* goes against the above principle, the Governor's reputation would suffer heavily. As the head of the Civil Service, he should appreciate people's difficulties and spare no effort in formulating credible policies. Regrettably, in policy formulation, the Administration's interests always take precedence over that of the people. It was mentioned by a Councillor yesterday that the composition of the Legislative Council has a great effect on the future of Hong Kong. I share his view completely. Last week, the Liberal Party supported the Administration's proposal to charge patients. The Liberal Party strongly advocated "medical charges to be pegged to cost", "itemized charging" and "patients should pay more". This has reinforced my belief that only a legislature with all its members returned from direct elections can truly represent the people and safeguard their rights. As early as 1980s, I had urged the Administration not to play with public opinion at will especially over vital issues affecting the future of six million people. The Administration has to be aware of and respect the wishes of the people of Hong Kong. The people of Hong Kong are already impatient with the slow progress of the Sino-British talks on the political development of Hong Kong and annoyed at their passing the buck to each other. Here, I must urge the Administration to hold a referendum if and when an agreement cannot be reached between the two sides. It must not evade its responsibility on the pretext of technical problems. The people of Hong Kong are entitled to determine their own future.

Recently, some problems in the medical service system have come to the surface which warrant the attention of the Administration. These are: (1) a 30% increase in the charges of some private hospitals in a year; (2) the trend

that the Hospital Authority may have excessive power. The chairmanship of hospital governing committees of nearly all former major government hospitals has been taken up by members of the Executive Committee of the Hospital Authority. Its power has been extended from the centre to the districts. And it has brought everything under its jurisdiction. On the other hand, it refuses to make public its meetings and the lack of transparency on that front is even worse than the Housing Authority which is notorious for its bureaucracy. Of late, the Hospital Authority goes as far as to propose that patients can purchase, through agents, and on contract terms, services from public hospitals. In its reply, the Administration, to allay the public's worry, must clarify in clear terms whether or not it is its intention to sell public medical services.

Lastly, I appeal to the Administration for taking all necessary measures to control medical costs.

PRESIDENT'S DEPUTY: The President has given permission for Mr Fred LI to speak next. Mr Fred LI.

MR FRED LI (in Cantonese): Madam deputy, Meeting Point and I are disappointed with the Governor's second policy address. There is no substantive explanation on constitutional development and the electoral arrangements. Nor is there any praiseworthy measure or breakthrough on matters relating to people's livelihood. My speech will be in four parts. As regards the other two Members from Meeting Point, Mr WONG Wai-yin will speak on security, the traffic situation, welfare for elderly people and housing matters, and Mr TIK Chi-yuen will speak on education, medical service and retirement protection. The first part of my speech will be on the reform of the political system.

A. *Political system*

The current discussion of the constitutional development of Hong Kong is centred on the electoral arrangements for the 1994-95 elections. These electoral arrangements are part of the overall development of our political system, and democracy and convergence must be given equal weight throughout the development process. But the most important thing is to have convergence on the basis of democracy and public consensus. Therefore, the electoral arrangements must conform with the following principles:

- (1) To broaden as much as possible the electoral base for the Legislative Council Elections (including the geographically based election, the functional constituency election and the election of the Election Committee), such that more people can vote in the elections.
- (2) All voters should have equal voting rights.

- (3) The form of election should be fair and open.
- (4) The mode of election should be simple and practical.

The policy address has revealed that during the Sino-British talks the British side amended the package of political reforms proposed last year. In particular, the size of the electorate for the nine new functional constituencies has been reduced by two-thirds. Such an amendment has not only failed to address the original package's shortcoming of not providing for an extensive electoral base, it is even "retrogressive". In these circumstances doubt naturally arises that the so-called three principles of "fairness, openness and acceptability to the people of Hong Kong" are only tactics the content of which can be changed any time to facilitate manoeuvring during the negotiation process.

The 1995 elections can be regarded as a problem of the transition period which involves the political system of Hong Kong under the British rule. It also concerns the transition of the political system in 1997 and the convergence with the Basic Law. Therefore, Meeting Point is supportive of sincere negotiation between the Chinese and British Governments, but is opposed to any secret deal between the two sides and the disregard of the views of the Hong Kong people, because to 1995 elections will have a very important bearing on the democratization of Hong Kong.

As regards the deadline for the talks, we should consider it in terms of a "technical countdown". In fact, the electoral arrangements for the 1994-95 elections must be put through the legislative process, which will require a definite amount of time. Therefore, the talks cannot continue indefinitely. That will only create long-term political uncertainty.

B. *The competition policy*

In respect of the formulation of a competition policy and measures for the protection of consumers' interests as described in the policy address, we have the following views:

- (1) Although the policy address has mentioned that the Administration intends to formulate a competition policy, from what we can observe, the Administration does not have a sense of direction or a specific concept about such a policy.
- (2) It has also been mentioned that last year the Consumer Council has conducted market fair trading studies on the individual industries, the result of which will become the basis for the formulation of a competition policy, and the relevant departments or policy branches will propose a policy six months after the completion of the reports on individual industries. However, the Secretary for Trade and Industry has told Members of this Council that due to the divided views of this Council on the introduction of a Fair Trading

Ordinance, the Administration will not decide on this matter in the near future. Therefore, I wonder how the Administration can fairly formulate substantive measures to bring about a competition policy for individual industries before objective criteria are in place as to what fair trading and market monopoly are and what amounts to a detriment to consumers' interests.

- (3) There is a suspicion of conflict of interests for the Business Council, the members of which are mainly from large corporations, to study and formulate a competition policy.
- (4) The implementation of the policy requires an effective enforcement agency. The policy address is silent on this point. In the absence of a substantive policy and an enforcement agency responsible for co-ordinating the relevant duties, the effectiveness of the measures encouraging competition will be greatly undermined.
- (5) Natural monopoly may arise in some of the public utilities which require large investment and a period of time before there is profit return. In these circumstances, appropriate monitoring measures should be formulated. The policy address has mentioned that these corporations should disclose more information, but the Administration currently has no objective standards for the monitoring of public utilities, and has not been able to keep abreast with economic and social changes. Therefore, we think that the relevant policy needs urgent review and improvement.
- (6) The four Ordinances on commodity and product safety and protection of consumers' interests in the context of transactions, which have undoubtedly provided considerable protection to consumers' interests, are worthy of our support. But these Ordinances were in fact enacted according to the proposal in the 1990 report of the Law Reform Commission. Such a progress is not satisfactory as it has taken three years to draft the relevant Bills. We hope that after the consultation exercise is completed the Administration can submit the relevant Bill to this Council as soon as possible such that it can be examined and passed into law.
- (7) We welcome the commitment expressly stated in the policy address to grant \$11 million to establish a Consumer Representative Action Fund. We hope that the relevant study can be completed earlier such that the Fund can be made available to the public.

C. Social welfare

Although the part on social welfare in the policy address has emphasized the improvement of the family, it has totally neglected the care for single-parent families. As the divorce and separation rates in Hong Kong increase

continuously, the number of single-parent families also increases at the same pace. The parents of such families have to face not only the problem of income, but also other problems like domestic duties, the pressure and conflict coming from the working environment, accommodation and insufficiency in child care service. The Administration and society have not properly addressed this problem, and the mothers of these families are even subject to various kinds of discrimination. Therefore, we urge that the Administration should conduct a comprehensive and in-depth study on single-parent families and formulate a policy for this problem.

As far as the services for the handicapped people are concerned, the policy address has not proposed an immediate solution, especially to the serious shortage of places in sheltered workshops and hostels for the moderately and severely mentally handicapped people. This has aroused the suspicion of whether the Governor can keep his promise of realizing all the main targets for rehabilitation services by 1997.

We propose that this Council should set up a working group as soon as possible to assist and monitor the formulation of the law on anti-discrimination so as to rectify society's discrimination against the handicapped people.

D. *Civil servants*

As regards the Civil Service, the policy address has mentioned that the Administration will use \$7 billion to set up a pension reserve fund.

The reason for setting up the fund is that civil servants are afraid of possible changes to the pension policy by the SAR Government or are worried that economic or financial changes may affect the SAR Government's ability in paying pension. From the economic or financial point of view, the establishment of the fund should have the effect of allaying the civil servants' anxiety. Therefore, we support the setting up of the fund, but we also propose that the fund can become a new financial instrument instead just being a figure listed on the relevant account which will be meaningless.

From a systemic point of view, the pension arrangements operate as a retirement fund system which can offer good income security. But we have discovered that an increasing number of those who have joined the Civil Service do not regard their career in the Government as a life-long one. I believe that many young civil servants would prefer a retirement protection system with less restriction like a provident fund system. In view of the current changes, it is in the long term worthwhile to examine whether the existing pension system should continue to be used as the retirement protection system for the civil servants.

Meeting Point takes exception to the recent arrangement for expatriate civil servants on overseas contract terms to convert to local terms. Such an

arrangement has disregarded the impact on the localization policy as applied to the Civil Service.

Set against the background of the decolonization process for Hong Kong, the localization policy aims to promote local Chinese officers to the various top levels of the Civil Service. If an expatriate officer has become a civil servant on permanent and pensionable terms, his employment should of course be protected. But as for officers on overseas contract terms, if their continued employment will hinder the promotion of local Chinese officers, then either that their contracts should not be renewed or that they should be transferred to other posts which will not cause hindrance to the localization process. Therefore, I have found the new conversion arrangement unacceptable. I urge the Administration to defer the implementation of the relevant measures and put the policy concerned to this Council for debate.

Madam deputy, because of our disappointment with the contents of the policy address, the four Members from Meeting Point will abstain from voting on the motion.

MR LAU CHIN-SHEK (in Cantonese): Madam deputy, what kind of a policy address do employees wish very much to see? I believe it is the kind that sketches an ideal "labour policy picture". What then is the ideal picture employees wish to see? I believe every employee wishes to have a suitable job with labour relations built on dignity and equality so that he may go to work happily and return home safe and sound every day, and a really comfortable life after retirement.

The Governor's policy address did not start from a true understanding of the predicaments of employees, thus failing to prescribe the right remedy and to paint a picture that will be applauded by employees. Regrettably, this year's policy address has disappointed many an employee. However rosy the Governor depicted Hong Kong's economic picture, I do not think he could turn a blind eye to the demands of employees and the various difficulties they are facing currently. Today, I intend to describe the "labour policy picture" that employees in Hong Kong would wish to see, hoping that the Governor would drop his one-sided view as to labour policy.

At present, many employees are faced with problems in even the most basic area of job security. The continuing industrial transformation, relocation out of Hong Kong of production processes and service departments of companies, and the scheme of importation of foreign labour are posing serious challenges to the job and livelihood of many employees. All these are questions that the Government should address.

While the intention of the retraining scheme may have been good, its significance is obviously suspect if we cannot find suitable and stable jobs for the retrained workers however numerous the retraining courses and however

vast the scheme's coverage. I think that the biggest obstacle to the success of the employees retraining scheme at present is the scheme of importation of foreign labour. Therefore, I stress again that the Government should discontinue this policy of importing foreign labour which is breaking the "rice bowls" of workers and hindering their switching to other trades.

Having had a secure job, employees will of course hope that their relations with employers can be built on an equal and reasonable basis. The Cathay Pacific industrial dispute early this year has revealed that labour relations in Hong Kong are built on an entirely unequal basis where workers' right to strike is not protected and the collective bargaining by trade unions not recognized. The Government must make improvements in these areas.

The Government did undertake to review such questions as the right to strike and collective bargaining by trade unions. But the greater part of the year has already passed, and there is still no result coming out of the said review. Moreover, the Governor made no mention in his policy address of proposals on how to promote equal labour relations. I hope the Government will as quickly as possible disclose the review results to the public and this Council to give us the opportunity to examine the same and propose effective improvements in order that genuine equal and harmonious labour relations be established.

Recently, the Government submitted to this Council an amendment Bill to the Factories and Industrial Undertakings Ordinance, proposing a significant increase of the maximum fine for industrial safety-related offences. However, given that most of the existing fines were legislated for in 1981 and that there has not been any increase over the last 10 years or more, the latest proposed increase will at its best be making up for inflation during the past decade. Meanwhile, the most disappointing aspect is that the annual number of prosecutions stands at a little over 2 000 only. Compared with some 100 000 industrial accidents resulting in fatalities or injuries each year, this figure is obviously too small. And a bigger problem at present is that the average fine in the case of successful prosecutions ranges from \$4,000 to \$5,000 only, far below the maximum fine. The deterrent effect of the Ordinance is therefore undermined. In fact, many construction site contractors have scant respect for the Ordinance and prefer paying fines to enhancing safety at construction sites and slowing down works progress.

An effective solution to the problem in fact lies in formulating stricter safety requirements for operators of industrial undertakings and construction sites, increasing the manpower for enforcement and stepping up prosecutions. The Government therefore needs to further strengthen its efforts.

I agree to the Governor's remark in the policy address that "The primary responsibility for preventing accidents lies with employers, contractors and workers." I was therefore very surprised at the Governor's failure to put forward any proposal to set up Construction Sites Safety Committee and

Factories Safety Committee comprising representatives from employers and employees. As "everyone has a part in industrial safety", improvement to industrial safety cannot rely on increasing the number of safety officers alone. Safety committees with participation by worker's representatives should be set up as soon as possible. The Labour Department said recently that it would consider making it a compulsory requirement for factories and construction sites with more than 50 workers to set up safety committees. I think that the Government should implement this proposal immediately, instead of making delays on grounds of consultation.

The implementation of a complete and comprehensive retirement protection scheme is naturally the primary demand of the labour sector. I have to reiterate that this demand was in fact already made more than 20 years ago. The many young workers who had contributed with blood and sweat to the economic growth of the territory during the 1950s and 1960s are exactly the group of people who need retirement protection now and who have not had any response from the Government so far.

If we say, on this question of whether or not Hong Kong should implement a retirement protection scheme, that the Government has been dithering at a "crossroads" over the last 20 years without a clear sense of direction, then the Executive Council deciding at the end of 1991 to implement a community-wide retirement protection scheme, would it not be true to say that we have moved from the "crossroads" onto a "highway" and are headed for the finishing line?

Once I thought the Government had found a clear direction after years of study, a public consultation exercise and categorical support from the community and colleagues of this Council for the setting up of a Central Provident Fund scheme. I therefore thought that this year's policy address should have carried the message that we have finally reached the "finish". But the policy address told the public that the Government is returning from the "highway" to the "crossroads" and needs time still to examine again how to follow this "course" and that we might be "back to the start".

I have no idea what the real intention of the Government is. But the latest dubious attitude of the Governor and Education and Manpower Branch officials towards retirement protection and central provident fund is such that people cannot help suspecting the Government's sincerity in resolving the question of protection for employees. The Secretary for Education and Manpower indicated that the eventual protection for employees might be minimal and might even result in a situation where "all people pay a tax" if the contributions under a centralized retirement protection scheme were administered by the Government. Of course, just as the labour sector has pointed out, there are deficiencies with a retirement protection scheme which relies solely on contributions from employers and employees. Therefore in implementing a central provident fund scheme, the Government should also examine how to implement the proposal for a "universal retirement protection" scheme. But it

is most intriguing as to why a contributory central provident fund could be construed as a scheme whereby "all people pay a tax"? If that is the case, are people "playing taxes in disguise" when they deposit savings with banks? Would banks like the Hongkong and Shanghai Bank, Hang Seng Bank, Bank of East Asia and so on become the Inland Revenue Department? Would our honourable colleague Mr David LI become "Director LI" of the "East Asia Inland Revenue Department"? Would the Honourable Vincent CHENG become an adviser to the Hongkong and Shanghai Inland Revenue Department? Why must the Government mislead the public when the benefit accruing to an employee will be over 10% under a central provident fund to which he has been contributing 5% and his employer not less than 5%?

Madam deputy, the question is crystal clear. The implementation of a central provident fund type retirement protection scheme is the consensus among most colleagues of the Council and the public. Should there be any difference of opinion in society with regard to the implementation of a retirement protection scheme, such difference would obviously be between the Government and the public. It is the Government who is determined to take a stand against the public.

I have reiterated that there is no "turning back" for the Government on the question of retirement protection. A retirement protection scheme is long overdue and it is better to have less contributory benefits than none at all. "A secure livelihood in one's old age" is undoubtedly the wish of all Hong Kong people. But how otherwise can we secure a "comfortable retirement" for those employees who laboured for the prosperity of Hong Kong years ago than with financial protection?

Madam deputy, I so submit.

MISS EMILY LAU (in Cantonese): Madam deputy, my most critical comment about the Governor's policy address this year — a similar comment indeed has been made by some of my colleagues — is that it is very myopic and short of any long-term plans at all. I believe that a government's failure to make long-term arrangements will be a very big problem in any society. Of course, some will immediately counter by pointing out that this is a sunset government or a lame-duck government. They may even say, as the Chinese Government has said, that the Hong Kong Government will probably soon become a "legless duck" government. And what can the public expect from such a government? In fact, in the policy address, the only thing that straddles 1997 is the Governor's proposal of a task force to be set up in the hope that it will clean up the New Territories over the next decade and take action against the haphazard conversion of farmland into storage and dumping sites. I hear that the Governor is sometimes very upset when somebody said to him, "You have taken so many initiatives. However, you surely will leave Hong Kong in 1997 and will no longer be here. This being so, you should not have initiated so many measures." He confessed, "I will leave whether I initiate anything or not. This

is a matter of reality." What right does the Government — a government that is bound to be replaced — have to talk about post-1997 concerns and arrangements?

Actually, the most important thing is whether those people of Hong Kong who will remain here after 1997 will have any chance to form a government on their own. To achieve this, pertinent proposals should be put forth now, and a long-term plan laid down. It is to be hoped that the Government to be formed will continue to have the support of the people of Hong Kong after 1997 and, as a government elected by the people of Hong Kong, will continue to carry out policies made before 1997. I believe that this, and nothing else, is most important and is central to the current Sino-British talks.

The other day, we met members of the Foreign Affairs Committee of the British Parliament. We said at the time that our biggest problem with the Sino-British talks was the fact that the people of Hong Kong were completely kept in the dark, nor could they participate in the talks in any way. It is hard to believe that up to now, the elected representatives of the people of Hong Kong still have no way of finding out what is going on when Hong Kong's sovereignty will be returned to China under a communist regime in less than four years. The disgracefully secret talks are continuing. The clear and iron-clad truth, I think, is that the elected representatives of the people of Hong Kong are being denied their right to participate in the decision-making process concerning our future. However, it appears that some people are ignorant about this. I recently read former British Prime Minister Lady Margaret THATCHER's memoirs *Downing Street Years*, in which she recalled the 1982-1984 Sino-British talks. She said that every time when the British Government intended to make concessions to the Chinese Government, she would consult the representatives of the people of Hong Kong first. Reading these words made me jump in surprise. Did the people of Hong Kong have "representatives"? Who might they be? Then I found that she was referring to Members of the Executive Council. I was shocked. How could she be so ignorant! I feel that her words are a great insult to the people of Hong Kong, for certainly no Member of the Executive Council then or now would presume to call himself or herself a representative of the people of Hong Kong. They might be able to say that they tried to echo the sentiments of the people of Hong Kong, but they were absolutely unqualified to say that they represented the people of Hong Kong. I do not understand how a British Prime Minister, the same who single-handedly decided our future for us, could be so ignorant? I feel that this is an insult to the intelligence of the people of Hong Kong. Our present Governor, I believe, certainly will not say such stupid things.

A disturbing possibility now facing the people of Hong Kong is that the talks may break down. However, I believe that my colleagues and many members of the public in Hong Kong are psychologically prepared for such an eventuality. The positions of the Chinese and the British Governments are poles apart. There is no likelihood that their differences could be narrowed. And the talks are bound to break down. The people of Hong Kong have waited too long.

We hope that the Chinese and the British Governments will stop wasting any more of our time. I hope that the Governor will quickly table a package in the form of a bill at this Council. I represent The United Front for Direct Elections in 1995. Surely I want to see all seats directly elected in Hong Kong in 1995, if not sooner. I also hope that the future Governors of Hong Kong will be directly elected. So, when the bill is tabled at this Council, I certainly intend to move an amendment to express my hope that all 60 seats of the Legislative Council will be directly elected in 1995. When that time comes, I hope that all my colleagues will support me, particularly those from the United Democrats of Hong Kong and the other self-styled democrats.

Mr Peter WONG from the Liberal Party said a moment ago that we must not bargain for democracy by paying "too high a price". What "high" is "high"? What is "low," for that matter? Different people and different political parties interpret these words differently. I feel that the matter should eventually be left to the people of Hong Kong for a decision. I personally support a referendum. I hope that many of my colleagues will also support such an idea. I believe that, if a referendum is proposed, over 95% of the people of Hong Kong — regardless of political persuasion — will accept and support it.

Dr LAM Kui-chun said a moment ago, "Initiating democracy in Hong Kong is like asking the Chinese Government to let Hong Kong sow the seed for the overthrow of the communist regime." I wonder what he was driving at with such a far-fetched remark. I think that his remark is very provocative. Such a remark should not be made in the first place when things are now so difficult between China and the United Kingdom. What kind of seed is it, may I ask, for the overthrow of the Chinese Communist Party? I fail to see that there are people in this Council or outside Hong Kong who are talking all the time about overthrowing the Chinese Communist Party. Why say such inflammatory words at this time?

Democratic development aside, I believe that the Chinese and the British Governments are also well aware that many people in Hong Kong are very worried because the Sino-British Joint Liaison Group is not making any progress in its work. But what is worse is that we the people of Hong Kong have no idea at all about what is going on. The two Governments will disclose a little bit of information as fancy takes them. A case in point is the recent disclosure that there are several hundred Ordinances pending amendment; that several hundred British statutes are yet to be adapted; and that many agreements — multilateral and bilateral international agreements — are yet to be renegotiated. What else is there? How are the Ordinances to be amended? How are they to be brought in line with the Basic Law? At what time will Hong Kong be allowed to take a direct part in such matters? I hope that the Government will let us have the answers in no uncertain terms in its reply. I also hope that this Council's constitutional development panel will be given regular briefings by the Government on the progress of the Group's work.

Concerning livelihood matters, the Government is very fortunate indeed in that, compared with the governments of other countries, it has a lot of money to spend. I believe that many other governments are envious or jealous. I support the various improvement measures put forward by the Governor, for instance, the improvements in the health care area. However, I feel — and I have said so to the Governor as well as the Financial Secretary in person — that the most important matter is housing. I believe that the housing problem is more pressing than any other problems. This is why I agree with the points made a moment ago by Mrs Elsie TU and Mr Frederick FUNG. I am very disappointed at what the Governor says in his policy address about housing, particularly public housing. We know that there are still tens of thousands of families on the Waiting List. But the Governor merely talks about clearing temporary housing areas before 1997. This is not enough. I expect, in its reply, the Government would let us have some substantive answers and give some hope to the more than 100 000 applicants on the Waiting List. I also expect the new chairman of the Housing Authority to come up with better and faster solutions for the problem.

So much about housing. Another matter that greatly perplexes me is the compulsory retirement protection scheme. I agree with Mr Marvin CHEUNG, who said a moment ago, that this "has dragged on for about 30 years". I am disappointed at the Governor's failure to make use of the occasion of the policy address to put forth a solution. Must there be a Central Provident Fund (CPF)? Will private compulsory retirement protection be preferable? Indeed, different people see different answers. There is disagreement even among my own constituents and my supporters. However, it is a decision that the Government must make, no matter how difficult it may be. As Professor Nelson CHOW of the University of Hong Kong put it recently, it might take five years' preparations for the establishment of a CPF. He therefore found that a compulsory retirement protection scheme, if set up sooner, would also be acceptable. I have great respect for Professor CHOW. Time is indeed running out for a government that has only less than four years left to run Hong Kong. If we spend many more years weighing CPF, will there perhaps be no result to show by the time the British withdraw from Hong Kong? If that is the case, I would rather see the authorities act expeditiously to implement compulsory retirement protection under a waterproof supervision system. This will be acceptable as far as I am concerned.

I would like also to talk about the Government's proposal to inject \$7 billion into a Pension Fund for civil servants. Civil servants account for only 5% of Hong Kong's working population, but the Government is treating them so well. In contrast, we see that blue-collar workers, who account for 65% of the working population, have been offered nothing at all. This being so, how can Members persuade themselves to support a request to appropriate \$7 billion for the purpose as proposed? I also agree with many of the other things that Mr Marvin CHEUNG said a moment ago in this area. I myself once put the question to the Government: How is this Pension Fund to be managed? Should the money be deposited in Hong Kong or in foreign countries? I believe

that, if these questions are not answered satisfactorily, it will be very difficult for me to support this Pension Fund.

I am also greatly disappointed at something else in the policy address. It has to do with human rights and freedoms. To many people in Hong Kong, human rights and freedoms are very important. But let us look at the policy address. It does not even have a heading for this important matter. It only has an "Against Discrimination" sub-heading, under which two short paragraphs mention human rights and freedoms. The Governor, I believe, is probably very wary about touching human rights, which he considers to be very sensitive matters. But he should have realized that, to my colleagues and to many people, human rights is a very important issue. Therefore, I wish that the Governor would have been more courageous and made more mentions of human rights and freedoms. Now Mr SUEN is asked to take responsibility for human rights issues. I hope that he would try his best to promote human rights in Hong Kong so that we can be reassured that the Government has genuine respect for human rights and freedoms. There is one point that I wish to make in particular, and it is of course the freedom of the press. As one who has done journalistic work for 15 years, I know very well that Hong Kong's journalists, in trying to uphold the freedom of the press, are facing pressures and challenges from all quarters; they are greatly distressed. The XI Yang incident has greatly worried Hong Kong's journalists. That was why the Government said, in answering my question yesterday, that they would explain the implications clearly to the Chinese Government. As a matter of fact, a Hong Kong reporter covering news events in China is totally at a loss as to what he can do and what he cannot do. The consequences of not knowing the right answer can be very serious. Mr President, you may be aware that some Chinese journalists have been sentenced to life imprisonment for leaking information. Some Hong Kong reporters, too, have been arrested in China. I therefore say that the Hong Kong press as a whole is in a difficult situation. We hope that the Government will introduce legislation expeditiously concerning the freedom of the press. Hong Kong should legislate its own official secrets statute. We must not continue to rely on the British statute as it will become invalid after 1997. In 1997, if Hong Kong still does not have a necessary statute of its own when the British Official Secrets Act will have stopped to apply, we will have to apply Chinese law. We do not want this to happen. I believe that such a prospect is very disturbing. As a related matter, the Government is opposed to the legislation of freedom of information. And I believe that we may not be able to persuade the Government to do the necessary things in the near future. Still, even without a freedom of information law, I must at this time urge the Government to make the entire system more open. I must do so because many members of the public — journalists or not — have tried to obtain information from the Government but found this very difficult to do. I further hope that government officials will accept our invitation soon and come to attend meetings of our information policy panel and explain to the public about what channels are available if they want to obtain information from the Government.

I would also like to mention the nationality issue. I very much agree with Dr LEONG Che-hung's statement that the British Government has a moral obligation towards the more than three million British Dependent Territory citizens in Hong Kong. I am sure people will not forget this issue. I will keep raising it. The British Government is really very stingy. It refuses even to issue a few dozen passports to widows and orphans of veterans and a few thousand passports to members of ethnic minorities. This is already making my colleagues furious. For my own part, I am considering moving a motion on a vote of no confidence in the British Government. On the nationality issue, I personally feel that the United Kingdom's attitude is very disgraceful.

Lastly, I would like to turn to environmental protection. I personally feel that environmental protection is very important. I am very glad to see that the Secretary for Planning, Environment and Lands is here with us. I hope that he will take the necessary measures to impose heavier penalties on offenders against environmental protection law. My colleagues and I feel that, unless heavier penalties are imposed to frighten people out of polluting the environment, many will not treat our statutes seriously. The court may impose a light penalty if it chooses to do so, but my colleagues and I will make law to raise the penalties, to the extent of making penal punishment compulsory for offenders, who, it is hoped, will then understand the importance of environmental protection.

With these remarks, I support the motion.

THE PRESIDENT resumed the Chair.

MR LEE WING-TAT (in Cantonese): Mr President, in his policy address this year, the Governor said, "The Housing Authority has actually beaten the targets I set out in last year's address by producing an average of 140 units per day against the objective of 100." I pointed out immediately that the figure was misleading; it misled the public into believing that the Housing Authority had increased the output of public sector housing. Sure enough, the Director of Housing and the Chairman of the Housing Authority have since said on separate occasions that the Housing Authority will continue to proceed with housing production in accordance with the Long Term Housing Strategy and that there is no increase in the output of housing. They have gone on to say that the production rate of 140 units per day was the average for the high-output period from November 1992 to July 1993, after which the production rate has fallen back to the low level of about 100 units a day.

Perhaps some will ask: Why waste breath on a mere difference of 40 units a day? Well, if we keep our heads clear, we will find that 40 more units a day equal 14 600 more units a year, a number which exceeds the number of public housing units allocated during 1991-92 to applicants on the Waiting

List. We still have 120 000 families on this Waiting List. We can well imagine how tight public housing supply is.

I must say thanks to Mr EASON, the Secretary for Planning, Environment and Lands, who wrote to me last week and took the initiative to provide me with the latest housing construction statistics. For the four financial years from 1994-95 to 1997-98, the average number of units to be completed per day will be only 93, yes, 93 and not 140. I believe that social problems due to insufficient housing are a major difficulty that will confront the Government of the Special Administrative Region.

While thanking Mr EASON, I must also point out that there are serious differences between the two of us. In June 1993, I moved a motion on an increase in land supply. The motion was unanimously passed by unofficial Members. But Mr EASON opposed it, on the ground that "land availability is like the rising sun; the problem of short supply does not exist." However, the Housing Authority has now confirmed that land shortage is one of the major difficulties in carrying out the Long Term Housing Strategy. The Chairman of the Housing Authority has said that it is quite necessary for the Government to promise to make more land available for meeting the growing housing needs of elderly people. True, an increase in land availability for housing construction at this time will be too late to satisfy the most pressing needs. Still, I hope that the Government will not be myopic and will not disregard the several hundred thousand people who are living in high-rent flats owned by private landlords or those who are living in bedspace apartments, squatter huts or temporary housing areas.

Mr President, informed sources in the Housing Authority have recently disclosed to the media that the Housing Authority is considering putting another type (Type II) of Home Ownership Scheme (HOS) housing, a less expensive type of the HOS housing, on the market. Among the roughly 30 000 units produced each year, the ratio of the HOS housing to public rental housing is about 1 to 1. With the introduction of Type II HOS housing, the number of public rental housing units will decline sharply. The waiting period will get longer for the families on the Waiting List, particularly for those with lower income. I think that doing anything at this time to encourage home purchases by sitting tenants of the public housing estates and by people on the Waiting List is like gilding the lily. It is something that can wait. What cannot wait is to give timely relief to the needy and to solve the problem for the destitute families on the Waiting List. This is the reason why the United Democrats of Hong Kong (UDHK) are opposed to the idea of putting Type II HOS housing on the market. If the Government wants public housing tenants to become home-owners, why then does it not make a new plan to sell the HOS housing at even more attractive prices? Mr President, we have consistently been advocating increased housing construction, but the Governor has so far given no positive response. What is really quite surprising is that, according to Mrs Margaret THATCHER's memoirs, Mr Chris PATTEN, when he was Britain's Minister for Environment, favoured increased public housing construction, an idea that was inconsistent

with Mrs THATCHER's privatization policy. So the two started a war of words between them, according to the memoirs. When Mr PATTEN was still in Britain, he was a Member of Parliament who cared for the people and who wanted the government to provide more benefits. Why has he, since coming to Hong Kong, turned into a governor who disregards the sufferings of the people? Are we to assume that the Governor has changed course, has turned from a Tory left-winger into a right-winger and capitulated to Mrs THATCHER? The Housing Authority is planning to carry out a series of privatization reforms. This is a test for the Governor. Does he really take the side of the people's well-being?

Mr President, the Governor made a suggestion in his policy address this year, asking the Chairman of the Housing Authority to consider making a greater commitment to public housing estates' repairs, maintenance, security and management. On this point, the UDHK have been more prophetic than the Governor. In June 1993, through the Rev FUNG Chi-wood, we moved a motion at this Council, urging the Housing Authority to make improvements in the above areas. Regrettably, however, Mr EASON, the Secretary for Planning, Environment and Lands, opposed the motion. The Housing Authority, too, said that the public housing estates had no security or management problems, so major improvements were not needed. They went on to accuse UDHK of politicizing the issue and putting on a show.

If Mr EASON and the Housing Authority now think that the Governor is right to make the suggestion about improving the public housing estates' security and management, then what is clear is that their criticism of, and opposition to, the Rev FUNG's motion in June-July were mindless, irrational and irresponsible. They picked on persons but did not deal with the facts. The Governor has now made his suggestion and the relevant authorities are rushing to take action on it, the action that they did not take on the Rev FUNG's suggestion. Why? The relevant authorities should give a public explanation: Why did they pick on persons but not deal with the facts? The truth is that poor management and poor security are very serious problems in the public housing estates. This is very clear to Members who pay frequent visits to local communities (unlike the Governor or the Chairman of the Housing Authority, who only make publicized inspection tours). I do not intend to speculate on the Governor's motives in making the suggestion. I merely urge Mr EASON and the Housing Authority to take positive steps to correct their heretofore mistaken position in the above areas and to enable quick improvements to be made in the management and the security of the public housing estates in order that the residents can live in peace.

Mr President, a loan scheme was put forth two months ago to help the sandwich class to purchase homes. The response has not been satisfactory. This shows that the prices of properties are too high. The low-interest loan to a member of the sandwich class is enough only to meet the down-payment on a flat. The monthly payment will still be a heavy burden. Such being the case, the only solution for the problem is to speed up and expand the construction of

the HOS housing for the sandwich class. I suggest that it should be made possible towards the end of 1994 for members of the sandwich class to make forward purchases of the HOS housing specially built for them. This will help to solve their housing problem sooner. Another point is that the HOS housing should, in concept, be a long-term plan that straddles 1997. This plan should set an annual housing production figure. It should be carried out over a period during which the housing needs not only of the present 50 000 or so members of the sandwich class but also of any new emerging members of the sandwich class will be met.

Mr President, I will now turn to the transport problem. In his last policy address, the Governor made no mention of the transport infrastructure or the transport policy. The Governor perhaps thought at the time that the Government was handling the transport problem very well. But everybody in Hong Kong saw during the past year that traffic congestion was caused every time there had been a typhoon or a heavy rainstorm; that general strikes by truck drivers occurred more than once at the border; and that lines of bumper-to-bumper traffic were almost daily occurrences on Tuen Mun Road. Hong Kong's overall transport problem has grown more and more serious following the rapid expansion of trade between Hong Kong and China and the high-speed growth of new towns. This year, the Governor is finally taking a square look at the transport problem. It is a bit late in the day. But it is still better than nothing.

Firstly, UDHK welcomes the Government's allocation of more resources to the improvement of road systems. UDHK have been suggesting for years that the Government should build the Ting Kau Bridge on its own. This Bridge will be of some help towards solving the traffic congestion problem on Tuen Mun Road and in Tsuen Wan, Kwai Chung and Tsing Yi. On the other hand, if the transport problems of Tuen Mun and Yuen Long are to be solved, building the Ting Kau Bridge alone will not be enough. The over-burdening of Tuen Mun Road can be solved only if the Country Park Section is completed simultaneously with the rest of Route 3 and opened to traffic in 1997. This will also be of great help to freight transport between China and Hong Kong. So we hope that the Government will do everything it can to move forward the completion date of the Country Park Section of Route 3.

Tuen Mun and Tsing Yi have a great potential for the development of marine transport, which will help to reduce road use by motor vehicles and do a lot of good to the traffic congestion on Tuen Mun Road, in Kwai Chung and Tsing Yi and along the Nathan Road corridor. The Government and public transport companies need to take positive steps to implement the suggestion to link up high-speed ferry service with bus service.

We support the suggestion that some of the border check-points should be kept open 24 hours a day. This will help to reduce the congestion of container trucks which now occurs during the restricted opening hours of the check-points. This, in turn, should help to shorten the lines of trucks waiting to cross

the border. However, the basic solution for the problem is to enhance the efficiency and the morale of customs officials on both sides of the border and to improve co-ordination between their customs offices. In the long term, cross-border roads must be improved, and a new cross-border railway for freight trains must be built quickly. Only this will help us to cope with the fast growth of freight traffic between China and Hong Kong.

Unless the Government controls effectively the number of vehicles, road construction by itself will not prevent the traffic congestion problem from getting worse. The Government should move quickly to enable the northwest New Territories rail line, the MTR extension to Tseung Kwan O and the Ma On Shan rail line to be completed before 2000. These mass transit systems will reduce Hong Kong's dependency on goods vehicles and private cars. In addition, a study must be made to find the most acceptable ways to slow down the overly fast increase in the number of motor vehicles and to raise the overall efficiency of public transport services, thereby keeping the traffic flow smooth along Hong Kong's transport routes. I hope that the Secretary for Transport will respond to the above suggestions.

In the transport area, one final point that I would like to make is about the dug-up state of road surfaces. This is my third year in this Council. I say each year, and I keep saying, that at least 10% to 20% of Hong Kong's traffic congestion is caused by the dug-up state of road surfaces. I always think that the public utility companies responsible for digging up road surfaces should pay a charge, thereby sharing the social cost of traffic congestion. The Secretary for Works should give us a satisfactory explanation why he has failed to take effective steps for controlling the digging up of road surfaces.

Mr President, in the past, Mr PATTEN wanted the British Government to make a greater commitment to its people's livelihood. But he has reversed course in Hong Kong. Does this mean that, in Mr PATTEN's opinion, he is not accountable to the people of Hong Kong? Mr PATTEN should understand how important it is to have a democratic society with freedoms, human rights and the rule of law. He must see that people cannot have a happy life by simply having a democratic system and provisions of law. They also need a social policy that is reasonable and which protects livelihood. If the Governor wants the media to stop calling him the "one-issue" Governor, then he must take action to show that he really cares about the people's livelihood, and he must act expeditiously to solve the people's housing and transport problems. This will be a very important first step.

These are my remarks.

MR ERIC LI (in Cantonese): Mr President, Hong Kong people value their present lifestyles. It was once thought that under the dual protection of the Sino-British Joint Declaration and the Basic Law horse racing and dancing could continue and Hong Kong's prosperity and stability could be maintained for

50 years. Unfortunately, the June 4 incident ushered in a period of stormy relations between China and Britain. The situation took a steep downturn and what had hitherto been Hong Kong's peaceful and harmonious lifestyles have become tainted with political overtones and suffered a sea change.

Leaving aside the question of whether the new elements imported into the political equation are really called for, what we are certain of is that these political elements have not come about from down up, that is to say, from the practical livelihood needs of the people. They are generated through the importation of raw materials from the Chinese and British Governments which then coalesce to form concepts and come to fruition as a result of systematic and catalytic promotion by artificial means. This sudden appearance of "supplied politics" brought about through a top down effort by two regimes of diametrically opposite political persuasions has inexorably divided the Hong Kong community and triggered confrontation even before its vaunted benefits become apparent. Hong Kong people are made to witness the painful spectacle of a full spectrum of negative effects on the political front. The reality Hong Kong People have now to face is the mutual mistrust among politicians, the false packaging under political slogan wrappers, the loggerheads between political parties, and the lack of diversified political choices. Viewed objectively, Hong Kong's political system has only limited room for development. Pre-1997, it is subject to the constitutional constraints applicable to colonies. Post-1997, Hong Kong will have to face up on its own to a China who has international clout, is politically stable and economically closely related to this territory. Therefore, in the context of its limited political clout and the economic constraints which make it impossible for Hong Kong to break from China to take to its own road of development, Hong Kong people are liable to feel weak and helpless.

Confrontational politics is not part of the lifestyles Hong Kong people fancy. If, at the eleventh hour before sovereignty over Hong Kong reverts, Britain should slapdashly shunt its political responsibility onto the people of Hong Kong while vigorously promoting a set of concepts and sweet-talking the public into believing that a disguised form of direct election will breathe life into a congenitally deficient, dismembered and untried political system wherewith to separate without China's consent Hong Kong from China with the rule of law and lifestyles for Hong Kong preserved intact, I believe this will hardly convince Hong Kong people who are sharp and pragmatic. To put it mildly, some will think that the very attempt to sell this to us amounts to an insult to our intelligence. To put it acrimoniously, some will say it is a gross attempt at misleading and propagating a false sense of security. To put it in an even more adverse light, some will say that it is a hypocritical and self-serving political gimmick aimed at allaying internal and international criticism against Britain for offering back Hong Kong on a plate to a Chinese regime which is incapable of upholding human rights.

If Britain can only produce a political system with an increased number of disguised directly elected seats on the Hong Kong legislature as an exit ladder

for a glorious retreat, such a stunt will not be an impressive and honourable feat. Dazzling political foxtrots cannot fool Hong Kong people into giving up their specific demands for fulfillment by Britain of its moral obligations as part of compensation for democracy which is late in coming. In the conclusion of his policy address, Governor PATTEN has clearly indicated the importance he attaches to evaluation in the annals of history. I hope he will urge Britain to give a clear account of the following three matters:

- (1) Soon after Mr PATTEN took up the governorship, Britain wholly changed its foreign policy towards China from one based on a consultation approach to one based on a sledgehammer approach. In the absence of a convincing explanation of such an abrupt change in approach, Hong Kong people will forever suspect if their own interests are being used as political chips in secret negotiations.
- (2) What specific plans Britain is having up its sleeve to help those people who might be subject to political persecution for having defended the interests of Hong Kong? In this connection, action is better than guarantees by politicians. However, when it comes to action, Britain has unceremoniously rejected requests by Hong Kong in such areas as international promotion of the BN(O) passport, the granting of British citizenship to Hong Kong's ethnic minorities who will be losing their nationality after 1997, the granting of British citizenship to the wives and widows of ex-POWs and so on. Britain's extreme stance of rejection of foreigners does little to enhance Hong Kong people's confidence.
- (3) The protection of Hong Kong's lifestyles does not consist solely of the number of directly elected seats on the Legislative Council. A more important step is the reinforcement of the overall internal organizational structure of Hong Kong. In this connection, the first and foremost job is to speed up the work of the Sino-British Joint Liaison Group which has come to a standstill. To resolve the difficulties that have a far-reaching impact on people's livelihood is a matter of even greater practical importance than constitutional reform. This involves, among others, the transition to 1997, the appointment of principal officials, economic co-operation agreements and treaties straddling 1997, co-ordination of infrastructural projects of Hong Kong and China, affirmation of international treaties and localization of laws.

China is gearing itself up to prepare for "two scenarios". If the JLG still fails to make headway, China may leave it to the Preparatory Committee to unilaterally prepare for the transition. In the absence of co-operation from the Government in the form of provision of data for analysis, the effectiveness of the work of the Preparatory Committee will be very much suspect. Overwhelming attention to discussions on constitutional reform and neglect of

important livelihood questions might not, on balance, be most consistent with the overall long-term interests of the people of Hong Kong.

The Government is not doing its best to reinforce or invigorate the present institutions. For example, the system of separation of the Legislative and Executive Councils, which incidentally has been the subject of numerous criticisms by me in this Council, has failed to nurture in time, and devolve power onto, political talents with legislative and administrative experience who will run Hong Kong in the future; it has failed to speed up localization of the Civil Service to stabilize morale. Added to this catalogue of failures is the failure to set up an independent CAPO, to satisfy the keen desire of public to own their homes, to set up a compulsory retirement protection scheme and so on. Today's success means a multi-faceted encouragement of Hong Kong people to stay to build Hong Kong. It does not merely mean a tooth and nail fight over constitutional reform.

Although I do not attach much importance to the temporary strife over constitutional reform, it does not mean that I do not support the spirit of the original constitutional proposals. Support for a fair and open electoral system is a matter of principle. The principal consideration involved is support for the principle of an open electoral system and more or less equal political rights for each and every person. In supporting this, we are not attempting to build a political wall to separate China from Hong Kong. With the imminent reversion of sovereignty, there should be no wall between China and Hong Kong. It is only in reinforcing Hong Kong's internal organizational and management structures to prepare for the impact of convergence and in enhancing Hong Kong's economic value to China that we can hope to face tomorrow's challenges. Any wall built otherwise than in accordance with a Sino-British pact will not only be shaky but may also be built in the wrong place thus shutting out those Hong Kong people who love the motherland and also those who love Hong Kong and China. Politicians must be frank with the public and never indulge in high sounding rhetoric. Without a reasonable Sino-British accord and with the bickering between the Chinese and British Governments during the next three years, how can Hong Kong people live peaceful lives? How can the policy address have omitted to say a word on the possible consequences?

On livelihood issues, Governor PATTEN has shown concern and has generously promised funding so much so as to demonstrate willingness to listen to public opinion. In spite of this, he is still criticized by some as a "one-issue" governor. Let me make an analogy from the social welfare point of view. Hong Kong has two philanthropists, one "generous donor" and one "benefactor". The "generous donor" is an internationally renowned businessman of great expertise who slogs away at his businesses and is never miserly with the money he earns from his hard endeavours. He has been generous in his donations to charities. He has an able woman assistant who is good at laying out the money for the purpose of donation. The "generous donor" can put his heart at ease and devote his energies to his businesses while at the same time giving media briefings as to how to make money. The

"benefactor" is only a senior civil servant with a moderately handsome income. He shows great concern for welfare. Even though his means is limited, he devotes his energy and money to welfare endeavours and is in constant contact with frontline welfare workers in order to get firsthand information. He often makes visits to welfare organizations. He earns the respect of all concerned. Former Governor Lord MacLEHOSE, despite limited financial resources then, still endeavoured to develop social welfare. He not only earned his title of "benefactor", his concern for social welfare is still something the Hong Kong public remembers him by. Governor PATTEN has a specific overall policy for welfare services. He is ever ready to champion for the people in the deployment of resources. He is not only doing acts of charity, he surpasses former governors in this respect. Yet despite the heavy spending of money, what he gets is only the title of "generous donor" and not the higher title of "benefactor". This is a real pity.

I shall start my discussion from rehabilitation work which was a key point in last year's work. The progress of rehabilitation work might have been a bit hasty which made it somewhat difficult for some people to adapt to and caused a few hiccups in the course of work. Yet the Government did its best and any shortcomings were excusable. The allocation of \$20 million for public education work is a fitting gesture. But Governor PATTEN can show even greater concern. I have the following three-point proposal:

- (1) Immediately publish a White Paper on rehabilitation. This will not only serve to show that the Green Paper published nearly two years ago has not been forgotten, it will reaffirm support for the policy of integrating handicapped people into the community.
- (2) Personally acquaint oneself with the predicaments of handicapped people, listen to the sentiment of their parents, strongly condemn acts of illegal intimidation and vandalism, and support resolute law enforcement action to effectively combat the culprits.
- (3) Announce that the allocation for public education is to be jointly used by non-government agencies which directly provide services and the parents of handicapped persons. It is because the Government has scanty experience in the provision of rehabilitation services and co-operation with the relevant agencies will ensure that the \$20 million in funds will be well spent.

With regard to services for the elderly, a special working group to report directly to Governor PATTEN is most welcome to the welfare sector. It is hoped that the working group will not be just an organ in name but will consist of non-government members who are representative of a broad cross section of the community, and responsible officers from various government departments. The working group should have genuine and direct dialogue with the Governor to enable him to have a deeper understanding of the difficulties currently encountered in the course of providing services. The service programme

mentioned in the policy address is appropriate with the proper emphasis on co-ordination. The failure to announce an overall retirement protection scheme is the only fly in the ointment.

Youth matters are closely related to family services. To reinforce the family institution will not only bring about a good environment to facilitate the healthy growing up of the children, it will also provide support for the elderly and handicapped members of the family. The impact on single parent families, on families with working parents and on families separated because of emigration need to be mitigated and this problem merits concern. The Government is currently implementing a number of social policies that will have a bearing on the affected families. Examples are policies on housing, women and retirement protection. The possible effects these policies will have on traditional families still need to be analysed. It is hoped that the policy address for next year, which is the International Year of the Family, will produce a conclusion which probes deeper and come up with more specific plans than what we have today. As regards the sudden decision to increase the children's allowance without consulting the Social Welfare Advisory Committee and in the face of yet unsatisfied funding needs of numerous established programmes with a history of over 10 years, it has come as a surprise to the welfare sector. They are keen to understand the objective priority criteria for massive government fundings.

The Youth Charter has enjoyed the support of the Government and various quarters. Up to date, the Charter has 326 corporate and over 1 000 individual signatories. This has come through as a rare encouragement for young people and workers engaged in youth work in recent years. I would like here to express my heartfelt thanks to Governor PATTEN, government officials and Members of this Council for their support. But the signing of the Charter on Youth does not signify that youth work has been brought to a stage of conclusion. Quite the contrary, it signifies the beginning of actual work. I hope that the Government will in the next year strongly support the work of the Committee on Youth which will develop objective social indicators to regularly assess the effects of Hong Kong's work on youth. The Committee will in the next year actively participate in discussions on law relating to young people to study ways and means of helping young people participate in the community and boost confidence in such work. We will also study ways and means of dealing with the question of triads, drugs, objectionable publications and articles and the effect these have on young people. We hope that the Government will not be complacent with the *status quo* and neglect the seriousness of the youth problem. In certain instances where the standards fixed by law are lax or low, there has happened lax enforcement or total neglect of preventive work. It is not until young people have been extensively exposed to bad influences that the responsibility for remedial work is thrust onto education and social workers. Because of time limit here, I have yet to expound on the proposals.

The position of the Governor is unique. He is the leader on Hong Kong's political, moral and administrative fronts, somewhat like the Queen and the Prime Minister rolled into one. Though bad traditions should be abolished, it still falls to Governor PATTEN to give the lead before new and better traditions become entrenched. Hong Kong people are keen on personal experimentation and implementation, which is precisely the opposite of their attitude to politics. To promote community care, a top down effort involving everyone is called for. To win the praise of the welfare sector, it is important for Governor PATTEN to show meticulous attention to every detail of welfare work.

With these remarks, I support the motion.

MR MAN SAI-CHEONG (in Cantonese): Mr President, Governor Chris PATTEN has given an engrossing title *Hong Kong: Today's Success, Tomorrow's Challenges* to his policy address this year. To the first-time listener, this title is very attractive. However, if we fail to lay a solid foundation today, how can we meet tomorrow's challenges? On the whole, despite Mr PATTEN's many pleasant words in his policy address, we are still a long way from the laying of a foundation and the meeting of "tomorrow's challenges." I will discuss how this wide gap may be narrowed in the areas of economic development, private sector housing, freedom of information, environmental protection and the fight against corruption.

The Governor devoted a lot of space in his last policy address to discussions about how Hong Kong might become a commercial city with fair competition. But, this year, he only touches on this issue lightly, thereby giving people the impression that he does not quite know what has been going on. He says that the only thing that can be done at this time is to let the Consumer Council make a study to find out if there is unfair competition in any line of business. Other than this, he puts forth no concrete proposal. It seems that the Government never intended to introduce fair trade legislation or policy or to prevent monopoly in the pursuit of the goal of fair competition. Indeed, there is reason to worry that monopoly will become an increasingly serious problem in Hong Kong's economic development, with harmful consequences not only for the economy itself but also for consumer interests. The Government must not wait passively for the results of the study before proceeding to lay down a policy to promote fair competition. Or else, we shall be unable to lay the foundation for a level playing field even after 1997, let alone the meeting of "tomorrow's challenges". The Government should take the initiative and make positive moves to learn from the examples of other countries or areas, including the Fair Trade Act and the Fair Trade Council of nearby Taiwan. It should not drag its feet and hope that the problem will disappear on its own. Nor should it push the problem aside.

Insofar as the protection of consumer interests is concerned, the Government must act quickly to amend legislation that is unfair to consumers,

and must take effective steps to educate consumers. The policy address this year mentions the establishment of a Consumer Representative Action Fund. This will be the first step for the more effective protection of consumer interests. But it is not enough. The terms of reference of the Consumer Council should be expanded. For instance, an anti-trust policy should be laid down to require the regulation of banking and real estate trading. This will be a good way to achieve consumer protection. I will move a motion debate on this issue in mid-December this year. I will urge the Government to act more effectively and more expeditiously in the area of consumer interests.

In his policy address last year, the Governor promised that "by 1997, 60% of all families will have their own homes — the highest percentage in the world." We have no idea how far Hong Kong still is from this "highest percentage in the world." What the public sees at once is that the prices of properties are still far above the level that the average citizen can afford. A year or so ago, when the 70% mortgage ratio first came into effect, senior government officials said that the prices of properties would decline markedly and that members of the public should wait before proceeding to buy their flats. But the prices of homes have not yet come down significantly. So, in order that more families can have their own properties, the Government must take a square look at the basic causes of the high prices of flats, namely, shortage of land and the fact that the major developers have too much control over the market. China and Britain arrived at an agreement in 1985 to put a limit on government land sales. Since then, the annual land supply for housing has been under a cap. This cap on land available for public and private sector housing has not been the only cause of the problem. There has been an attendant cause, which is that home buyers and speculators could predict a housing shortage. They therefore rushed to buy residential units, with the result that demand has far outstripped supply and has driven up the prices of properties sharply. This is the reason why the United Democrats of Hong Kong (UDHK) appeal to the Government and to the Sino-British Land Commission to consider the difficulties of the populace and to increase the supply of land for residential developments in the coming years. In paragraph 62 of his policy address, the Governor says something about giving additional staff to the Lands Department and improving processing time for housing projects. We think that these are cures for the symptoms of the disease but not for the disease itself. Over the long term, they will not result in an increased availability of residential units. An increase in land supply will be the only way to solve the problem.

In order that another wave of speculation detrimental to real end-users may be prevented, UDHK support the continuation of the 70% mortgage ratio and the advance collection of stamp duties. However, UDHK think that a more flexible approach to the mortgage ratio will better help first-time home buyers. The Government may wish to act as a loan guarantor for verified first-time home buyers. This will help them to obtain mortgages at a higher mortgage ratio, thereby saving them from the consequences of a measure that is directed against speculators.

In the Governor's policy address, a subject as important as housing gets the space of only one page. The Governor says a few words and then takes the easy way out. He has nothing significant to say about solutions for the problem. Evidently, the Government's anti-speculation measures taken during the past year have not been effective. UDHK once more urge the Government to undertake at once a serious feasibility study of a capital gains tax. Tax at a certain rate should be collected on gains from the sale of property, except in the case of families below a certain income level. Such a tax will be an unadulterated boon to the community. It will also add to the treasury's income. Countries in Europe, the United States and East Asia have made effective use of such a tax. The Government should not categorically reject such an economic solution of proven value.

The Government should make a greater commitment to the promotion of culture and arts and to efforts of preservation, innovation and education in this area. The Government has never interfered with the freedom of expression in creative art. This is the right attitude. It is conducive to diversification in local art development. UDHK welcome the idea of a Provisional Arts Development Council and hope that the full-fledged Arts Development Council, when established, will be administered by people who really have independent decision-making power and who are professional, visionary and far-sighted. The local art field will then be in full blossom and bear fruits as Hong Kong heads into the 21st century.

I feel that the first and foremost thing is to give legislative protection to the Arts Development Council, which seeks to promote diversification in arts development. There should be legislative protection for the freedom of creation and for the freedom of information. If the Governor has the kind of vision that is conveyed by the words "today's success, tomorrow's challenges," he must begin by using today's success to lay a foundation for the freedom of creation and the freedom of information and by introducing explicit legislation for protecting such freedoms. The Government should conduct a study immediately with a view to lifting the existing legal constraints on the freedom of creation. A Freedom of Information Act should be enacted to protect citizens' free access to information. This is particularly important for Hong Kong as 1997 approaches. It will be a further step in implementing Article 16 of the Hong Kong Bills of Rights Ordinance, which states, "Everybody shall have the right to freedom of expressions the freedom to seek, receive and impart information and ideas of all kinds." Hong Kong at present is still applying the British Official Secrets Act of 1911. Mountains of government documents are classified as confidential. The public has no access to them. This is a disguised way of depriving the public of a right given them by the Hong Kong Bill of Rights Ordinance. The Government at present holds a lot of information on individuals. Citizens do not know what the information says or whether it is accurate. This is a disguised way in which the Government invades the privacy of people. Therefore, the Government should quickly enact a Freedom of Information Act, thereby recognizing peoples' right to seek and obtain information from the Government. Paragraphs 113 and 156 of the policy

address stress the importance of personal freedoms and the freedom of the press. However, if we look at the existing legislation, we will find many provisions that place constraints on the dissemination of information. The freedom of information is an important corner-stone for the freedom of the press. The freedom of the press, with the media in a watch-dog role, is an important pillar that supports Hong Kong. To ensure the freedom of the press, journalists' right to receive information of public interest from government officials should be protected by law. Only then will there be a foundation for the freedom of the press.

What is done in the environment and conservation area will affect the quality of life of the people of Hong Kong as well as their health. Therefore, the policy address's proposal of an Environment and Conservation Fund is a good proposal. However, how the money should be apportioned and spent needs careful thought and study. The establishment of this Fund should not relieve the Government of its responsibility for environmental education and research. The \$50 million of the Fund should not be the full amount that the Government will have for spending on environment and ecology. The policy address is particularly disappointing because the authorities have nothing to say about the importance of a comprehensive policy for environment and ecology. The Environment and Conservation Fund will of course be a good thing. Still, to protect our environment, we need a comprehensive, balanced and far-sighted conservation policy.

The appointment of "a green manager" in every organization is of course a good idea. I believe that it will be of some help to environmental awareness. It will also contribute to "environmental management" within each organization, particularly in factories or companies that generate a lot of waste. Of course, we hope that the positions of "green managers" will not become sinecure offices in the organizations but that the "green managers" will really play effective roles to improve Hong Kong's overall environment. I believe that the first organization that needs "a green manager" is the hospital. 70% of Hong Kong's highly infectious medical wastes are generated by hospitals. The treatment of medical wastes is a seriously, even dangerously, neglected area in Hong Kong. I hope that the relevant authorities will begin by hiring "green managers" to work in the hospitals.

The hard work of the people and the intelligence of the entrepreneurs are not the only corner-stone of Hong Kong's economy. A sound legal system, an effective anti-corruption body and a climate that fosters integrity have allowed Hong Kong's economy to head towards a level playing field. We must not underestimate the great harm that corruption can do to the economy. Corruption can make a prosperous city decline and rot. It can make Hong Kong reverse course and head back towards the filth of the 1950s and 1960s. The Independent Commission Against Corruption (ICAC) must not cut back on its effort in the three areas of enforcement, prevention and education. As Hong Kong advances towards 1997, the work of the ICAC will become even more important. I believe that the ICAC's request for more money and more

manpower will be unanimously supported by this Council. I believe that the Government must give funding and other forms of substantive support to the ICAC if it is to be able to keep summoning questionable characters for interviews. If we are to be able to meet tomorrow's challenges, we must help the ICAC to lay a solid foundation.

These are my remarks.

MR HENRY TANG (in Cantonese): Mr President, only a little more than one year since he came to Hong Kong, the Governor, Mr Chris PATTEN, has already assumed three different attitudes in dealing with inflation, which was once described as the number one enemy of Hong Kong by government officials. Such a change in approaches warrants our attention and an increased level of alertness on our part. First of all, in his first policy address, he said, "Our inflation is part of the price we are paying for substantial growth. That explains inflation; it does not excuse it." He thought that the "most useful weapon in the battle against inflation is improved efficiency" and, along this line of thinking, took the lead to propose a number of relevant measures. Regardless the effectiveness of such measures, he came across as one who was determined to combat inflation vigorously. It is a pity, however, that in the Budget in March this year, we already began to note that the Government was quite helpless in the face of this number one enemy. What is more, the Financial Secretary worked on the assumption made by the Governor and held that the high inflation rate is the price that we have to pay for in pursuit of economic growth. The Financial Secretary admitted having no effective prescription in combating inflation. Now, in his second policy address, the Governor thought that inflation has eased and the average inflation rate this year will probably be 0.5% less than that originally forecasted. It seems that the Government has accepted a high inflation rate of 9% as *fait accompli* and may even feel quite complacent with the possibility of a modest reduction of 0.5%. As a result, it simply sits back comfortably, contents itself with the *status quo* and no longer bothers to work out any viable solutions to curb inflation.

However, I have to point out that the shift in attitude from a positive state of mind, then a sense of helplessness, to now resigning to fate and giving up the fierce fight against this number one enemy, the Government is behaving precisely like a sunset government. The absence of a long-term strategy for economic development is the most intolerable. I must stress that a 9% inflation rate is still not acceptable, and that ordinary members of the public are the most hard-hit by inflation. Economic growth will be of no use at all in improving the living standard of low-income families who may even suffer more because of such growth. The Financial Secretary said that economic growth is bound to lead to high inflation. I do not agree. Let us take Singapore as an example. In 1991, economic growth in Singapore reached as high as 6.5% but inflation rate fell to as low as 0.5%; economic growth last year accelerated to reach 13%, but inflation was only 3%. It can be seen that Singapore is achieving a higher level of economic growth than that of Hong Kong, but its inflation rate is still much

lower than that of the territory. The suggestion that economic growth necessarily leads to high inflation is unconvincing. Moreover, it betrays an unwillingness on the part of the Government to face reality and take a square look on the gravity of the problem as demonstrated by its usual shirking of its responsibility. The Government should be aware that a sustained high inflation is already beginning to undermine Hong Kong's competitiveness in the international market. Should the Government continue to ignore the gravity of the problem, the day will come when members of the public have to pay a high price. It is incumbent on the Government to contain inflation and it should not shirk its responsibility.

Mr President, in the case of education, the Government also fails to put forward a comprehensive blueprint for the development in tertiary, secondary and primary education. Its policy is riddled with all forms of incoordination. It is true that occasional improvements are made in specific areas. Yet, they are neither adequate nor well-planned. This is really too bad. Earlier, the Government was subject to severe public criticism because of a too rapid development of tertiary education while overlooking the need to make available sufficient number of places of senior secondary forms as a link. The Government must have learned a lesson as the policy address this year made no mention at all of the further development of tertiary education. Such an ostrich policy has left me not knowing whether to laugh or cry. Hong Kong is undergoing transformation. I believe that, with the robust economic development, we must expand tertiary education and earnestly train up more talents on the professional and management level. The Government has been mainly criticized for a lack of coherence in its education policy as well as an absence of a concerted direction in secondary and primary education. In actual fact, the current economic development in Hong Kong necessitates an expansion of higher education. We cannot become complacent simply because 18% of the school-aged young people will be offered places in tertiary institutions, and allow the expansion scheme to come to a halt at this point. Although the rate of 18% is much higher than that in the past, I still think this is not enough. Compared with Hong Kong's neighbours, it is 25% in Taiwan, about 30% in Singapore and as high as 33% in South Korea. Hong Kong is a very important trade and financial centre. We have to look beyond the territory itself in our planning and bear the responsibility of serving as a dynamo in the gigantic market of China. With this in mind, it is unfortunate to note that, in terms of the development of our tertiary education, we are falling far behind other economies in Asia. I hope the Government can devise as soon as possible a plan to dovetail our tertiary education with our secondary and primary education. Tertiary education should also be further expanded with a view to enhancing the quality and quantity of the students so that we could have an efficient workforce with performance better than that of their counterparts in western countries. Therefore I hope that in formulating its future budgets, the Government would increase spending on education to a scale representing 17% to 18% of the total public expenditure. I really feel embarrassed by the present spending on education which represents 3% of the gross domestic product (GDP). Such rate

is only higher than that of China. It is even less than that of Thailand and Malaysia.

Moreover, the Liberal Party also feels extremely disappointed with the Government for overlooking the development of adult education. Adult education fees began to link up with costs last year. Since then adult education fees have increased by as much as 40% on the average, resulting in a drop of 30% in enrolment at adult education centres. This is not a healthy phenomenon. In the absence of public consultation, the Government has unilaterally cut down the number of adult education centres and revised the relevant fees drastically. This will no doubt dampen adults' enthusiasm in their further pursuit of knowledge and in the enrichment of their quality of life. This is obviously in contrast to the demand of the community as well as myself on the Government to actively promote the retraining scheme with a view to upgrading the standard of the employees.

The Liberal Party considers it worthy to support the Government's proposal of allocating \$300 million for the setting up of a Language Fund to improve proficiency of students in both Chinese and English. However, with regard to the Government's promotion of using mother tongue as the medium of instruction in future, I think it should be handled with great care, in order not to trigger a drastic decline in students' English standard. It must be borne in mind that 1997 or not, the long-term target of our economic development is to evolve into an international financial centre. In this connection, our younger generation must be equipped with a certain standard of English in order to be able to handle international affairs. As for the question of striking a balance between using mother tongue as the medium of instruction and enhancement of students' English standard, I hope the Government could formulate a forward-looking language policy in the near future.

Mr President, there is one last point I wish to make, and it is also where I feel most disappointed with the whole policy address, that is, after years of debates, the Government has yet to accept the opinions both within and outside this Council to set up a central provident fund. The Legislative Council has discussed several times retirement protection for the retired elderly people. And I will not go over the points here. What makes me feel most uneasy is that we are only asking the Government to put forward a retirement protection system which offers adequate protection to the public. But the request was rejected by the Government time and again on some unjustified grounds. And what we get in return is nothing but delay and delay. Frankly speaking, as far as this issue is concerned, I have long given up the extravagant wish that the Government would make a decision with "sincerity". I merely wish that the Governor would, in what he keeps saying, act in the spirit of democracy which he attaches such great importance and accept the "three compliances" within the Legislative Council, that is, namely, in compliance with the wish of the Hong Kong people, in compliance with the demand for reasonable protection for the elderly after retirement and finally, that this retirement scheme should be in compliance with the principle of cost-effectiveness.

Mr President, Mr Chris PATTEN has insisted that the Legislative Council Members should bear the responsibility of making a decision with regard to the 1995 elections by their votes. And he also rejected the proposal of a referendum. When it comes to the central provident fund, however, he has denied this Council the opportunity to make a decision. It is a double standard, is it not? Mr Chris PATTEN who comes from the United Kingdom, a democratic country, should know best what democracy means. In case he forgets, I shall remind him that democracy means "letting the people be the masters". If the people are not allowed to become their own masters and if he makes an empty show of fighting for democracy, and then tries to suppress the voices of this Council as well as the public under the disguise of an executive-led government, may I ask whether Mr PATTEN is thinking of developing a democratic policy with a Hong Kong flavour? I am afraid, even if there were 60 directly elected seats to be returned in the 1995 elections, it will be no more than a hypocritic democratic development.

Mr President, I so submit.

MR TIK CHI-YUEN (in Cantonese): Mr President, Governor Chris PATTEN is undeniably an outstanding politician. His style always shows that he is close to the people, open and understanding. This has won him the goodwill of many in Hong Kong. However, the people of Hong Kong are realistic. They are not likely to admire "posturing" if it is not accompanied by "real action." Everybody tends to judge the Governor and the Government by their actual performance to see if they are competent or not. During the past year, the public came to know the Governor better. It can be said that the public has given a mixed review. We observe that many individuals and groups have passed one judgment in common, which is that Mr PATTEN has not paid enough attention to livelihood matters and he has spent too much of his time on political issues. I suppose that the Governor would want to deal with such widespread feelings of dissatisfaction, and I think, this is perhaps the reason why he is paying more attention to livelihood matters in his second policy address and is talking profusely about improvements in these areas. What is clear is that more pages in the policy address are devoted to livelihood matters than to political development issues. Such a lay-out is intended to make the public feel that the Government is paying very close attention to matters that will improve the quality of life.

Regrettably, Mr President, as we learn about the the specific proposals made in the policy address, we are again feeling disappointed. Most of the things that will be done to bring about improvements in livelihood are old stuff, the extensions of promises made long ago. They can be described as "standing dishes". Bits and pieces are lumped together for emphatic effect, but there is no meaningful new stuff. Besides, the Government not only remains unmoved but continues to shirk its responsibility in those areas of livelihood where some members of the public have long expressed concern, where they are striving for positive improvements.

Mr President, over the past two to three decades, members of the public and civic bodies in general have been anxiously urging the Government to set up a Central Provident Fund (CPF) as early as possible. Two weeks ago, as I listened to the Governor's policy address to this Council, I was hoping that he would, when he came to this issue, give the public a concrete answer. Regrettably, the policy address only touched lightly on this important issue, allowing it just two or three paragraphs. Even more disappointing to the public was what these paragraphs had to say.

Paragraphs 95-97 of the policy address are about elderly people's post-retirement income problem. The Governor says that, over the issue of retirement protection, the Government is facing two fundamental questions:

1. Should Hong Kong start a compulsory scheme or continue to rely on voluntary arrangements between staff and their employers?
2. Should funds be centrally managed or left to be privately invested?

In addition, the policy address points out that the community is some way from making up its mind, that there is disagreement in the community.

In view of these points raised by the Government, I feel that it is using "stalling tactics" over the retirement protection issue. The answer to the Government's first question is in fact quite clear. Because we are facing the problems of an ageing population, we must quickly come up with a comprehensive retirement protection scheme. If not, how are we going to solve this problem of the ageing population? Do we have a better choice? The Government's argument that the issue needs more thought will only make the public feel that it is shirking its responsibility. The answer to the second question is also quite clear. Towards the end of 1992, the Government published the consultation paper: *A Community-wide Retirement Protection System*. One of the recommendations was the establishment of privately managed provident fund schemes. Some of the things specified in this recommendation have been widely criticized. Everybody thinks that the Government should make a commitment, that it should assume responsibility for the management of pension contributions and not leave them to be managed by private institutions. I believe that the Government is well aware of this, that it has clear knowledge of the truth.

I am quite surprised at the Government's perception that there is disagreement in the community over the retirement protection issue. Nor do I share this perception. Very clearly, members of the public and civic bodies in general are quite unhappy with the compulsory retirement protection scheme proposed by the Government. They think that the Government should take a greater part and make a greater commitment. Although views are divided on the details of the scheme, people do agree on the general direction. There is a consensus in favour of a CPF plan that requires both employees and employers to pay contributions and which makes the Government responsible for the

management of the contributions. As we all know, 40 Members, representing all major political parties, recently presented a joint petition to the Government, calling for the establishment of a CPF. Does this not demonstrate a consensus? As Mr LAU Chin-shek has pointed out, if there is any disagreement, it exists between the administration and this Council, between the Government and the public. I think that a CPF plan will be a plan of "three compliances." Mr Henry TANG has also talked about a plan of "three compliances." My "three compliances" differ in meaning from his but are no less important.

Firstly, a CPF plan will be in compliance with the interests of employees and will help them to take care of problems after retirement. Secondly, it will be in compliance with this Council's resolution and the public's wishes. Thirdly, it will be in compliance with the idea of a responsible government. The CPF idea has been pursued for more than 20 years. Meeting Point, steadfast in its position, thinks that a CPF is the bottomline and that no patchwork plan will be acceptable. We will vote against such plan.

Mr President, the Government recoils from making a commitment not only to a CPF but also to health care services. The policy address mentions certain things that will be done to bring about improvements in the health care area, but these are just the things that have long been required under existing policy. The policy address makes no mention of the Government's long-term commitments in this regard. Meeting Point thinks that the Government must carry out a comprehensive review of health care services as early as possible and lay down a long-term policy. This review should at least cover the long-term goals, the staff establishment, the separate roles of public and private service providers and the kind of co-ordination required between primary health care services and hospital services. In addition, a further feasibility study should be made of the idea of a central medical insurance scheme. Any improvement of health care services will necessarily require additional funding. Meeting Point believes that the Government funding alone will not result in a reasonable degree of improvement in the quality of health care. Therefore, we must consider other ways of funding health services. Meeting Point has all along been advocating a central medical insurance system, which will on one hand enable resources to be used better and, on the other hand, bring about a degree of virtuous competition between public and private service providers. Such competition is conducive to cost control and quality improvement.

In the area of education, Mr President, the policy address, as usual, cites mountains of statistics and plans. But one gains from these statistics and plans the impression that things are fragmentary and a clear direction is missing. We think that a policy address should define the Government's direction and policy for education and should be well-organized, comprehensive and forward-looking.

This year's policy address continues to be disorganized and non-comprehensive. Some of the "principal improvements" mentioned in the policy address are promises made by the Government quite some time ago. For

instance, the hiring of more graduate teachers and the modernization of school facilities and equipment are the recommendations contained in the Education Commission Report No. 5 (ECR 5). So they are not meaningful new things. In addition to the problems mentioned in the ECR 5, there are in fact other noteworthy problems in education development. A case in point is the development of tertiary education. The policy address, however, does not devote so much as half a paragraph to this topic. The three-year tertiary education development programme from 1994-95 to 1996-1997 is already staring at us right in the face. It is unlikely that the Governor is inwardly without a plan as to whether the programme should go ahead or be cut back. I hope that the Government will give a definitive reply to the community. Meeting Point's position is that the programme should go ahead.

How forward-looking is the policy address? The policy address stresses the fact that education development should be responsive to tomorrow's political and economic challenges. It says that there must be better standards of Chinese, English and computer literacy. Meeting Point thinks that it is extremely important for the Governor to have a broad horizon in these areas. Only if he has a broad horizon will he be able to lead Hong Kong's community forward. Hong Kong will face many political and economic challenges before and after 1997. Yet the Governor's response to them is limited to mentions of language skills and computer literacy. His horizon appears to be very narrow and restricted. The policy address is a totally blank piece of paper on the important topics, such as what education credentials will be recognized in the future and how the curriculum should be reformed.

Mr President, Meeting Point welcomes the establishment of a Language Fund. However, we are concerned about how the \$300 million will be apportioned and who will be doing the apportioning. Before the Language Fund is established, the Government should make a further disclosure of its plans under consideration and invite the public to comment on them. Meeting Point welcomes the attention that the Governor pays to the standard of Chinese. In view of the fact that the teaching of English language skills has taken the lion's share of social resources available for education, we think that the funding for efforts to raise the standard of Chinese should account for at least one half of the Language Fund. In addition, we think that the Government should make a complement of plans that match the Language Fund. In the area of Putonghua teaching, ways must be found to enable Putonghua to be taught in the classroom in most or all primary schools. The teaching of Putonghua should be continued into secondary schools and Putonghua should be made a test subject in the Hong Kong Certificate of Education Examination. Also, there should be more Putonghua teachers. Only then can the standard of Putonghua be really raised.

With regard to the teaching of Chinese and English language skills, the Government should consider measures for lightening the particularly heavy workloads of language teachers. They should have better opportunities for career advancement. In this way, more university graduates with Chinese or English as their major will be attracted to the teaching profession.

Insofar as the improvement of the quality of kindergarten education is concerned, the proposals in the policy address are disappointing. While the Kindergarten Fee Remission Scheme is effective for lightening parents' financial burden, it makes no sense in logic to say that this Scheme will be conducive to the quality of kindergarten education. Meeting Point thinks that any improvement of the quality of kindergarten education must begin with institutional improvement, upgrading the qualification of teachers, and improvement of curriculum. Any other kind of approach is unlikely to be effective.

Mr President, as an elected Member coming from the New Territories North constituency, I am unhappy with the policy address's limited mentions of new towns and the development of the New Territories. In the new towns, rapid population increases have resulted in many problems that are affecting livelihood, such as in the areas of transport, family service and housing. Rural areas are also facing many livelihood problems and this is because the Government has neglected their development needs over the years. I think that the Government must take prompt actions to solve the following problems affecting livelihood in the new towns and in rural areas:

- (1) Flooding problem in northwest New Territories: Hong Kong is a modern society. Yet the residents of northwest New Territories still have to face the primitive man's problem of flooding. This is attributed to the long-term neglect of the Government. The Government has a responsibility to step up its efforts in the maintenance of rivers and to implement flood control projects, such as the training of the Shenzhen River. In November, I will move a motion debate in this Council on the problem of flooding in northwest New Territories. We will take a further step forward and put forth some specific proposals.
- (2) Transport problem of northeast New Territories: This year's policy address talks about the transport problem at a greater length. Most of the projects mentioned are related to the development of the New Territories. They are of course all necessary. However, the transport problem of northeast New Territories receives no separate mention at all. We hope that the Government realizes that the residents there are facing many problems: traffic congestion due to rising freight traffic between China and Hong Kong, inadequate bus service between this area and the urban area, and traffic jams at the Lion Rock Tunnel and the Tate's Cairn Tunnel. The Government must take a positive approach to these problems and bring about improvements.
- (3) Inadequacy of family service: The new towns do not have adequate resources or facilities. This is the cause of many domestic problems, such as marital discord, family disintegration and juvenile problems. What the Government is doing now is primarily

the provision of certain remedial family services such as the casework service. The Government is making few commitments to services intended to prevent problems from arising or from getting worse. We think that the Government should introduce new kinds of services and make them available to families in the new towns so as to meet the needs of these families and help them to prevent domestic problems.

Mr President, as the Government has failed to take up the responsibility to establish a CPF, has made no long-term commitment to health care services; and has neglected the development of the New Territories and its education policy is not forward-looking enough, Members from Meeting Point will abstain from voting on today's motion.

MR JAMES TO (in Cantonese): Mr President, in talking about law and order, the Governor's policy address begins by paying tribute to the police force. Then he announces the good news to the public: Hong Kong's crime rate is on the low side. This is followed by the bad news: Criminal organizations remain a threat to the community and complaints about corruption have been on the rise. While I take the Governor's good news with a grain of salt, I am concerned about the bad news which has not been told in the policy address.

Law and order problems are not just enforcement problems. More important than enforcement is a sound legal system. With 1997 approaching, the community in Hong Kong is facing challenges that are not limited to the maintenance of social stability, but also the maintenance of law and order. We need most of all a society with the rule of law. Therefore, the Government's slow pace in consolidating the legal system over the past years has caused me a great deal of anguish.

The Governor says in his policy address that the crime rate in Hong Kong is on the low side. This is in fact far from being a balanced statement. To begin with, serious crimes involving the use of fire-arms have declined somewhat this year. But such crimes reached their 10-year peak during the years 1990-1992. Though they have declined this year, they are still at a historically high level. Secondly, serious crimes in other categories have risen. For instance, the number of drug trafficking offences rose from 136 during the first half of 1992 to 356 in the same period in 1993. This was a near 300% increase. The number of offences of possession of dangerous drugs for the purpose of trafficking rose by nearly 100% from 600 to 1 159. Thirdly, crime reports are not the same thing as actual crimes. According to the *Report on the Crime Victimization Survey* published in 1989, only 45% of all violent crimes and 41% of all thefts were reported.

Indeed, the low reporting rate has also been fully reflected in other surveys. According to a recent survey, one out of every six business establishments has to pay "protection money" to the triads. It is really sad that

the victimized establishments should choose to pay "protection money" instead of reporting to the police. In May/June this year, I conducted a similar survey in Kowloon West, my constituency. There, 60% of business establishments said that they paid "protection money"; only less than 10% said that they reported to the police.

The triads are running wild. Why do members of the public not report such crimes to the police? Why do they readily report crimes to the Independent Commission Against Corruption (ICAC)? Its work is similar to that of the police and it has the trust of members of the public. The matter is with police officers' attitude towards the people who report crimes and the police procedure for handling complaints. When a person goes to the ICAC to make a report, an ICAC officer will politely usher him into an office where there is privacy and ask him to take a seat. The complainant can then provide the details in a comfortable setting. In contrast, in a police station, the setting is very noisy and it may so happen that, when the duty officer is taking down the details from a complainant, there is a triad member, just arrested, sitting right next to him. This scares the complainant. Besides, the complainant is often kept waiting for a long time in the report room. People of course are reluctant to go to a police station to make reports.

After a complainant makes a report, will the police act on it? This is something that the police must clarify. In my constituency, I have received many complaints in which it was alleged that the police did not want to act on minor complaints, such as reports of disputes arising out of property repossession. A complainant who has had the unpleasant experience of being ignored by the police after making a report will of course not be anxious to make another report. In contrast, after taking a complaint, the ICAC will make a serious effort to investigate it. This inspires confidence in the members of the public. I believe that the credit here should go to the positive attitude of the ICAC officers. The police does not inspire such confidence in members of the public. Another thing is that that ICAC will write to the complainant to tell him what progress has been made in the case reported by him and whether anybody has been prosecuted. The police, with its limited resources, probably cannot do all this. Still, I believe that the police should conduct a full review of its procedure on complaints and follow-up actions. This will increase the public's confidence in the police.

After a complaint is received and investigated, will the police be able to prosecute the crime effectively? This, too, is a factor affecting the public's confidence in the police. If the prosecuting department often makes mistakes of omission, thereby allowing suspects to be freed on legal technicalities, the public's confidence in the judiciary and the law enforcement agencies will be greatly undermined. One case in point was the freeing of a well-known personality on the ground of senile dementia. Another case in point was a recent one that was much criticized. The hearings of this case, in which a mentally retarded person was allegedly raped, were suspended. Yet another case in point was one in which the prosecution of the head of an illegal

immigration ring was dropped because the Governor's consent was not obtained at the time that he was charged.

If a crime is to be prosecuted successfully, there must be no technical mistakes of omission and witnesses must be ready to testify. I hope that the Government will learn a lesson from the recent murder case involving a Vietnamese illegal immigrant. The Government should improve its witness protection scheme, practically and comprehensively. This is a particularly important complement to the power of compelling witnesses to testify, as provided for in the Organized and Serious Crime Bill that the Government wants to enact into law.

An allegedly piece of good news in the policy address is that 1 000 police officers have been recruited. However, this is not unadulterated good news. According to a recent management review of the police force, the force is 10% under strength. Nor does the Governor mention the rate of wastage of senior police officers. Meanwhile, many members of the public are particularly concerned by the uneven distribution of police strength. There are not enough police patrols in the new towns and other parts of the New Territories. A branch office of the United Democrats of Hong Kong (UDHK) has reported that the residents of Tsing Yi, numbering tens of thousands, are very worried because they see only a few policemen on beat. Another thing is that the lower echelons of the police force often complain that the decision-making levels do not know what is going on in the work of front-line police officers. The result is that the problems of the lower echelons are not known to the higher echelons. For instance, front-line police officers, who are not sufficiently well-equipped, can do nothing about this except pray for good luck. Clearly, it is necessary to improve internal communications in the police force. Another thing is slow progress in the on-going management review of the Police Force and the fact that the public is told nothing. I have asked to see police officers responsible for the review. My request has been rejected on one ground or another. I hope that the Police Force will be accountable to the taxpayers and announce the findings of the management review and become more efficient.

The policy address mentions that criminal organizations remains a threat to the community. Actually, the strength of the triad societies and the degree of their infiltration into all lines of business are far more than the Governor cares to acknowledge. The truth is that the triads have been controlling restaurant business, night club business and entertainment business for a long time. In particular, the film industry is almost the exclusive domain of the triads. The people in the film industry have had to take to the streets to hold demonstrations to press the Government to take a square look at the triad's control of the industry. There are from time to time reports of movie stars being raped, blackmailed or assaulted. I believe that many more victims of the triads are unknown because they are afraid to complain to the police. Some time ago, several hundred triad members, belonging to two gangs, held a face-off in Wan Chai and were ready to fight it out in a show of strength. They totally disregarded the existence of law. Members of the "white glove" gang, standing

in line to buy housing units, showed off as if they belonged to a legitimate organization. Did the Governor sometimes hear about such happenings? If he did, what were his counter-measures?

The most worrisome thing about organized crime is that the triads have a great capability for infiltration, even the Police Force and the political parties are not immune. Reportedly, the Government conducted a survey in 1987-1988 and the finding was that many district board members elected in 1985 had triad connections. The problem at the time drew the Executive Council's attention. However, the Government did not follow up on the matter during the 1988 district board elections. Nor was an investigation made of the triad's infiltration of elective offices during the 1991 Legislative Council elections. Recently a report was provided to the technical group of the Bills Committee on the Organized and Serious Crime Bill. It points out bluntly that there were incumbent district board members engaging in triad activities such as loan sharking, blackmail and illegal betting on horses. The disclosures are shocking. People wonder how many triad members have infiltrated the three-tier political structure. The degree of triad infiltration into all social strata is really worrisome. Yet the Governor, even when he tells us the bad news, fails to warn the people of Hong Kong that the truth is so disturbing.

The Government has been maintaining a high profile in its handling of the Organized and Serious Crime Bill. It misleads the public into believing that this Bill will be a panacea for all ills. I admit that the Bill will serve a useful purpose. By giving more power to investigators, it will help in the solution of marginal cases. But the solution of major cases will require the use of traditional investigative methods: intelligence gathering, undercover agents and informers. I am glad to read in the newspapers that the police has decided to spend \$30 million on expanding its anti-crime operations. One proposed measure is to separate the Criminal Investigation Department from the Organized Crime and Triad Bureau and make it an independent unit. In addition, I welcome the Police Force's plan to set up a special division to deal with cross-border crimes. I believe that these measures will be of some help to enhance police efficiency in fighting organized and serious crime. In addition, I suggest that the Police Force should follow up on a 1986 report on the triad. During the seven intervening years, the Government put many of the report's recommendations into effect. Now is the time for a review. For its part, the Police Force must make a new study of the triad organizations and activities and find ways to deal with today's triads.

The Governor's policy address devotes six paragraphs to rising complaints about corruption. I would like to add one point. Members of the younger generation will never know from personal experience that Hong Kong used to be a very corrupt and unfair city. They are not quite alert to corruption. If you ask Mrs Elsie TU, who is here among us, or if you ask an older person, you will find that, 20 years ago, Hong Kong was in an era of corruption involving the Police Force collectively. It can be said that, in those days, members of the lower social strata were living in a nightmare. If you had

money, you could do anything. If you had no money, you had to blame your own lot and suffer quietly.

Of course, we must never let those days come back. However, there are signs that corruption becomes rampant again. Government departments are affected by the trend to "make a fast buck." Corruption among government officials is on the rise. According to the ICAC, complaints about corruption involving government officials rose by 35% or more during the first nine months of this year. The ICAC must not be soft in fighting corruption inside the Government, particularly corruption among high-ranking officials. It must not drop an investigation on grounds of face, morale, confidence and so forth.

I worry all the time that the Government will be soft in dealing with cross-border corruption. It may have political scruples. If a cross-border corruption case involves a high-ranking Chinese official in Hong Kong or sons/daughters of senior cadres in China, will the Government have the confidence to deal with it? The Governor's policy address avoids the touchy issue when it talks about cross-border corruption. It fails to point out bluntly the seriousness of the problem. It appears to be inhibited by something. This is of course worrisome. When fighting cross-border corruption or corruption involving China-owned institutions in Hong Kong, the Government may be like a paper tiger. It may bare its fangs and show its claws but may not have the power to do what it should do.

The Government has raised the issue of cross-border corruption and is asking for co-operation from the Chinese side. But it has not come up with ways in which Hong Kong can act on its own to control the situation and fight corruption cases that have a Chinese connection. Under the existing legislation, if corruption is committed outside Hong Kong, it will not be an offence in Hong Kong. If the Government is really determined to fight corruption, it should review our law to allow offences committed outside Hong Kong to be treated as if they were committed in Hong Kong. If it can be established that something improper done outside Hong Kong will affect things in the territory, then it will be an offence. Consideration should also be given to review the law governing conspiracies to commit an offence. This and nothing else is the positive approach to fight cross-border crime.

Talking about corruption in private institutions, cross-border corruption cases have of course been the main target of the fight against corruption over the past year. However, the Government must not forget that large institutions and big bosses are real tigers. Low-level employees of private institutions merely defraud their employers. In contrast, large institutions and big bosses readily use illicit methods to defraud multitudes of investors to further the interests of limited numbers of share-holders. Morally speaking, they are in fact more to blame. However, the Governor says not a word about how to deal with these "tigers". Is this because law protects vested interests but not the interests of the general public?

Lastly, I would like to talk about several important issues that are neglected by the policy address. Drug abuse by youths has become a serious problem. According to the Action Committee Against Narcotics, the number of drug abusers who are 21 or below rose by 176% from the second quarter of 1992 to the same period of 1993 while soft drug abusers rose by 105%. But these are figures supplied by the Government and voluntary agencies. They do not fully reflect the increase in the number of drug abusers. While drug abusers have increased, facilities for helping young people to kick the habit have not. For example, while more and more young people are abusing soft drugs, only one organization, namely the PS33, is helping them to kick the habit. But it can handle only 50 new cases a year. The Society for the Aid and Rehabilitation of Drug Abusers mainly helps adult drug abusers. There is simply no other institution that specifically helps young people. The Society reports that only 2% of its cases involve young people. This shows that the Society simply does not have the necessary facilities for properly helping young people. It is said that the Society has decided to operate a youth centre in the urban areas on a trial basis and will provide detoxification services to the young abusers. I hope that the Government will give it great support.

Sufficient anti-burglary equipment is the most important if the people of Hong Kong are to feel safe in their homes. Half of the population of Hong Kong live in public housing estates. If law and order is well maintained in the public housing estates, this definitely means that law and order is well maintained for half of the population of Hong Kong. There will then be better law and order in Hong Kong as a whole. The Government should consider allocating some of the money from the appropriations for internal security to help to improve anti-burglary equipment in public housing estates. When this is done, high-rise police patrols in public housing estates can be reduced. Police strength can then be used to fight other crimes. This will benefit the rest of the population who do not live in public housing estates.

Effective security work must be based on a sound legal system that enables every citizen's life, property and freedoms to be protected. Facing the challenge of the transfer of sovereignty in 1997, we must strengthen Hong Kong's legal system. We must at the same time change the autocratic and undemocratic colonial system, thereby effectively protecting human rights.

Talking about the strengthening of the legal system, we are very disturbed by the lack of progress in the work of the Sino-British Joint Liaison Group (JLG). We are now less than four years from the transfer of sovereignty, but there are about 100 international treaties yet to be ratified. This Council will probably have to enact about 200 new laws to replace the laws that were extended from Britain to Hong Kong. In addition, there are 600 ordinances and nearly 1 000 pieces of subsidiary legislation that have to be amended to a greater or lesser degree.

Given the traditionally slow pace of legislation, this Council in the coming years must work over-time if its work is to be done before 1997. However, at

the present snail's pace of the JLG, Members can only wait patiently even though they are impatient. We are very disturbed that, if the huge backlog of legislative work cannot be cleared in time, there will be a vacuum in Hong Kong's legal system in 1997. This will seriously affect Hong Kong's operations in the economic area, law and order area and social area. We urge the Government to discuss the matter with this Council as early as possible, so that we may find a way to cope with this potential crisis. This Council should not, and must not, be kept in the dark.

One can say that the Governor's policy address is extremely deficient in the area of human rights protection and human rights education. The Governor ignores this Council's resolution calling for the establishment of a Human Rights Commission. He disregards the strong support voiced by the community as a whole for such a Commission. I am very unhappy with this. Now that Hong Kong is making its slow but critical journey from autocratic colonialism to democracy, it has a particular need for the more effective legal protection of human rights and a particular need for a body to do the research and education work effectively. The Governor's "couldn't care less" attitude is really hard to accept.

I must reiterate that the freedom of the press and the freedom of information must be safeguarded. The British Official Secrets Act, which has been extended to Hong Kong, should be localized forthwith. The Government should draft a new bill as soon as possible and table it at this Council. Meanwhile, the Government must also draft a Freedom of Information Act to keep things in balance, thereby protecting the right of the public and the media to information.

Hong Kong should be a society not threatened by corruption, the triads or any other crime syndicate. It should be a just society with a sound legal system. If we fail to establish such a society, there will be no future for Hong Kong to talk about. As the Governor states in his policy address, Hong Kong must stand on today's success and meet tomorrow's challenges. I hereby call on policy-making officials, enforcement officers, elected representatives and members of the public to keep up their relentless effort at maintaining law and order, fighting crime and protecting human rights. Only if they do so will Hong Kong have a bright future. The way ahead is long and difficult. Tasty fruits never came easy. We have to work hard for them.

These are my remarks.

DR SAMUEL WONG (in Cantonese): Mr President, in his policy address the Governor maintains that we should set — as a community — five priorities for the coming year. They are:

First, to do everything we can to reach an agreement with China on an electoral package which is fair, open and acceptable to Hong Kong people.

Second, to ensure that our economy remains strongly competitive in the international marketplace.

Third, to improve and implement social service, education and housing programmes.

Fourth, to improve our care for the elderly and the relevant welfare services.

Fifth, to tackle head-on the recent upsurge in corruption.

Apart from the first item relating to the electoral package, I believe the Governor will certainly show Hong Kong people how much has been achieved in next year's policy address. Yet, it is most disappointing to Hong Kong people that there is still no sign of agreement even on some most straightforward items of political reform, such as voting age, voting arrangement and the appointed membership on district boards and the municipal councils, after more than 130 hours of talks between the two countries, not to mention the newly created nine functional constituencies and the 10 seats returned by electoral college. The two municipal councils are, in fact, executive bodies with an annual budget amounting to about \$10 billion. Appointed members have indeed made valuable contributions. In the event that the appointed membership is abolished once and for all, there will be considerable adverse impact on the operation of the two municipal councils. I propose that such seats should be reduced gradually in two or three phases or, as a substitute, be returned through functional constituency elections. As regards the electoral college and the mode of the "through train", there have been heated discussion and various proposals put forward. Now I would only like to talk about the important roles played by those returned from functional constituency elections in the transition period.

Before 1985, Members in this Council were all appointed. In accordance with the need of the Legislative Council, the Governor appointed people from all walks of life including industrialists, businessmen, those from labour sector and the clergy and educators to serve the community. The creation of functional constituency seats was actually a stopgap measure. It was intended to replace the then appointment system. And it was also a feasible way to enlist people from different sectors or professions to serve on this Council at a time when the political party politics was yet to take shape. In fact, it is not until around 1953 to 1954 that the British Parliament abolished the last few functional constituency seats. Come to think of this: if there were no functional constituency election and district board indirect election in 1985, Mr Martin LEE and Mr Andrew WONG might not have been courageous enough to take part in the 1991 direct election. On the other hand, Mr CHEUNG Man-kwong, Mr Simon IP and I were returned by different functional constituency elections from a several thousand or even tens of thousands strong electorate under a one-man, one-vote system. Yet, I often hear in this Council voices calling for the abolition of functional constituencies or sometimes even labelling Members returned from functional constituency election as second class Members. It is a

pity that I am over the hill now (I would have just reached the retirement age if I were a civil servant), otherwise I would surely have followed exactly the example of Members elected from geographical constituencies by paying more family visits, seeking more opportunities to be in the limelight, going to bus stops to meet the public early in the morning and spending all my leisure time on community work. If I were 10 years younger, I would have definitely done so. A couple of months ago, Mr James TO, who sat next to me, said to me on one afternoon in melancholy, "Oh, I am reaching 30 tomorrow." I am a quarter of a century older than he. I wonder whether I could work as energetic as he does. I have talked so much with the mere intention of conveying to Honourable Members that these 20-odd functional constituency seats are of positive importance during the transition period. On second thought, I find the proposal of creating nine seats as contained in the political package put forward last year indeed cannot be regarded as a fair electoral arrangement. It is because I am sure that labour representatives will win all these nine seats, if returned according to the original reform package. If it prefers to have more labour representatives, why did the Government not call a spade a spade by stating its intention? It should not have to hide its intention under the disguise of some new functional constituencies.

Construction of the new airport

According to the revised budget in April 1992, the price tag quoted for the new airport project at that time was \$68.5 billion with \$16.6 billion injected by the Government. The items with private sector participation would cost \$15.4 billion while government facilities would cost \$4.9 billion. The Airport Authority has prepared to raise the balance of \$31.6 billion by way of securing loans, raising fund and so forth. Up till now, the sum of public fund allocated to the Provisional Airport Authority (PAA) has amounted to \$14.6 billion. However, such an injection is barely enough to finance the operation of the PAA until the end of March next year and cover the cost of more than \$9 billion for the contract concerning the formation of the 1 000-odd hectare of airport platform. In other words, unless China and the United Kingdom have reached an agreement on the financial arrangements for the airport, we cannot go ahead with the construction of the airport. According to the present tight schedule, the foundation work of the Passenger Terminal Building has to be tendered before the end of November this year while other franchise contracts concerning private participation items straddling 1997, which include aircraft oil supply facilities, maintenance, freight and catering, must secure China's blessing before anything can be done. If such blessing is still not forthcoming at the end of this year, these projects with participation from private sector costing a total of \$15.4 billion will not be able to commence. And there is a slim chance, if any, that the new airport can be operational in 1997. Here I call upon the two Governments to take concrete measures to put their differences aside in accordance with the 1991 Memorandum of Understanding so that the PAA can have sufficient resources to construct the necessary facilities, thereby enabling the new airport to be opened in mid-1997.

According to the Memorandum of Understanding, the Airport Authority Ordinance will largely be modelled on the Mass Transit Railway Corporation Ordinance. Yet, this does not necessarily mean that the two Ordinances have to be identical. In the past 14 to 15 years since its inception, the Mass Transit Railway Corporation has been very successful in its business operation, with the exception of the localization of the top officials and the transfer of technology. According to the current legislation, the Governor is empowered to give guidelines to the Corporation. In other words, the Government has the absolute power to keep a tight rein on it. The question is whether the posts of chairman and chief executive in this type of organizations should be taken up by the same person. Are members of the board of directors who are appointed by the Governor too busy to attend to the business of the board on top of their own? Can government representatives on the board exercise closer monitoring (the greatest problem must be that the management staff of such organizations have always treated the director appointed by the Governor as non-executive directors in listed companies and regarded their role as no more than attending meetings)? I propose that the posts of chairman and chief executive of such type of organizations should not be filled by one person. The post of chairman may be taken up by a Member of the Executive Council while the board of directors may consist of members partly appointed directly by the Governor and partly nominated for the Government's appointment by chambers of commerce and the professional bodies concerned. The executive directors of the future Airport Authority should include a top government official and an experienced officer from the Bank of China Group, both of whom should serve on secondment in the Authority, responsible for handling financial matters, debts, loans and so on. In fact, apart from a competent chief executive, the adequate level of monitoring by the board of directors is of paramount importance to the success of such organizations which are wholly owned by the Government but run as a business entity. Let me give an example. In the recent tender for a construction project of the Kowloon-Canton Railway Corporation, it is said that the management had decided to reject the lowest tender but later some of the directors, upon getting wind of the matter, asked the management to review the case, resulting in the company making the lowest bid chosen. As far as I know, the two bidding companies involved are well-known leading developers in Hong Kong. This example attests to the fact that it is vital that the management should be monitored by the board of directors. I hope that this point will be taken into consideration when the Airport Authority Ordinance is enacted.

The establishment of the Airport Authority is originally intended to run as a commercial organization to facilitate financial arrangement and make profits for the airport's further expansion. If it unfortunately turns out that the Hong Kong Government has to bear an overwhelmingly large part of the new airport's construction costs, do we still need an independent Airport Authority? Has the Civil Aviation Department not been running the Kai Tak Airport very competently?

Mr President, these are my remarks.

DR PHILIP WONG (in Cantonese): Mr President, Hong Kong is now in the latter half of the transition period and it will soon revert to China. Will China's sovereignty over Hong Kong be really recognized and respected? This is a critical question and it should form one of the bases for evaluating the Governor's policy address.

This year's policy address mentions "sovereignty" six times. In paragraph one, when commenting on the Peking talks, the Governor says, "I refer, of course, to the arrangements for the last elections under British sovereignty." These words have three connotations. Firstly, they highlight "British" sovereignty to the exclusion of Chinese sovereignty. Secondly, they put the blame on China for the problems in the talks. Lastly, they signify an attempt, in the name of "sovereignty," to turn arrangements for Hong Kong's elections into arrangements for British withdrawal.

As we all know, Britain occupied Hong Kong by force in the wake of the Opium War and thereupon established colonial rule. China has never recognized Hong Kong as a British colony. China has always insisted that it has sovereignty over Hong Kong. But that, until administration of Hong Kong returns to China, Britain is allowed to rule Hong Kong. The Sino-British Joint Declaration of 1984 clearly settled the sovereignty issue, in particular, Britain will return Hong Kong to China. Between the date of the entry into force of the Joint Declaration and 30 June 1997, Britain is entrusted by China — the sovereign power — with "responsibility for the administration of Hong Kong." Yet, even today, there are people who continue to talk about "British sovereignty." They do so although the case is really one of "power of administration" as a responsibility with which Britain is entrusted. It is not difficult for members of the public to judge whether the terms of the Joint Declaration are being honestly observed.

Hong Kong will revert to China. Such is the trend of events. It is the wish of the people. The closer 1997 approaches, the more do the people of Hong Kong want to establish a good relationship between China and Hong Kong. They want China and Britain to co-operate to make the transition as smooth as possible for Hong Kong. However, somebody has now discarded the Joint Declaration, the Basic Law and the promises and agreements made between China and Britain. He does not want to return Hong Kong to China. He wants to hand Hong Kong to agents of Britain. Thus, a constitutional package has been unilaterally advanced and gazetted and obstacles to talks have been created. All such moves in bad faith have taught the people of Hong Kong a lesson. They can now see clearly how the British are creating conflicts and provoking disputes before withdrawing from Hong Kong, thereby hoping to reap third party benefits from the conflicts and disputes.

With a mentality like that of certain colonialists who lived more than a hundred years ago, the Governor looks upon himself as an autocratic governor who can "act as he pleases" in his domain. If there is any difference, it is that whereas the olden-day colonialists could do their things in the open, he needs

packaging for his stuff. While it is obvious that he was appointed by the British Government and that he came to serve the interests of Britain, he is talking high-soundingly about "fairness, openness and acceptability to the people of Hong Kong." While it is obvious that he wants to undermine Chinese sovereignty and extend British political and economic privileges to beyond 1997, he is bragging that. "he does so not for the sake of Britain but for the sake of China and Hong Kong." Take the "through train" concept for instance. Which country in the world allows its legislators to fail to support its constitution? During or after the transfer of power, if it is found that a legislator in Hong Kong does not support the Basic Law, then the people of Hong Kong will have the right to tell him to get off the train. The same sort of thing happened before, when a legislator who broke the law was consequently told to get out. Concerning this "through train," the Basic Law already contains alternative arrangements based on the anticipation that Britain might be creating troubles. Whether there will be convergence for the political system depends on whether Hong Kong's last Legislative Council will be constituted in a manner consistent with the provisions of the Basic Law. Somebody wants an unconditional "through train," thereby denying China's sovereignty and putting an early replacement in place for the powers of the Preparatory Committee of the Special Administrative Region. Where is "the rule of law" in this? Where is "fairness"? If there is really to be a "through train," then there must be the "three compliances." To do anything else is tantamount to breaking the railway carriages and change the railway gauge.

It is said that, before he became governor, Mr Chris PATTEN was an accomplished scholar on Western party politics and on British colonial history. But here in Hong Kong, he is not very accomplished in studying oriental culture or in establishing contacts, communication links and relations with China. If he is honest with himself, he should see that his mentor has tried before to challenge China's sovereignty but failed totally and that it is even less likely that he himself will succeed in creating difficulties for China in this area. Sovereignty is not negotiable. Neither can it be shared. Anybody who underestimates lightly China's resolve and ability to maintain sovereignty and tries to ignore, hinder or obstruct China's reassertion of sovereignty over Hong Kong will only eat the bitter fruit of his own making. The majority of the people of Hong Kong support Hong Kong's return to China, but they are not without worries because of the uncertainties that the constitutional package has brought. Governor PATTEN should not try to mislead the public into thinking that he can do some clever fencing and China will not know how to parry.

Speaking for the business community and the general public, I do not like to hear people making noises about "an ultimatum," "a breakdown of talks" or "letting the Legislative Council be the referee." All who really care about the future of Hong Kong hope that the deadlock will be broken and that the Sino-British talks will go on and finally succeed.

The people of Hong Kong always watch the Governor's actions while listening to his words. Having observed how Governor PATTEN spoke and acted before and after his policy address, I feel that, firstly, I really cannot see that he has made any "concessions". He talked about some changes that he had made in his last year's package, whereas the basis for the Sino-British talks over the past six months has been the "three compliances," not his package. Secondly, he declared that, unless things were done according to his package, there would be corruption and people would "lose their freedoms." Is this supposed to mean that Hong Kong's political system has been "corrupt" up to now? Is it fair to the past governors? Is it fair to the Hong Kong story?

I would like to tell the authorities: Do not persist solitarily in your unpopular course; it is better to reverse course before you lose your way. See how many chips are left in your hand for a single throw of the dice. Consider this question in terms of sovereignty, the wishes of the people, power and time. If you want to avoid sinking deeper into your predicament, then be honest and return to the principles of the "three compliances." That will be your best choice. You will then be helping the people of Hong Kong. You will also be helping yourself.

As the former "brain trust" of Britain's Conservative Party, Governor PATTEN is undoubtedly a super speech writer. Regrettably, there are many flaws in his policy address, flaws beyond those that I mentioned earlier when commenting on the sovereignty issue. For instance, in the Conclusion of his policy address, he mentions the French Revolution in the same context in which he mentions his own package. Not only is this an awkward comparison, but it shows his megalomania. The French Revolution, the British Industrial Revolution and the American War of Independence were events in modern history that had very far-reaching repercussions. Unlike them, the Governor's package is a solo performance scripted and directed by himself. Some commentators call it a transient farce.

I would like to mention in passing that even the French Revolution pales in comparison with China's reform and liberalization. Many knowledgeable people in Western countries have an objective and balanced view of this. If one, indulging in sensationalism, paints a horrible picture of China's future, will this not turn people off?

I feel that we belong to a lucky generation, the generation that will witness Hong Kong's return to its real owner. We should be firm in our confidence. We should unite closely and dedicate ourselves to protecting Hong Kong's prosperity and stability. We should treasure our economic system, our way of life, our spirit of rule of law and our national culture. We should advance towards democracy in an orderly and gradual manner, on the basis of the Basic Law and along the principle of balanced participation. We should raise the quality of life for all social strata. These are my political ideals. I made them known when I joined this Council.

During this debate of the policy address, I must make another point, which is that Hong Kong's good economic performance during the past year was inseparable from the executive-led administrative system that had been existing in Hong Kong and the hard work of Hong Kong's 180 000 civil servants and the people of Hong Kong. It was also due to the fact that China's vigorous development provided advantages that attracted investors from all over the world to Hong Kong as the gateway to China. It was not attributable to any particular individual.

Today's policy address is like that of last year. Economic and livelihood issues provide a cover for the constitutional package. Fragmentary promises are made in the areas of social services, education, health care and environmental protection. No comprehensive long-term strategies are announced for dealing with such major issues as inflation and the restructuring of our economy, issues that affect secure livelihood and gainful employment. However, I will cautiously endorse and support the Government's proposals about economic and livelihood issues as long as they do not fuel inflation, exhaust the reserves or create extra burdens for the future Special Administrative Region.

Mr President, these are my remarks.

DR YEUNG SUM (in Cantonese): Mr President, in this year's policy address, which consists of 57 pages, the Governor has highlighted five main work items two of which are the improvement of social services and the substantial improvement of various kinds of welfare for the elderly. It should be gratifying to learn that the Governor has made social services and welfare for the elderly two high points of policy, but after reading the whole policy address, it would be difficult to hide one's disappointment. My speech will concentrate on a detailed analysis of the welfare policy before coming to an overall assessment by the United Democrats of Hong Kong (UDHK) of the policy address.

In last year's policy address, the Governor sketched a development blueprint for the next five years, setting out the principles and directions for development in the 1990s. But in relation to implementation, no complete set of corresponding policies and measures has been put forward for each of the policy areas covered, especially so in the area of social development. Does the Governor consider that Hong Kong is already an affluent society? Is the Administration going to maintain the welfare policy of helping the poor and the destitute? And so there is no need to have an overall plan, and piecemeal adjustments of the existing measures will suffice.

Social and economic transformations have gradually taken place in Hong Kong in the 1990s. On the economic front, the transformation in the various industries is already a subject of concern. At the same time, transformation in social structure has also taken place. Like other developed

countries, Hong Kong is already facing the problem of an ageing population. It is evident from this year's policy address that our ever slow responding Administration has finally become aware of the seriousness of the problem of the elderly. The policy address contains many proposals about services for the elderly. I would like to make a few comments on these proposals in the hope that the Administration will show its sincerity in trying to solve the problem.

(I) *Medical care for the elderly*

1. Medical care: the Administration intends to provide additional acute beds and day places for elderly patients. But does the Administration know that in last year's Budget debate, UDHK already pointed out that of the four geriatric wards in the Tuen Mun Hospital, only one and a half were in service. Even this year, only two of the wards are in service. Day hospitals for the elderly have been left idle due to the lack of resources. Patients have to be carried a long distance by ambulances to the South Kwai Chung Day Hospital for treatment. So the mere addition of beds without other supplementary resources cannot solve the problem of medical care for the elderly.
2. Increase of infirmary beds: infirmary beds are currently in serious shortage, as there are 5 361 patients on the central waiting list and the existing number of beds is only 1 366. According to the proposal in the policy address, there will be an additional 1 200 beds and an additional 1 400 infirmary beds under the present plans. Together with the overall supply of beds mentioned above, there will still be a shortfall of some 3 000 beds by 1997, which shows that the services provided to the elderly by the Administration cannot catch up with the pace of ageing of our population.

(II) *Support services for the elderly*

1. The policy address has stated that this year the Administration will provide medical care for 55 700 non-institutionalized elderly persons and will develop a number of home help teams. In fact, the support services for the elderly are not confined to the areas of medical care, food and accommodation. Those elderly persons living alone in bedspaces or public housing units need counselling and assistance in their social relations. It is not enough just to have the home help team members bringing meals to them every day or the medical team members providing regular medical check-up for them. We hope that the Administration can set up more day care centres for the elderly in old areas where the problem of an ageing population is more pronounced, like Kwun Tong, Wan Chai, Sham Shui Po and others, in order to provide various kinds of professional services to the elderly. The Administration should also

allocate more resources to urban old areas for promoting community development projects in order that some district organizations can assist the elderly to set up mutual aid organizations through which elderly people can offer their help to one another. Moreover, the Administration should expand the outreach service for the elderly. The Housing Department can promote the estate liaison service and hire more people to set up mutual aid network for the elderly in housing estates in order to prevent their lives from falling into difficulties.

2. Family's support: the policy address has pointed out that the best solution to the problem of care for the elderly is care provided by their family members. There can be no doubt about the truth of this point. But the Administration does not have any proposal to encourage familial care for the elderly. We consider that the Administration can make some new administrative arrangements in its public housing policy to encourage families to live with or live next door to their elderly members. For example, we can take reference from Singapore's policy of allocating neighbouring housing units to related households such that the elderly couples can live next door to their married children. By such a housing policy, the concept of familial care for the elderly can be promoted. The Administration can also take reference from the scheme of exchanging housing units whereby married children can live near their parents.

(III) *Retirement protection for the elderly*

This part is believed to be the most disappointing one in the whole section on elderly welfare in the policy address. The Governor has admitted in the policy address that the source of income after retirement is a worry to many elderly people, that the community has discussed this problem for a long time, and that this Council has had many debates on this subject and has passed in all these debates the motion requesting the Administration to set up a central provident fund as soon as possible. However, the policy address has turned down this request which the community has been earnestly making for some 20 years by simply saying that public views are divided. How can this be acceptable?

Last year, the consultation document on this subject, on the pretext of difficulties in managing such an enormous fund, turned down the establishment of a central provident fund. This year, the Administration is again discouraging the idea by saying that the post-retirement income provided by the central provident fund is insufficient to provide financial security. So far as financial management is concerned, the Exchange Fund now under the Administration's management has amounted to \$236 billion and its annual return rate from 1987 to 1991 has stayed at around 8%. The Exchange Fund, being responsible for maintaining the local dollar exchange rate stable, has always taken a prudent

approach and its investments are relatively conservative. However, its performance can still be regarded as satisfactory. Likewise, the performance of the Land Fund is also satisfactory. As the Administration already has a Monetary Authority to manage the enormous Exchange Fund, then why is it afraid of taking the responsibility of a central provident fund the capital amount of which is lower than that of the Exchange Fund? We should know that a centrally managed retirement fund can enhance the public's confidence in the retirement fund system. As regards the problem of insufficient pension payment, it can be solved by supplementing retirement security appropriately with social security. This is not a big problem. In view of the current trend of ageing population, if the Administration still does not have any plan to deal with the problem, the expenditure on public assistance will in the future become a heavy burden on the Administration. Looking ahead at the next 10 years, if all other circumstances remain unchanged and the current trend of ageing population continues, an annual increase of 3.5% in real terms in expenditure on public assistance will be incurred to satisfy society's need. By then in case of financial stringency, the Administration may face the crisis of hefty tax increases. It can therefore be seen that the Administration has for years not conducted any detailed study concerning a central provident fund and it is still procrastinating today. This is virtually to sit still and wait for one's doom.

(IV) *Working group on the elderly*

The Governor has said in the policy address that a working group which reports directly to him will be set up to study integrated care for the elderly. We sincerely welcome this proposal. Concerning the setting up of such a working group, we have the following suggestions:

As regards the composition of the working group, reference may be taken from the working party on rehabilitation policies and services by including in the group both non-official and official members. The non-official members should include representatives of various organizations and Legislative Council Members. A commissioner who should be an official at the deputy secretary rank, should be appointed to lead the working group. This working group will co-ordinate the relevant government departments so far as services for the elderly are concerned in order to improve the services for the elderly which are now provided in a piecemeal manner.

Besides the welfare for the elderly, the policy address has made a number of proposals on other service areas as well, and they are worthy of discussion.

(V) *Social security*

In this respect, the Governor has said that the monthly allowance for children will be raised by \$100. Under the pressure of social consensus, the Administration has finally admitted that the allowance for children is insufficient. But this increase of \$100 is only a piecemeal measure which does

not signify any change in the policy. The problem now with the entire public assistance system is that the established standards are already outdated, the administrative arrangements are not reasonable and the amounts of assistance are fixed without any objective basis. A thorough solution to the problem is a comprehensive review and reform of the public assistance system. Before a comprehensive review is conducted, the Administration should raise the amount of assistance for the low assistance categories like the children allowance. The need of a growing child will not be less than that of an elderly person in terms of clothing and food. Therefore, the Administration should raise the children allowance to the level of that for the elderly. Since the problem of ageing population is getting more serious, a large part of the social welfare expenditure has been spent on social security and the resources for some other services have therefore been drained away. We propose that the Administration should consider separating social security from social services with each having its own budget so that there will be more resources to expand and improve the quality of social welfare services.

(VI) Rehabilitation service

In this respect, the Administration is aware of the importance of public education and has allocated \$20 million for this purpose. We fully support this proposal. We also suggest that a carefully designed plan is necessary if this \$20 million is to be spent appropriately. We consider that reference can be taken from the family life education by taking districts and servicing organizations as the basis and appointing district education officers to conduct public education on a long-term basis in the districts they are responsible for. These measures are in any way much more practical than having variety shows on the television. A more pressing problem is the protection of the legal rights of the mentally handicapped people. We are disappointed by the Administration's refusal to legislate separately for the mentally handicapped. We hope that the Administration can enact anti-discrimination legislation such that with the supplement of public education there can be an improvement to the problem of insufficient protection of the rights of the mentally handicapped people.

(VII) Service for young people

Another neglected area in the policy address is service for young people. In view of the drastic increase of cases of juvenile delinquency and drug abuse, the Administration must allocate additional manpower to the services for young people. UDHK reiterate that the objective of having one social worker in every school should be attained as soon as possible. Besides, the number of outreach service team should be increased so that we will have one team for every 100 000 persons. This year, the Director of Social Welfare has increased the number of school social workers. We hope that the additional manpower can be deployed to Band 5 schools such that the objective of having one social worker in every school can be achieved as soon as possible in the schools of this band

and then the Administration should gradually work towards the same objective in schools of other bands.

Overall speaking, this year's policy address, like those of the previous years, touches on various subjects without going into each one deeply. Although it has proposed the concept of a secured old age, there are more words than actions as there is not a comprehensive policy to realize the various objectives. As UDHK's spokesman on welfare policy, I would like to reiterate here our main demands, and I hope that the Secretary for Health and Welfare can give a response to these demands in her reply.

1. Strengthen the co-ordination of services for the elderly and improve the life of the elderly by way of an overall policy and comprehensive services.
2. Set up a central provident fund to provide retirement protection.
3. Increase the amount of public assistance, particularly the allowance for children.
4. Enact a piece of anti-discrimination legislation to protect the handicapped people.
5. Attain the objective of having one social worker in every school as soon as possible in order to help school children to develop normally.
6. Separate social security from social welfare such that there will be sufficient resources for the development of social welfare services.

Finally, I will make an overall assessment of the policy address on behalf of UDHK. The whole policy address can be described in these few words: "Bold in backtracking in terms of the political system, and timorous in undertaking responsibilities in terms of people's livelihood". Hong Kong is now undergoing a critical moment. We need a far-sighted Administration that is ready to make commitments in order to face tomorrow's challenges. Regrettably, as far as the political system is concerned, the Governor has ignored public opinion and substantially revised the political reform package which has the support of this Council and the public. Why does the Administration not use this kind of courage to improve the people's livelihood and really improve the life of the people of Hong Kong?

The Governor has referred to a commentator who thinks that it is still too early to say definitely what the significance of the French Revolution in 1789 is and said we cannot possibly tell the significance of the events of last year. Personally, what I care most is not the assessment history will give; what is most important is whether at a particular moment of history one has fulfilled his duty and created history together with the people with a firm and resolute attitude.

UDHK ask the British and the Hong Kong Governments to set up a democratic political system in Hong Kong before 1997 and implement a fair and reasonable election system so as to lay the foundation of a high degree of autonomy. Furthermore, the quality of life of the public should be gradually improved to keep in pace with our economic development. We also demand the setting up of a fair retirement protection system in view of our ageing population.

With these remarks, I support the motion.

THE PRESIDENT'S DEPUTY, MRS ELSIE TU, took the Chair.

MR HOWARD YOUNG (in Cantonese): Madam deputy, there is relatively more coverage on social and livelihood issues in this year's policy address. I most welcome this. I believe the people of Hong Kong all wish to have a stable and prosperous living environment in which to live and work happily both now and in the years to come.

Some of the policies in relation to people's livelihood, as announced in the policy address, will benefit the tourism industry which I represent. For example, a clean and beautiful natural environment will appeal to tourists, thus promoting the industry. Therefore I think the setting up of an Environment and Conservation Fund is a right step forward. As to the employees' retraining scheme, the number of applicants, for example, for the hotelier's course far exceeds the quota of places offered by the Government. I earnestly urge that more government resources be allocated to this scheme. Since hotel clients come from all parts of the world, the service quality of the tourism industry can be improved if hotel staff can communicate with their customers fluently. I hope the proposed Language Fund can enhance the language proficiency of young people in Hong Kong.

Culture and the arts are given due emphasis in this year's policy address where it is proposed that a Provisional Arts Development Council be established. Members of the Council will be charged with the important responsibility of vigorously promoting the development of the arts in Hong Kong. The Liberal Party hopes that the future Arts Development Council will have broadly based representation and will truly represent the arts community with participation by representatives from the performing arts, literary arts, audio-visual arts and visual arts. Moreover, sponsors and audiences (that is, the public) should also participate, so as to enable all art forms to develop in an even and balanced manner.

I should like to raise several points from the perspective of the tourism industry. While some of these points have been covered in the policy address, some others have been neglected. And among the neglected ones there are a few which are worrying enough.

Members of the Liberal Party have urged the Government a number of times to address the impact of the ever increasing China-Hong Kong freight traffic on the economy and people's livelihood. In this respect, a number of measures have been proposed in this year's policy address. But apart from a smooth flow of freight traffic, the question of travellers entering and leaving the territory is equally important. At present, the annual number of Hong Kong people leaving or returning to the territory through Lo Wu or the airport is 30 million man-trips. Faced with a yearly growth in the number of travellers, the Immigration Department has failed to cope with the situation because its manpower still remains at the 1989 level. The crowded situation at Lo Wu port apart, unmanned immigration counters at the airport are a frequent sight. I received recently a complaint lodged by a foreign airline, claiming that according to their own statistics, more than 60% of their flight delays has been the result of insufficient Immigration Department manpower to process boarding travellers. The Government must increase the manpower provision for the Immigration Department and improve its establishment as a fundamental solution to the problem.

It would appear that there will be neither substantial investments in the hotel industry nor completion of new hotels in the next few years. Quite the contrary, there has been news lately of hotels being demolished to make way for office buildings. Apart from the Lee Garden Hotel which is already demolished, I heard yesterday that plans are under way to redevelop four or five hotels into commercial buildings or for other purposes.

The hotel industry contributes substantially towards the booming tourism industry and drives a broad spectrum of economic activities in Hong Kong. There are now over 80 hotels in Hong Kong which directly provide more than 40 000 job opportunities. Tourists visiting Hong Kong number 7 million annually and there are 100 000 employees in the tourism industry. But unfortunately, not enough importance is being attached to this industry. Hotels in Hong Kong have been maintaining a high occupancy rate of 90% in recent years. We shall be short of hotels to receive the growing number of travellers when the Chek Lap Kok airport is completed, if we do not have new hotels built.

The hotel industry is currently confronted with two major difficulties. Firstly, operators are at a loss what to do to satisfy the very draconian provisions of the Hotel and Guesthouse Accommodation Ordinance. The draconian standards set by the Ordinance are such that even some newly completed five-star hotels arguably fail to satisfy them. I hope that the Government will listen carefully to the views of the hoteliers and make flexible arrangements in enforcing the Ordinance, in order not to stifle this industry just because of some "hard and fast" rules and regulations.

Another point relates to the supply of hotel rooms. At present, land for commercial purposes put up for auction by the Government can be used to build shopping malls, office buildings or hotels. Given that the rate of return from

office buildings is higher than that of hotels which are further subject to strict controls such as annual renewal of licence, many investors will very often go for office buildings rather than hotels. Therefore, I suggest that in considering the grant of land through auction, the Government should specify certain locations suitable for hotel development, such as Tsim Sha Tsui West or Mass Transit interchanges, for hotel purposes. This will help promote the development of the hotel industry.

The policy address has set out a number of proposals to protect consumer interests. I and the tourism industry which I represent have all along lent active support to the protection of consumer interests and have been constantly co-operating with the Consumer Council. It is because as a service industry, we recognize very clearly the benefits a quality service and good reputation can bring to both the customers and the industry itself. However, if handled improperly, the many proposals set out in the policy address may pose an adverse threat to commercial activities or may cause extreme unease to some service industries. The proposed Bill on the supply of goods and services, for example, will require the trader to provide reasonable services within a reasonable time. But how are a reasonable time and reasonable services defined? What about those highly flexible and mobile services or services which rely on suppliers from overseas? Even if we can come up with some objective and reasonable definition as to criteria, some outside factors — factors beyond the control of operators in the industry — may render it difficult to supply services within a given time. For example, the operations of Hong Kong's travel agencies are closely linked with that of foreign airlines and hotels, but the latter two do not come under the jurisdiction of Hong Kong laws.

The policy address also proposed the establishment of a Consumer Representative Action Fund. But since Hong Kong has never had such a fund for consumers, we therefore need to be very careful with regard to the examination and screening of applicants and the grant of payouts from the fund to meet lawyer's costs. I once heard that in Germany many lawyers would hold station at the airport handing out forms to members of package tours, telling them they could initiate group actions against travel agencies if they were dissatisfied with their service. Under such circumstances, should tour members win their case, any compensation awarded would be shared 50:50 between them and the lawyers. But they would have to pay nothing if they lost their case. A friend of mine, who is a medical doctor, once told me that doctors in the United States, paranoid about lawsuits initiated against them by their patients, would take out substantial insurance policies or conduct full physical check-ups on their patients regardless of the severity or otherwise of their patients' complaints before making diagnosis. The consumer will be the one to lose out in the end if the service industries resort to various self-protective measures. The legislative intent of this kind of legislation should be to combat unscrupulous traders and to help consumers stand up to big businesses rather than to provide people of malicious intent with opportunities for abuse to enable them to extort compensation from small traders

8.00 pm

PRESIDENT'S DEPUTY: I am sorry to interrupt you, Mr YOUNG. It is now eight o'clock and under Standing Order 8(2) the Council should adjourn.

ATTORNEY GENERAL: Madam deputy, 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.

MR HOWARD YOUNG (in Cantonese): I hope that the Government will consult various trades and industries in drafting the Bill.

I welcome the willingness respectively expressed by the Chinese and British sides to consider the Liberal Party's suggestion of decoupling the contentious from the non-contentious issues in the political arrangement proposals to enable each type of issues to be separately discussed and dealt with. I hope that both sides will narrow their gap and rebuild their co-operative relations so that the talks can make a turn for the better. The Liberal Party has come to the view that the political package for the future must be open, fair and acceptable to the people of Hong Kong. But I have to point out at the same time that the original package or the subsequently modified package put forth by the Governor should not be regarded as the only fair and open package acceptable to the people of Hong Kong. I think that a package that does not jeopardize Sino-British relations or affect the territory's stability will be more acceptable to the Hong Kong people.

The atmosphere of today's talks seemed to have improved. But I wonder if there are any results. However, I feel that the gap between both sides appears to have narrowed, with both sides buckling down to discussing some technical issues such as the Election Committee. I think the package proposed by the Governor last year is far wide of the Basic Law mark. But with the latest modified package; it appears the gap has been narrowed. The Governor's modified proposal in respect of the Election Committee patently represents a substantial improvement on the one proposed by Britain and referred to in the seven diplomatic exchanges between China and Britain. But both sides may still need to solve some technical issues such as the eligibility of NPC deputies to stand for election as referred to in the Basic Law.

I hope that the Chinese and British sides will, summoning up the utmost political determination and on the basis of mutual understanding and accommodation, solve the problems and reach a consensus. I hope that their

talks will bring them as quickly as possible to an agreed package which is acceptable to Hong Kong people and conducive to a smooth transition.

I so submit.

MR WONG WAI-YIN (in Cantonese): Madam deputy, here is an IQ quiz. What speech is it if it can be used again a year later with the changing of only a few words? The answer is my speech (or it could be the speech of any colleague) during the Motion of Thanks on last year's policy address. The only change required is replacing the words "Mr Deputy President" with the words "Madam deputy". This, I can assure you, is not a joke. Behind this non-joke is the story of several hundred thousand disappointed and frustrated residents of northwest New Territories.

During the debate on last year's policy address, I described the serious traffic congestion and flooding problems of northwest New Territories with two modified lines from a poem by LI Bai entitled "Invitation to Wine". I went on to satirize the Government's attitude on these problems by telling the story of "Zhuang Zhou and the Carp". This year, I really cannot put myself in a poetic or a story-telling mood, the reason being that the problems have gotten worse, not better. The Government's attitude remains the same: Wait patiently and the problems will be solved in eight to 10 years. Is this a case of the Government lacking in resolve and ambitious vision? Or does it perhaps mean that improvements in the livelihood area, like the political reform, must take a through train of transition in 1997?

Madam deputy, as an elected Member, I have the duty to reflect the livelihood problems of my constituents and then, through contention, supervision, pressing and urging, to cause the Government to put into practice swiftly the improvements and find the solutions. If it is a case of the Government still not appreciating the gravity of the problems, I will be glad to tell it again. If it is a case of the Government knowing about the problems but not knowing how to solve them, I will offer some suggestions for its consideration. Below, under separate headings, I will talk about the problems of transport, flooding, housing, law and order and benefits for the elderly. They are my areas of concern.

Transport

Last year's policy address was silent on transport issues. For this failure, it came under heavy fire from all directions. This year's policy address has touched upon the issues, though not much and not comprehensive enough. It talks about what resources will be made available, mostly for projects connected with the new airport. The improvements that it talks about are superficial ones that are no help at all to the untying of the Gordian knot of traffic congestion in Hong Kong (particularly in northwest New Territories). Now Tuen Mun Road and Castle Peak Road, the arteries of northwest New Territories, are always in a

seriously congested state. Traffic snarls at the Kwai Chung container terminals have on various occasions paralysed traffic along these major roads. There are long traffic lines at the tunnels at all times. Cross-border traffic conditions are very bad at Man Kam To. There is a shortage of parking space for heavy trucks. When the roads are damaged or when they are closed because of traffic accidents, we are without an alternative system. Traffic then backs up until more and more areas become congested. The above problems not only affect members of the public by wasting their time, sapping their energy and strength and reducing their efficiency; they also directly damage the economy. This is really too high a price to pay. The Government keeps saying that it does have a strategy and a plan for dealing with the problems. The truth, however, is that the problems are getting worse. Why? To put it simply, several important factors were overlooked in planning; the funds allocated in that direction has been a drop in the ocean, as it were, and the authorities are dragging their feet to an absurd extent even in carrying out those programmes which they themselves have initiated.

In this connection, Meeting Point urges the Government to lay down a comprehensive transport strategy. When making plans, the Government should take future transport needs into proper consideration. The Government must not spend every cent that it has on the new airport projects. It must set its sight on the construction of a circular road system and a circular railway system as alternative transport systems for the new towns. It must plan on ample logistic facilities to cope with the full consequences of the rising traffic volume as the sea terminals and the airport are relocated westward and as passenger and Sino-Hong Kong freight traffic grows rapidly. The important projects and facilities in this context are:

1. Route 3 (Country Park Section). Construction on this project must begin at once. The Government has all along favoured the idea of handing over the project to the private sector. Meeting Point, however, thinks that, unless an agreement with China on the franchise cannot be reached soon, the Government should press ahead with the project on its own and bring the project to completion sooner.
2. The circular railway from Yuen Long to the urban areas to Tuen Mun and back to Yuen Long and the second cross-border railway between China and Hong Kong, passing through Yuen Long. Construction must also commence soon on some other projects including the railways linking the new towns of Tseung Kwan O and Ma On Shan to the urban areas as well as an urban circular railway.
3. The fourth and the fifth crossings at the land border between China and Hong Kong and the matching circular roads.

4. Logistic supply bases and truck waiting plazas at the border crossings.
5. More parking spaces and multi-storey container truck parks at the container terminals as well as parking spaces for long trucks at various locations in urban areas. These facilities will help to keep illegal parking, which is a serious problem, under control.
6. Better traffic control measures when roads are under repair or in the event of road accidents; improved arrangement with regard to diversion in an emergency.

Lastly, Madam deputy, a resident of Tuen Mun told me that, when she attended a job interview in the urban areas, her prospective employer decided not to hire her for fear that she might often be late for work because of traffic congestion. I wonder if our future anti-discrimination legislation will protect people like her.

Flooding

Flooding is another serious problem long faced by the residents of northwest New Territories. Meeting Point has always been concerned with this problem and with what can be done about it. Meeting Point has never stopped worrying that the problem may be belittled and dismissed as a local problem. We have used various channels to convey to the Government our concerns about flooding and our suggestions on river training, on flood-warning systems and on plans for emergencies. Regrettably, the Government has responded with a fragmentary and piecemeal approach. Therefore, Meeting Point thinks that the Governor should take a square look at flood prevention and relevant emergency planning. The Governor should have used his policy address to set a clear direction for bringing an end to the problem. In this connection, Meeting Point has two sets of suggestions to make.

Firstly, better emergency planning:

1. The Government must review the flood-warning systems and the evacuation mechanism. Meeting Point thinks that, because flooding usually does not hit all parts of the territory at once, there must be local warning systems and evacuation plans on top of the territory-wide warning systems (such as typhoon signals and rainstorm warnings). They should form an important part of the effort to prevent and reduce flood damage.
2. At present, flood emergency mechanism is improvised during real emergencies. There is no well-laid planning. When it is time to act, each department will follow its own policy and do its own thing. Meeting Point thinks that the Government should set up a professional team to deal with flood emergencies. When there is a

real emergency, this team will take command and co-ordinate the operations of all departments. In normal times, it will do planning work and make plans on how to deal with different levels of emergencies in different areas; learn and develop the necessary technical know-how and skills; and teach the population civil defence and what to do in an emergency.

3. The Government must take inventory of its equipment for dealing with flood emergencies in terms of quality and quantity and see what kinds of equipment there are. The equipment should be re-deployed to ensure that it is quickly available when needed.

Secondly, better flood prevention and control:

1. In the legislative area, the Government should speed up the amendment or making of statutes governing land use through town planning and those concerning the training of rivers and streams. The Government should achieve effective flood prevention and control with laws on environmental protection, sludge removal, the prevention of land erosion and the dredging of rivers and ditches.
2. The Government should control dumping in small local streams and remove from the streams objects that cause blocking. It should also speed up construction projects for the training of the streams.
3. With regard to major projects such as those for the training of Kam Tin River and Shan Bui River, the Government must more tightly supervise these projects and monitor their progress. It should make sure that there will be no slippage and that the projects, while in progress, will not be a cause of serious flooding in nearby areas.

Housing

It has been Meeting Point's long-held belief that the Government is responsible for providing public sector housing to members of the public. However, in the making of the now-obsolete long-term housing strategy, the Government failed to anticipate that the public's demand for public sector housing would rise in the wake of urban redevelopment, rent de-control, the arrival of more new immigrants from China and the control of bed-space apartments.

In the area of public housing, the Governor says that he has already asked the chairman of the Housing Authority to consider making a greater commitment to repairs and maintenance, to security measures and to the quality of management. However, the Governor overlooks the housing needs of the more than 150 000 applicants who are on the Waiting List. He evades the issue, that is, the lack of transparency in the Housing Authority's decision process. He

also fails to deal with the problematic public housing policy now in effect in terms of, among others, rents and the assignment of housing units. In addition, the policy address fails to touch on the financial arrangement between the Housing Authority and the Government, an issue about which the public has been the most critical.

In the area of home sales to the sandwich class, the policy address only briefly touches on the state of progress in the housing loan scheme for the sandwich class. Whereas property prices are staying at a high level, the policy address fails to lay down any policy in response to this problem and sets no direction for its solution. The Governor seems helpless and at his wits' end. Meeting Point always holds that the solution for the housing problems of members of the sandwich class is for the proposed housing scheme to be expanded in favour of the sandwich class.

On the whole, Meeting Point thinks that the policy address should have seriously taken stock of Hong Kong's housing problem, reviewed the long-term housing strategy and made a commitment on implementation. Meeting Point has the following suggestions to make:

1. The Governor should instruct the Housing Authority to make a reform in the direction of greater transparency and broader representation. A new rent policy should be set, allowing rents to creep up as public housing tenants' ability to pay improves. The financial arrangement between the Government and the Housing Authority should be reviewed.
2. The Government should build more HOS flats for the sandwich class. Pre-completed HOS flats should be put on the market right away so that this additional supply may keep property prices down.
3. The Government should review its long-term housing strategy. A public-housing-oriented strategy should replace the present private-sector-oriented strategy.
4. The Housing Branch should be re-established to rationalize the apportioning of resources and carry out an overall policy to help to co-ordinate the operations of government departments and semi-official bodies having to do with housing. This will end the present chaotic situation in which each department acts in its own way.

Law and order

The Governor's policy address this year stresses the fight against corruption. Of course, we should concern ourselves with, and pay serious attention to, the rising trend of complaints about corruption. But the Governor makes little mention of smuggling, armed robbery, illegal immigration, the high crime rate in the new towns, loan-sharking, juvenile delinquency, rape and

indecent assault. Sex crimes are the worst in Tuen Mun and Yuen Long. Sex maniacs have recently been running wild there. People shudder at the mention of sex offenders.

Madam deputy, the Police Force has achieved greater success in its recruitment effort over the past year. But the wastage over the same period was quite large. Most of those who left the force are experienced officers. Another matter is that the fast developing new towns require a bigger police presence. In this connection, Meeting Point has the following suggestions to make:

1. Clerical work within the Police Force should be turned over quickly to civilian employees. The police recruitment effort should be intensified. The strength of the Police Force should be increased.
2. More money should be spent on upgrading equipment for police officers to give them better protection. It is hoped that this may retain some experienced police officers from leaving the force.
3. There should be closer co-operation between China and Hong Kong. Co-operation should cover intelligence exchange, interception of weapons smuggling and illegal immigration and fight against smuggling and corruption.
4. Crime reporting procedure should be simplified. The behaviour and manners of police officers should be improved. This may help to bring about closer co-operation between the police and the public.
5. An independent Complaint Against Police Office should be set up. This body should do everything it can to investigate unruly elements in the Police Force, to rebuild the reputation of the force and to restore the public's confidence in the force.
6. Resources should be allocated to the Police Force to enable it to continue its neighbourhood watch programmes in the public housing estates. Police reporting centres should be re-established. There should be more high-rise patrols to deter crime.

Benefits for the elderly

Madam deputy, Hong Kong is facing an increasingly serious problem of "grey tide". The Government must show greater ambitious design and resolve for coping with the consequences of an ageing population. But the policy address brings us only disappointment. Certainly improvements have been made in the areas of infirmaries, geriatric care, home help teams and housing for the elderly. Yet these are far from enough for coping with the needs of a huge elderly population. The policy address makes no review of private nursing homes, the fact that chronically ill old people are sometimes driven to

suicide or the meagre rate of the Comprehensive Social Security Assistance. This means that the elderly can live on, yet without dignity, let alone "a secure old age".

In this connection, Meeting Point has the following suggestions to make:

1. The policy address mentions a special working group to be set up which will directly report to the Governor on the problems and needs of the elderly. Integrated care for the elderly will be provided as well. This working group's members should not only come from government officials but also include representatives of old people's groups, academics and elected Members.
2. The post of a commissioner for senior citizen affairs should be created to co-ordinate services to elderly people.
3. Law should be made and put into effect quickly to provide for the licensing of nursing homes. Steps should be taken actively to increase nursing home places for the elderly, for instance, by buying places in private nursing homes and encouraging voluntary agencies to set up non-profit-making and financially independent nursing homes.
4. A comprehensive review should be conducted of the various assistance rates under the Comprehensive Social Security Scheme. The amounts should be pegged to the level of the average real *per capita* income.
5. The Government should take active steps to promote in both the public and the private sectors the Senior Citizen Card that will be printed and distributed next year. This will ensure that the card will have wide application and entitle the senior citizens to various privileges.

Madam deputy, because time is running out, I have only one thing to add: I sincerely hope that people's expectations will not remain expectations and they must be met.

These are my remarks.

DR TANG SIU-TONG (in Cantonese): Madam deputy, it has been 15 months now since Mr Chris PATTEN became the Governor of Hong Kong. In October last year he delivered his first policy address. The 34-page, innovative policy address entitled *Our Next Five Years The Agenda of Hong Kong* listed out a host of construction projects and welfare programmes, and promises that Hong Kong would be a beautiful "rose garden" that could be compared to Cleopatra's dowry. And it modelled a social welfare "through train" for the

people of Hong Kong. But, unfortunately, as the constitutional package introduced in the policy address was too "incitant", the "coquetry" of democracy overshadowed the needs of people's livelihood, so Mr PATTEN was branded "one-issue Governor". I do not know if it is because of this that the policy address has been lengthened from 34 pages last year to 37 pages this year, plus a gift of a 17-page annex entitled *Last Year's Pledges : Action So Far*. There is another big increase in the expenditure on construction projects and welfare programmes. Could this policy address entitled *Today's Success, Tomorrow's Challenges* that costs \$25 billion facilitate the trip of the social welfare "through train", the brainchild of the Governor, so that it will reach the other side of the border? I believe all the people of Hong Kong are very concerned about it.

When I first learned from this year's policy address that great improvements had been planned for people's livelihood, I was overwhelmed and thought it would definitely trigger off lots of heated discussions in the community. But, surprisingly, there was hardly any interest among the people. And, the response to the Governor's Question Time this year paled beside that last year. It was all so unexpected. What is the problem then? I went over the policy address and the reference materials carefully, and then I understood why.

It is because most of the improvements that this \$25 billion policy address entitled *Today's Success, Tomorrow's Challenges* spells out, except some new ideas like establishing a Consumer Representative Action Fund, requiring public utility companies to make public financial data, setting up an Environment and Conservation Fund, cleaning up the countryside, developing computer education and setting up a working party on services to the elderly, are but superficial proposals, and many are merely continuation of the proposals formulated by Mr PATTEN's predecessor or what members of the public have been fighting for for years. What the policy address merely does is to give a new packaging to the pledges that the Government made or the improvements that the Government should have made years ago. Take road improvements for instance. The policy address mentions that \$9 billion will be spent on road networks and road improvements. But, in fact, \$7 billion of it will be spent on the Airport Core Programme projects, and part of the money has already been approved by this Council. Regarding the construction of new climbing lanes on Tuen Mun Road, the installation of computerized Area Traffic Control systems and the widening of Lung Cheung Road and Ching Cheung Road, planning already started three years ago when the *White Paper on Transport Policy in Hong Kong, Moving into the 21st Century* was published. As to education, issues like improvements to teachers training and school environment were raised in the Education Commission Report No. 3. Discerning members of the public would naturally discover that the policy address is but old wine in new bottle. This explains why the policy address has failed to draw a warm response.

A loud voice does not mean promotion of democracy, a large number of people do not automatically represent social justice, and a pile of data is not improvement of people's livelihood. To ensure a progressive, prosperous and

stable society, we need an astute and responsible government to lead us and put plans into action. Then we will be able to achieve our aims. Many of the pledges, made in the policy address, to improve people's livelihood are "a late spring". Judging from the present situations, it seems that it is not only a late spring. It may never come at all. So I hope that the Government will set up a committee to monitor the fulfilment of the pledges that have been made in the policy address.

What the policy address dissatisfies me most is the remark in paragraph 148 about the effects of the standstill of the Joint Liaison Group's work, that is, "Failing to do so will create unnecessary uncertainty and confusion about the continuation of Hong Kong's vital legal and commercial relations with the outside world." And what makes me more dissatisfied is the reply that Governor Chris PATTEN gave me at the Legislative Council sitting on 7 October 1993 when I asked about the Government's solution to the problem. The Governor fudged on the question and passed the buck. Instead of giving me a reply, he said "What else in the world do Foreign Secretaries, do senior Ministers and officials sit down and spend their time arguing about airports and container terminals?" Here I would like to tell him that "There is no other place in the world that is worth such efforts from the Foreign Secretaries of the United Kingdom because there is no other place like Hong Kong that knows how to 'lay gold eggs'. The United Kingdom can never have another colony like Hong Kong." Did the Governor mean that the United Kingdom Government had always been fighting for the interests of Hong Kong selflessly? Had this been the fact?

If the United Kingdom had Hong Kong's interests in mind, it would not have amended the Nationality Act some 10 years ago. Because of this amendment, people born in Hong Kong and people naturalized were deprived of the right of abode in the United Kingdom. If the United Kingdom had Hong Kong's interests in mind, it would not have forced, with threats and inducements, Hong Kong to accommodate the Vietnamese boat people against its wish. Hong Kong has been carrying this heavy burden and the financial expenditure for 10 to 20 years now, yet the United Kingdom still turns a blind eye to it and refuses to help. If the United Kingdom had Hong Kong's interests in mind, it would not have been against China's application to host the 2000 Olympic Games. And, Hong Kong has thus lost the chance to reap a \$20 billion profit in tourism. If the United Kingdom had Hong Kong's interests in mind, it would not have used the well-being of the people of Hong Kong as the bargaining chip in the negotiations with China.

I believe everyone of us has a good understanding of the value of Hong Kong to the United Kingdom and the United Kingdom's lack of care for Hong Kong.

About the part of the policy address on the negotiations between China and the United Kingdom, I think the Governor has made a series of mistakes. First, instead of making a self-examination, he puts all the blame on China when

there has not been any result in the negotiations. Second, he has indirectly set a deadline for the negotiations. Third, he discloses what has been discussed in the negotiations and breaches confidentiality. These mistakes will not be of any positive help to the success of the negotiations.

In the year that has passed, the Patten constitutional package was like a whirlwind that swept Hong Kong. And, with the publicity unfurled by the Government, a no grey compromise theory of "either black or white" was prevalent. If you did not support the package, it meant that you did not support a democratic system. At one time, it had caused contradiction and polarization in the community. It was fortunate that the threat subsided. Otherwise, the consequence would be very serious.

There have been now 14 rounds of talks between China and the United Kingdom on the political reform, yet there has been no progress. The prospects of reaching an agreement are not very hopeful. Looking back, the relations between China and the United Kingdom this time last year were quite good. Why is there such a wide divergence in opinion on the issue of political reform now? Personally, I think there are two possible reasons. First, China and the United Kingdom may have different interpretations for the concept of "one country, two systems". While in China's mind Hong Kong will maintain the present style of life as well as the present system of free economy, and the present democratic system will be developed progressively after the reversion of sovereignty in 1997, the political reform package that the Governor has proposed is too hasty and against the spirit of the Joint Declaration and the provisions of the Basic Law. Obviously there is no consensus between the disputes on "three violations" and "three compliances". As there is no consensus on the issue, it is only natural that the opinions of the two sides cannot fit in easily.

Second, the United Kingdom does not like to see Hong Kong having a smooth transition. Perhaps the United Kingdom hopes it can secure some interests in certain areas in Hong Kong before and after 1997, that is, the so-called "conspiracy theory". Of course, the people of Hong Kong do not wish to see a "conspiracy theory". If what has caused the divergence in opinion is but a question of consensus, then there is hope that the problem can be solved. But, if there is the "conspiracy theory", then all the people of Hong Kong can do is to pray for blessing.

I would like now to talk about that part of the policy address on people's livelihood.

In the area of transport, the policy address does not even say a word about the urgency of the need of the new towns in external transport network and roads. For example, the New Territories West. There is no mention of an early implementation of the northwest railway project or of the expedite construction of Route No. 3. And, the policy address does not touch on the need

of Ma On Shan in the New Territories East and Tseung Kwan O in Sai Kung for external transport systems.

As to housing, the most appropriate comment for the policy address is that there is nothing new. Last week the media reported the Governor's remark that "the Housing Authority holds enormous assets but does not know how to use them". Then on the day when it was reported in the press, the Housing Authority at once called a press conference and announced it would study the long-term strategy. It proved that the Governor's reproachful remark was very effective. It is hoped that the Governor can spend more time supervising the various government departments. If he cares to make a reproachful remark or two now and then, it would be of a greater benefit to the people of Hong Kong than that from processions and protests.

Regarding medical services, though the policy address introduces some fragmented improvements, there is no definite, long-term policy. As to social services, it is very disappointing that the policy address has neglected the youth problems. The problems of juvenile delinquency and drug abuse have become social maladies. The Government should not overlook them. The Government's reason for refusing to set up a central provident fund is but a lame excuse, and obviously it is shirking the responsibility. The policy address said there was a divergence in opinion among the members of the public. But it is not true. The fact is that there is a divergency in opinion on the issue, but it is between the public and the Government. On the education front, it is proposed to create a Language Fund and develop computer education. These efforts are commendable, but it is disappointing that no consideration has been given to the provision of 11 years of free education and the allocation of subsidies to kindergarten teachers. It is true that the number of teachers will be increased, but the quality of the teachers is neglected. Though the policy address emphasizes that importance will be attached to the problem of inflation, yet it is hard to understand why there is no plan to curb inflation. There has recently been flooding in the New Territories; the Government should immediately device remedies to solve the problem.

To the United Kingdom, 1 July 1997 signifies the end of the colonial rule in Hong Kong. But to Hong Kong, it is the beginning of a new life. In the coming three years and eight months, Hong Kong will be in the latter half of the transition period. Yes, the setting sun glows, but it is already close to the end of the day. To a country that has been accorded the accolade of "the country where the sun does not set", it is understandable that it is somewhat displeased and sad. Yesterday the Honourable Andrew WONG sighed with emotion and said "Already, it is October — Is it because the skies have changed? Or is it because men have changed?" But when I look back, men have not changed, mountains and rivers have not changed, and stars have not changed. I think the skies have not changed and men have not changed. It is only the heart that has changed. However, I still earnestly hope that the Government will not be lax because it is a sunset government. It should administer Hong Kong with sincerity and genuine efforts and make positive arrangements for a smooth

transition so that the "political system through train" and the "social welfare through train" can reach the other side smoothly, Hong Kong will remain prosperous and stable, and the United Kingdom will be able to have an honourable retreat.

Madam deputy, I so submit.

THE PRESIDENT resumed the Chair.

MR ROGER LUK: Mr President, in last year's debate, the common issue concerned was inflation, this year it is perhaps housing apart from constitutional developments.

Centuries ago, a prominent Chinese scholar and poet, DU Fu wrote (*Note 1*):

"May tens of millions of houses be built;

May all the poor be delighted of being offered shelters".

Former Governor MacLEHOSE certainly shared the same vision when he put forward a 10-year housing programme in his first policy address to this Council in 1972.

It has however taken 20 years for his dream to come true, at least in terms of numbers. At the end of 1992, there were a total of 1.66 million households and 1.83 million permanent living quarters. With a ratio of living quarters to households of 1.10, the demand for and supply of housing is already in balance.

Notwithstanding, the spiral for residential housing prices has persisted. On the average, they went up 20% last year and a further 20% in the first nine months of this year. Home ownership is becoming out of reach to salary earners. At the current level of around HK\$4,500 per sq ft, a typical 400 sq ft flat in popular private estates in the urban area would cost 15 years' income of a fresh graduate, compared with 13 years at the peak of the last boom, 1981.

Critics say this is fundamentally a matter of demand and supply imbalance, attributable basically to the supply constraint under the Joint Declaration, and strong investment demand stimulated by negative real interest rates and value appreciation potential. Moreover, the imbalance is aggravated by excessive speculative activities. They urge the Government to take initiatives to increase land supply as a long-term solution.

These comments are over-generalization. With the new supply of residential flats increasing faster than households for years, any direct impact of

the said supply constraint on housing prices is yet to be substantiated. As investment demand would have to be taken up eventually by end-users, what really matters would be the formation of new households, which has been slackening to merely 2% per annum in recent years due to demographic factors.

Unlike the early years of the boom, the latest rounds of price surge have not been an across-the-board phenomenon. They are locational depending on accessibility, and quality-driven depending on facilities. Housing estates more accessible by public transport have commanded a location premium over those less accessible. Those with amenities have also commanded a quality premium over those without. As such, the current market imbalances are fundamentally mismatches in location and quality. The recent spiral of property prices is a complex asset price inflation arising from these mismatches, aggravated by negative real interest rates and inflow of funds.

Over the years, banks have been responding favourably to home ownership aspirations with increasingly accommodative mortgage terms. However, the recent market developments have compelled prudent bankers to reassess the credit risks of what used to be fully-secured self-liquidating lending to end-users supported by income and adjust the terms accordingly.

The residential housing market may be depicted in a simple demand/supply framework. Housing demand in terms of quality is a matter of affordability and thus relates to household income. It is a spectrum ranging from shelters for the underprivileged to elegant houses for the high net worth individuals. In between, there are self-contained units for low-income households, apartments with communal amenities for middle-income households and condominium for high-income households.

On the supply side, housing is provided by both the public and private sectors with an overlapping interface. It is a spectrum ranging from welfare for the underprivileged provided by the Government to commodity for the affordable provided by private developers. In between, there are subsidized public housing for the low-income and the middle-income groups, and private housing for the middle and the high-income groups. The overlapping is basically at the middle-income group, to the extent of the government home ownership scheme (GHOS) and "sandwich class" housing.

Hong Kong's public housing programs are remarkable achievements by any standard. To borrow the words of the Governor, we have created an impressive supply of decent, affordable public housing over the last four decades for over 40% of the population. On the other hand, public housing is a victim of its own success as well.

Public housing tenants pay an average of only 8% of their income on occupancy compared with an average of 33% for their private housing counterparts. With comparatively higher disposable income, beneficiaries of

public housing have become better-off over time. In turn, this has generated an increasing demand for better accommodation.

Over the years, the improvements in design and facilities standards of public housing estates have been more an evolution to keep pace with the general market trend than a deliberate policy to address the rising aspiration of tenants. Public housing estates virtually offer a homogeneous accommodation to meet the range of target demand from the underprivileged to the low-income group. An obvious drawback of this policy is the lack of an upward mobility path for better-off tenants.

The "double rent" policy is an attempt to address this drawback. It is controversial because it links the extent of subsidy to affordability for units of the same standard rather than different standards. As it turns out, the policy is virtually ineffective in encouraging the more affordable households to migrate to GHOS units, not to mention private housing. Meanwhile, 13% of public housing dwellers also own private housing units, whereas a recent initiative to sell public housing units to tenants at heavily subsidized prices has been poorly responded to. In the circumstances, the more better-offs continue to enjoy subsidized public housing, the less better-offs continue to press for better living conditions and the underprivileged continue to wait in the queue.

On the other hand, successive surges in property prices have made home ownership beyond the means of many households which earn more than the GHOS eligibility threshold. An undesirable social consequence is that the wealth disparity between those who have and those who have not is polarizing the community.

As more households find private housing less affordable, there is more pressure on the Government to provide more housing assistance. The launch of the "sandwich class" housing to supplement GHOS is a convenient response to such social pressure. With this further extension of the role of public housing, its interface with private housing has again shifted.

Over the last 40 years, public housing in Hong Kong has travelled a long way from resettling squatters to subsidizing home ownership. What should be the way forward? What should be its future roles? It is disappointing that the policy address lacks specific directions in this respect.

I share the concern of many honourable colleagues on public housing and their aspirations. It must be recognized however that public housing today is more than social welfare for the underprivileged. It is in fact also a subsidized commodity. As such, government assistance should be linked to affordability and no benefit should be life-time. Above all, it should be non-homogeneous and provide for an upward migration path. The proposed Type II GHOS for those affected by redevelopment and clearance is a long overdue initiative.

Obviously, the increasing quality aspiration in housing demand could not be adequately matched by the efforts of the private sector alone. Public housing should play an active part to complement, and in turn to counterbalance the oligopolistic development of the market.

Mr President, there are no better words than "today's success, tomorrow's challenges" to summarize the way forward in public housing. It demands much political courage to take up these challenges.

The art of corporate management may be summarized by the "one minute manager" philosophy of one minute goals, one minute praisings, and one minute reprimands. (*Note 2*). Similarly, the art of parliamentary politics may be summarized by the "one minute politician" philosophy of one minute visions, one minute supportings and one minute criticisms.

Spend one minute to depict the visions of a better community of tomorrow. Spend one minute to support government initiatives that would help realize this vision. Spend one minute to criticize government initiatives that would impair this vision.

For years, the search of far-sighted political leadership that would live up to our community's expectations under "one country, two systems" has remained high on the agenda. The introduction of directly elected elements in this Council has been regarded as another step forward. Now for two years we have been on our own, but has moss grown fat on a rolling stone? (*Note 3*)

It is no politician of vision to fight an uphill battle knowing very well at the outset that any chance of reaching the apex is next to zero. It is equally no politician of vision to pretend fighting a war, to pretend winning the war, and to try convincing everyone it is so. Our community would draw its own conclusions on the controversies over the debate on the Western Harbour Crossing franchise.

It is no politician with a supporting mind to make life difficult for the Administration in the name of the livelihood of the people. It is equally no politician with a supporting mind to find excuses to resist government policies in the name of the livelihood of the people as well. Our community is actually more caring for the underprivileged and less accepting to free lunches.

It is no politician with a critical mind to reject government initiatives without suggesting practical alternatives. It is equally no politician with a critical mind to censure the lack of government initiatives on non-issues. Our community has higher priorities to debate on than the administrative routine of rearranging city districts, or fiscal policies for narrowing the affluence gap when almost everybody is better-off.

Hong Kong is fortunate to have a dynamic and sophisticated community, which is also rapidly maturing in politics. It would be unfortunate, however, if

these qualities are not being fully capitalized on. The last thing Hong Kong wants in political leadership is LENNON/McCARTNEY's *Nowhere Man* who "does not have a point of view and knows not where he is going to" or *the Fool on the Hill*, a man with thousand voices, who talks perfectly loud but "nobody ever hears him and the sounds he appears to make". (Note 4)

To conclude, Mr President, let no personal ambitions override the goals of the people. Let no party interests override the priorities of the community.

Thank you.

Notes

1. 杜甫（唐 712AD-770AD）茅屋爲秋風所破歌
「安得廣廈千萬間，大庇天下寒士皆歡顏」
2. *The One minute Manager* by Kenneth BLANCHARD and Spencer JOHNSON
3. Adapted from "Now for ten years we've been on our own, and moss grows fat on a rollin' stone" in *American Pie*, words and music by Don McLEAN
4. *Nowhere Man*, words and music by John LENNON and Paul McCARTNEY

The Fool on the Hill, words and music by John LENNON and Paul McCARTNEY

MS ANNA WU: Mr President, in his policy address, the Governor summed up the year as a year of success in every area but one. Where we have failed is in the area of achieving a closer understanding with China.

More than a decade ago, during the negotiations that led to the signing of the Sino-British Joint Declaration, the attitude of the Foreign Office was that Britain must strive for the best possible agreement, but that there must be an agreement. Implicit in this position was that the two sides could not agree to disagree and that any agreement reached would be imposed upon Hong Kong. The people of Hong Kong had no choice.

Both China and Britain claimed that each was acting in the best interests of Hong Kong but neither party consulted the people of Hong Kong. In fact, the negotiations were conducted in secrecy between the two governments. That was a decade ago. Today, another set of negotiations is going on between Britain and China.

Although no agreement has yet been reached, I fear the worst. I fear that our Government would present to us another Hobson's choice.

The public in Hong Kong is entitled to know, entitled to a choice and entitled to participate in the making of decisions that will fundamentally affect our future. The Hong Kong community aspires to participate fully in the running of government under the concept of "one country, two systems".

As a community, we have to continue to strive for a closer understanding with China but that understanding needs to be reached in the context of "one country, two systems". This process involves taking a position on issues that each system must generate its own leaders in its own way. It involves believing that "one country, two systems" is attainable only if China and Hong Kong respect each other's separate spheres.

Mr President, the Governor said that his Government can only be as bold as the community. He went on to say, "That is not a surrender of leadership. It is a statement of fact." I detect a tone of resignation.

Any perceived failure cannot be used as an excuse by the Government for inertia. The air of resignation leads us dangerously close to that and I would say to the Governor that his Government is obliged to be no less strong, no less wise and no less determined than the community. Hong Kong wants an effective government, both now and in future.

The Governor also tells us that, "Our economy has thrived, our social programmes have expanded, our quality of life has improved." He said that the Progress Report tells us a tale of success. I would say to the Governor that he is too easily satisfied.

The rule of law is one of the most fundamental aspects of our life in Hong Kong. It implies equality before the law. It means a more equitable society and that is what we should strive to achieve.

We need a firm commitment from the Government to implement the Bill of Rights. We need a firm commitment to repeal or amend laws which are inconsistent with the Bill of Rights. We need to remove antiquated Qing laws of 1843 depriving New Territories women of the right to inherit New Territories land, laws long since repealed both on mainland and in Taiwan. We need to set up institutions and enact laws which will support our freedoms. These include laws on access to information, protection of privacy and data and the establishment of a Human Rights Commission independent of the Government. It is not good enough to say that human rights and related issues will be tucked under the portfolio of the Secretary for Home Affairs. There must be a commitment to action.

We have had a widely supported resolution of the Legislative Council for the establishment of a Human Rights Commission. We have had vicious attacks on the Down Syndrome Resources Centre. We have had strong and persistent calls from many women for equal opportunities in employment. We have had numerous pleas for help from New Territories women who are deprived of land inheritance and political rights. What more can we do to persuade the Governor and the Government to act?

The *Green Paper on Equal Opportunities for Women and Men* is under consultation and we were informed that this exercise would conclude in December 1993. We are now informed that a series of surveys will follow with findings made available in March and June of 1994. Why were these surveys not planned for or undertaken earlier? What is the excuse for the Government's indecisiveness on a matter as fundamental as human rights?

The Government tells us that discrimination is not practised by the Government in hiring and that there is no evidence of serious discrimination in Hong Kong. Let me draw the Government's attention to the following.

A random check of the job ads in the Labour Department reveals that over 50% of the ads inviting applicants for clerical jobs today in the Wan Chai Centre require the applicants to be under the age of 30. The ads of various government departments for temporary jobs require applicants for clerical jobs and office assistants to be under the age of 30, 35 or 40. What justification is there for these requirements? What is the use of retraining our women above the age of 30 if we do not make jobs available to them?

As a start, I would call upon the Government and all quasi-government agencies, the Heung Yee Kuk, the Urban Council, the Regional Council and the district boards to use their good offices to issue guidelines specifying tangible non-discriminatory practices.

While our political reform package suffers from temporary setbacks, this does not excuse our Government from undertaking reforms in other areas within its control. I agree democracy is both a high privilege and a heavy responsibility. To enable the people of Hong Kong to learn to rule and to monitor the Government, there must be greater participation by the Hong Kong community in all forms of politics. At the moment, we have hundreds of advisory boards and committees (over 450 according to one source). Meetings of these bodies are generally not open to the public. Documents generated by these bodies are also generally classified. Indeed, we even have difficulty obtaining information from the Census and Statistics Department and we have difficulty extracting a promise from the Secretary for Home Affairs to make public the Government's findings and conclusions on the consultation exercise relating to equal opportunities for women. Can we not terminate this closed-door approach and provide the community with a greater share of the privilege and responsibility?

The Governor in his policy address mapped out a package of measures to give a fairer deal to the consumers which I welcome. Deceptive trade practices, misleading advertisements, unconscionable contract terms and dangerous products have no place in modern Hong Kong. We need to provide our consumers with effective redress. Unless remedies are enforceable, the lurking villain will always be there to catch an unwary consumer.

I congratulate the Governor and his Government for taking the modest but bold measure of providing resources for the Consumer Council to assist our buying public in taking representative actions. I must emphasize that representative actions exist on our statute books today and are nothing new.

Our efforts however should not stop there. Hong Kong needs an open and fair market. Cartels and monopolies lead to abuse giving rise to strategic vulnerabilities in increased price and inflation. A consumer needs information, a consumer needs to have a choice and our buying public wants to have a pluralistic and efficient market.

Hong Kong does not yet have a comprehensive competition policy. We should establish one to ensure that unnecessary distortions of the market are removed and the right balance between regulatory frameworks and market demands is struck. Our administrators are not sufficiently sensitized to the need for competition analysis and the formulation of a competition strategy. I urge the Administration to adopt as standard practice competition analysis and formulation of competition strategy in respect of all licence and franchise businesses and related tendering exercises as a start. The study should be incorporated in papers supplied to legislators as standard requirements. I have made these please before and a response is still awaited.

Mr President, I would conclude by thanking the Governor for not forgetting some of the individuals who are particularly in need of help, the Band 5 students for instance. Our education system should adapt to the individual and not the other way round. There are many in our society who need help. Let us not forget the children who are deprived of a normal standard of living and those who live in cages around Hong Kong. Can this "beacon of good fortune, a dazzling example of what free men and women can together achieve", put such adversity and hardship more quickly behind them?

Thank you, Mr President.

MR JAMES TIEN: Mr President, political stability is the single major asset that creates the economic miracle of Hong Kong, and hence lead to the life style so many of us cherish here. However, in recent years, we start to take Hong Kong's success for granted and disregard factors such as social stability and the people which were key to the creation of our present prosperity. We even dispel the golden rule that political stability is pertinent to social stability. Under the British rule for over 150 years, we have lorgnette that political and

social stability must be achieved without drastic changes to the political order. It may be a little rash to equate gradual political development with political stability, but I do believe a lot of people would echo my feeling.

In the *White Paper on The Further Development of Representative Government in Hong Kong* released in 1984, it was said that "Public reaction was generally in favour of the aims of the Green Paper and the gradual and progressive nature of the proposals made in it. The need to ensure that the prosperity and stability of Hong Kong are not put at risk by introducing too many constitutional changes too rapidly was widely recognized." In the 1988 *White Paper on The Development of Representative Government: The Way Forward*, the Government wrote, "It should also be recognized that Hong Kong's stability and prosperity owe much to consistent policy and prudent development. This points to the need to evolve gradually from the unique system that has served Hong Kong well until now, and not to force that pace of reform to an extent that might introduce instability and uncertainty into the administration of the territory." We should all remind ourselves these were guidelines laid down by the British Hong Kong Government then.

Whether the constitutional package before us today are contradicting the previous principles laid down by the Government is a debatable issue. But I have every reason to believe that the proposed political system would not converge with the model of the future SAR Government and is therefore a cause of introducing instability and uncertainty into the future administration of the territory.

It was emphasized in the 1988 White Paper that "..... the system of government [should be] in continuity after 1997 when Hong Kong will be a SAR of China." No continuity in the system, be it political or otherwise, would definitely deal a severe blow to society, both economically and socially. Our current relationship with China certainly signals an alarming "No Continuity". Being a responsible Legislative Council Member, I maintain that we should tell the public what is the price to be paid by the community if we allow such political package to be introduced in the territory risking a no continuity scenario.

Mr President, as a representative of the industrial constituency, I am obliged to comment on the addition of nine new functional constituencies and the definition of functional constituency electorates. The 1984 White Paper provided basis for the establishment of functional constituencies. It read, "The Green Paper stressed that full weight should be given to representation of the economic and professional sectors of Hong Kong society which are essential to future confidence and prosperity." It was thus proposed that the constituencies be categorized in accordance with functions. Not a word about democracy nor the size of the electorate was ever mentioned. While in the 1988 White Paper, it was agreed that "functional constituencies should be substantial and of importance in the community." My understanding of the word "substantial" in

this context is to be substantial in quality, and not necessarily substantial in absolute numbers.

Definition of functional constituencies aside, there are two things in the two White Papers we should take note of. Firstly, the Government is keen on including more functional groups with related interest. Secondly, the Government indicated its intention to consult and negotiate with relevant organizations on all other detailed electoral arrangements before adding new functional groups. These were rules of the game set forth by the British Hong Kong Government and generally accepted by the public in 1984 and 1988. The present proposal of multiplying the 70 000 electors from 21 functional constituencies to 2.7 million people from 30 functional groups is apparently a breach of the agreed rules that said, "In the case of economic and social constituencies, these will be based on a well-recognized major organizations, associations, and institutions with a territory-wide coverage. The list of the voting members of these organizations will be adopted as the electoral rolls for these constituencies. Corporate members will nominate representatives to vote on their behalf." Again, not a word about democracy nor the size of the electorate was ever emphasized. So, what were agreed in 1984 — the principles behind development of a representative government — were repudiated altogether when the Governor announced his constitutional reform last October. Such an irresponsible and imprudent act of reversing the established rules and practices out of the Governor's free will should not be encouraged.

Let us not forget the aim of introducing functional constituency was to give the experts from the economic and professional sectors a fair say in the administration, thus maintaining harmony and prosperity in society, and not to create social discord. For example, extending electorates of the industrial functional constituency to the workers in a factory will trigger two kinds of problems. On the one hand, it will result in non-professionals shaping policies affecting the interest of that whole business sector. On the other hand, it will introduce confrontation between the employer and the employee. The factory workers should have their vote in direct election, not in functional constituencies. What I am saying is that electorate of this category should be chosen from those who can manage, as well as having a vision, on the overall development and operational constraints of the manufacturing industry.

Besides, history so far proves itself that functional constituency was a desirable addition both to the legislature and society as a whole. The introduction of functional constituency elections are tantamount to a check-and-balance system whereby profession and those with recognized experience and proven expertise in the relevant fields could contribute their share in advising and counter-balancing the executive-led government in the legislative process. Bankruptcy of the Bank of Credit and Commerce provided a vivid example to demonstrate the value of functional constituency election which allows representatives of the banking, finance and accounting sectors to plug the loopholes, as well as proposing amendments, of the existing laws and institution

setting in a bid to prevent such catastrophe that may ruin the life of tens of thousands of Hong Kong people from recurring.

It would be deemed precarious to eradicate this effective social mechanism simply for the slogan of speeding up the pace of democratization. The proposal on the nine new functional constituencies tabled by Governor PATTEN, in fact, amounts to direct elections. The fact that the 21 old functional constituencies have 69 000 voters while the nine new functional constituencies will have 900 000 voters clearly confirms this point. Such a drastic political change that does not guarantee convergence with the future SAR is absolutely not welcomed by the industrial and commercial communities. We are willing to face tomorrow's challenges, but above all else, we need to maintain our presentday success first. And I firmly believe by maintaining a gradual pace of development of representative government is, and will be, the best way to head for this goal. For this reason, I would like to urge the Government to adopt the same electoral arrangements for the nine new functional constituencies elections as before, with an aim to secure the presence of mostly needed expertise in the Legislative Council.

Mr President, let me now turn to the manpower front. It is a well-known fact that human resources form the foundation of Hong Kong's success story. At present, Hong Kong's economic composition is undergoing evolution which must be matched by labour force retraining. But instead of pouring more public funds to the Employees' Retraining Fund, I would strongly recommend the Government to allocate more fund to the on-the-job retraining programme which allows employees to undertake training while working with specific companies. In this way, not only their earnings are much higher during retraining, the chance of their staying on with their new careers are also much higher. Compared to the Employees' Retraining Programme, the on-the-job retraining one proved more effective in terms of the employment rate of the trainees. Less than half of those who participated in the former programme have got the job, whereas almost all 400 retrainees enlisted in the latter so far are currently underemployment with employers who retrained them.

Mr President, three years have lapsed since the first two batches of 25 000 imported labour were admitted to Hong Kong. Still, unemployment rate remained low, averaging some 2.8% in the past couple of years. The phenomenon warrants leadership action by the Government. It will be fair to draw the conclusion that an additional 12 000 imported labour will be easily absorbed in the local labour market now. Instead of rigidly sticking to the agreed quota of 25 000 lest bombarded by the unionists, I believe the Government should expand the quota until and unless the unemployment rate has indicated the importation of labour would affect our local labour market. Let us face the fact that if the labour shortage problem is not eased, our economy and competitiveness will be in jeopardy, and our high inflation rate due to wage increase will remain.

Another major concern of the industrialists is land. For the sake of environmental protection, the Government has enacted regulations to extend the water control zones, thus imposing additional cost on certain industries. To many industrialists, especially those in the dyeing and finishing, metal plating and electronics factories in the old industrial areas, such as San Po Kong, Kwun Tong, Tsuen Wan, adding anti-pollution facilities is deemed impossible because no land is available in these areas. In view of the difficulties confronting these industries, I strongly urge the Government to offer us more developed industrial sites so that they can have sufficient land to build the necessary anti-pollution facilities. This not only provides a cleaner and newer industrial environment, but can also reclaim the old industrial areas for redevelopment.

Mr President, it is a relief to us that the Governor has, in this year's policy address, accorded great importance to economic development in the territory. He has given much attention to improving transport network, infrastructure and Hong Kong-China transport. Yet he continued to turn a blind eye to the need of drafting a comprehensive industrial policy which is conducive to the development of the local economy. It seemed that the Governor has got the priorities wrong. Without healthy industrial development, we cannot make full use of the infrastructure or any other economic facilities. I therefore reiterate my plea for an industrial policy for the territory to provide a blueprint for future development so that our industrial establishment will not be forced to move northbound to southern China.

However, it is encouraging that the Governor has proposed to set up an applied research centre to draw together local expertise and that of the Chinese Academy of Sciences in a bid to facilitate technological exchanges. The Governor still failed to provide any further initiative to foster closer co-operation between local and mainland Chinese industries, nor any further means to assist local industries in upgrading their technological levels. I therefore hope that the Government would revise its aloofness towards the industrial sector and spare no efforts to actively assist the industrialists to reach higher grounds.

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

MR ALFRED TSO (in Cantonese): Mr President, people all over the world are unanimous in their appreciation of Hong Kong's thriving economy. They are surprised at how a small piece of land without any special natural resources can develop into a modern city with a flourishing economy. Even many of us Hong Kong people fail to understand the reasons.

The success of Hong Kong, in fact, hinges not only on some major factors such as the territory being the meeting point of trade for the east and west, an industrious workforce and the free market policy pursued by the Government, but most importantly on the fact that Hong Kong has developed into an important window of access to China for the rest of the world. As we all know,

after more than 10 years of reform and opening, China has established a definitive base of industrial and commercial development. There has been dramatic growth in its GNP and considerable improvement to *per capita* income and the livelihood of its nationals. Hong Kong will certainly benefit from the continued reform and opening of China. In recent years, the tremendous volume of China-Hong Kong trade brought about by the relocation to China of a large number of Hong Kong industries and active investment in China by Hong Kong investors have generated enormous benefits to the territory. The economic development of Hong Kong is now fused with that of southern China and has assumed a leading position. Only with the continued reform and opening of China will the social and economic gap between the two places be narrowed. And only with a stable political environment being sustained in China will Hong Kong people feel at ease and the objectives of "one country, two systems" and "Hong Kong people ruling Hong Kong" be achieved.

I am therefore very much in favour of the Governor devoting, in his policy address, considerable coverage to the economic development of China and Hong Kong and pointing out the necessity of establishing a favourable China-Hong Kong relationship. Nevertheless, I strongly request the Governor not to "pay lip service" only and match it with deeds. He should also set eye on the future rather than the immediate only. He should formulate as soon as possible a clear economic development strategy that can dovetail with development on the mainland, so that Hong Kong may continue to play its leading role and reap benefits in the long term. I very much support the majority wish of Hong Kong people for further development of democracy. But the development of democracy is not a one-stroke affair. It should be a gradual process. Various opinion polls conducted lately revealed that after more than one year of bickering and controversy, over half of the respondents still not quite understand the Patten proposals. And 70% of these respondents think it is more important to maintain the prosperity and stability of Hong Kong. These findings indicate exactly where the problem lies and we have to be careful in tackling it.

Given that the Sino-British Joint Declaration and the Basic Law have already laid down well-defined arrangements for the post-1997 model of administration and development of democracy, I believe Hong Kong should find it acceptable and try to reach an agreement with China over the through-train issue as quickly as possible, so that there will be convergence before and after 1997.

The talks on political reforms are in fact just one of the many questions that need to be dealt with. I hope that the Chinese and British sides can, on the basis of mutual understanding and mutual accommodation and having regard to the broad principle of deferring to Hong Kong people's wish and safeguarding their interest, discuss other questions as soon as possible in order to achieve a smooth transition.

Mr President, I think the Governor's latest policy address is a bare pass only. Since other colleagues have already spoken on many aspects of the address, I would only comment and make suggestions in respect of eight areas within the limited time available to me:

1. The Governor has highlighted the China-Hong Kong economic relationship but has given no clear indication of formulating a corresponding long-term economic development strategy. I hope the Governor will as soon as possible review the function performed by the existing Business Council and identify suitable economists to conduct studies on the formulation of a long-term economic policy.
2. The China-Hong Kong freight business has been growing dramatically along with development of the mainland and relocation to China of Hong Kong industries. In emphasizing the importance of Container Terminal No. 9 (CT9) to Hong Kong's freight service, the Governor made no mention of any specific proposal to tackle the problem of traffic congestion. In the past when there were fewer container terminals, there were not as many vehicles frequenting the container handling areas. But serious traffic congestion has now become a regular sight in Kwai Chung and Tsing Yi. The Government must devise a comprehensive and detailed plan of road networking to improve traffic in Kwai Chung and Tsing Yi. Otherwise, I think the CT9 project should be postponed or even cancelled. Since many people and various trades will be affected by each traffic congestion, we should not, because of the development of the freight industry, create problems and dump them on to other people's lap.
3. I am very much dissatisfied with the Government's progress in the construction of Route 3 and failure to implement the rail development plan for the western New Territories. In fact, as early as 1985, the Government pointed out that Tuen Mun Road would soon reach saturation and hence suggested the construction of Route 3. The repeated delay of this project, in addition to the rapid growth of China-Hong Kong freight traffic, has given rise to frequent serious traffic congestions in the western New Territories. I believe the Government should be held directly responsible for this administrative blunder and be subject to strong censure. At the same time, I demand that the Government speed up the construction of Route 3 and implement the rail plan for the western New Territories. Only under such circumstances will traffic in the western New Territories be improved and the throughput of Kwai Chung container port increased.
4. I suggest that the Hong Kong Government should maintain close ties with China (in particular Guangdong Province) and co-ordinate the

infrastructural and road network construction of both places in order to achieve a higher degree of effectiveness. For example, the Hong Kong Government should engage in positive planning of road networks for the western New Territories to dovetail with the Zhuhai-Tuen Mun Bridge proposed by the Zhuhai Municipality. On the other hand, a co-ordinative effort should be agreed upon with Shenzhen so as to make the railway development of western New Territories converge with the rail and road networks of Shenzhen.

5. The Governor has earmarked \$7 billion for the establishment of a civil service pension reserve fund, but I do not think it will be too helpful. I demand that the Government announce as soon as possible its total liability in terms of civil service pensions, in order to have in place clearer arrangements to allay the fears of civil servants. Besides, each taxpayer has the right to know how much liability we are committed to in this respect. In addition to the question of civil service pensions, the Hong Kong Government must endeavour to restore civil service morale and speed up the localization programme, in order that a high efficiency of government be maintained for the benefit of a smooth transition.
6. The Governor has expressed satisfaction with the economic situation of Hong Kong. But I should like to remind him that the relocation to China of Hong Kong industries and the transformation of the economy have had a great impact on the livelihood of the grassroots people whose living standard is further pushed down by high inflation. Given the lack of any proper government solutions to these problems and the younger generation's housing problem being aggravated by spiralling property prices, how can social stability be maintained if the situation is allowed to continue?
7. The Government should implement a compulsory central provident fund scheme as soon as possible to boost public confidence and to stabilize society.
8. Although the Governor has committed more funds to education augmented with supplementary provisions, the deteriorating youth problem has not been addressed squarely. I suggest that the Governor should as quickly as possible set up a special group to review the problem and formulate clear work objectives, in order to strengthen the counselling service for youths, to assess the negative influence of the "amusing and logically incoherent talk" culture on youths, to strengthen civic education and increase the production of aspiration-rousing programmes, and to tighten control on the proliferation of obscene and indecent articles.

I fervently hope that the Governor and the Government will bravely take up further commitments, relinquish the colonial style of administration and formulate policies with sights set on the long term, for only in this way will the people of Hong Kong be genuinely benefitted and remember the Governor's benevolent rule.

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

ATTORNEY GENERAL: Mr President, I move that the debate on this motion be adjourned.

Question on the adjournment proposed, put and agreed to.

Adjournment and next sitting

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday 27 October 1993.

Adjourned accordingly at fifteen 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.