

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 6 October 1994

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 MRS ANSON CHAN, C.B.E., J.P.

THE FINANCIAL SECRETARY

MR DONALD TSANG YAM-KUEN, O.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 MRS SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

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

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

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

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

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE ANDREW WONG WANG-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.

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

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, O.B.E., J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

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 MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

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

THE HONOURABLE TIK CHI-YUEN

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

DR THE HONOURABLE PHILIP WONG YU-HONG

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

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

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

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

ABSENT

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

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

THE HONOURABLE FREDERICK FUNG KIN-KEE

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

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE ALFRED TSO SHIU-WAI

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR RICKY FUNG CHOI-CHEUNG

PURSUANT TO STANDING ORDER 4AA, HIS EXCELLENCY THE GOVERNOR, THE RIGHT HONOURABLE CHRISTOPHER FRANCIS PATTEN, ATTENDED TO ADDRESS THE COUNCIL AND TO RECEIVE QUESTIONS.

PRESIDENT: Members please remain standing for the Governor.

CLERK: His Excellency the Governor.

PRESIDENT: Council will now resume. The question time this afternoon will be devoted to matters arising from the Governor's policy address. Members may now put questions to the Governor. A Member who has asked a question may for the purpose of elucidation only ask a short follow-up question. Dr David LI.

DR DAVID LI: *Mr Governor, you have stressed the importance of competitiveness to the future growth of the Hong Kong economy. In this context the contribution of the Hong Kong service industry to GDP has surged from 60% in 1970 to 72% in 1972. The result of a recent survey by the coalition of service industries reached a clear consensus on the need to promote our service industries abroad. Mr Governor, would you inform this Council what steps are being taken or planned to promote our service industry internationally to the advantage of Hong Kong?*

GOVERNOR: I am grateful to the Honourable Member for that question because it enables me to advertise that over the next week a number of our secretaries will be setting out in detail the mission statements of their departments, and in that enterprise we will of course be hearing from the Secretary for Financial Services, and other secretaries who will be addressing precisely the issue which the Honourable Member raised.

Perhaps I can just say a further word about the Policy Commitments document which came out yesterday and which I am sure by now all Honourable Members will have been able to read, all 184 pages of it. Starting from tomorrow with a press conference from the Secretary for Health and Welfare, there will be a series of press conferences over the next 10 days by secretaries. And they are taking next Thursday off because it is a public holiday. But otherwise every day one, two, or more secretaries will be speaking about our policies for the the next year, and that will include next Tuesday, the Secretary for Financial Services. The point that the Honourable Member has raised, has of course been raised by others, not least in his own functional constituency who have pointed out that the Trade Development Council has a specific role related to largely in the past to the manufacturing sector and that work should embrace the financial services sector and the service sector as a whole. I am wholly supportive of that idea. I think it makes a considerable amount of sense. While manufacturing remains very important to our economy, which accounts for the announcement we made yesterday about land for further industrial building, the service sector is much more important than it has been in the past and it

deserves the Government's active support in selling the service sector to the region and to the world.

PRESIDENT: Mr Allen LEE.

MR ALLEN LEE (in Cantonese): *Mr President, in the guidelines as contained in his address yesterday, the Governor has made it clear that efforts will be made to facilitate co-operation with the Preparatory Committee. I would like to put this to him. Mr Governor, will the Government allow civil servants to discuss transition issues with the Preliminary Working Committee (PWC) rather than with its individual members? Can civil servants disclose information to the PWC without any reservation? Will they be worried about possible reprimand by the Government for any blunders they committed in this respect?*

GOVERNOR: In an extremely eloquent speech this morning, the Chief Secretary set out in rather greater detail our views on contacts with the Preliminary Working Committee (PWC). She set out the guidelines that we are incorporating in a letter from the Chief Secretary to heads of departments so that civil servants are absolutely clear about what the situation is. And I think the position that we have spelt out is wholly reasonable. What we have said is that we do not think it would be right for civil servants to be members of the PWC or its subgroups, to act as advisers to the PWC or its subgroups or to be summoned to formal meetings of the PWC or its subgroups. But we are wholly relaxed about civil servants briefing individual members of the PWC. That has been going on already. It will doubtless continue and, I hope, will help the PWC in any work it does relating to transition issues.

The PWC is an advisory body to the National People's Congress. When it was set up some people said it was meant to help smooth the transition; other people said it was meant to erode the authority of the Government. I am sure that the latter cannot have been in anybody's mind, but I am sure that this Council would not want that to happen. We have the Joint Liaison Group (JLG); we will have in due course the Preparatory Committee; and we have today's institutions of the Government with civil servants reporting to the Legislative Council and receiving directions from the Executive Council. I do not think anybody would want to muddy or complicate that issue. So the Chief Secretary will be making the position absolutely clear in the guidelines that I mentioned. I think that will be well received by our colleagues in the public sector. And I hope that the members of the PWC will find any briefings they get from time to time from members of the Civil Service extremely useful in their work.

PRESIDENT: Mr Martin LEE.

MR MARTIN LEE (in Cantonese): *Mr Governor, you have failed to mention anything about the relationship between the executive and the legislature in your policy address and the accompanying documents. I wonder whether the separation of the executive from the legislature as announced by you when you were first year in your office in Hong Kong will be here to stay until 1997. If so, that will contravene the Basic Law. The Basic Law has specified that some Legislative Council Members shall be appointed to the Executive Council. You have not yet decided on this matter, have you? If not, when will you make the decision? I am of the view that this matter cannot drag on any longer. You should inform those who intend to stand for the 1995 direct elections your decision as soon as possible prior to the elections.*

GOVERNOR: I point out to the Honourable Member something which he knows even better than I do, that is, that the Basic Law applies after 1 July 1997 rather than before. The announcement that I made about the relationship between the Executive Council and the Legislative Council in the autumn of 1992 was not about the separation of the executive from the legislature; that exists. The announcement that I made was that I did not think it was right at that stage of Hong Kong's political development to have dual membership of the Executive Council and the legislature. I also said that obviously we would need to review the situation in due course, most obviously at the time of the next Legislative Council elections or shortly afterwards, and that remains my position. I am sure that over the next year we will hear many different views expressed on the subject. I happen to think that the present situation, given Hong Kong's unique constitution, works reasonably well. I put forward at one stage other proposals for trying to improve the relationship between the Executive Council and the legislature which the legislature was not too keen on. But we are always prepared to consider other ideas before, during and after the next Legislative Council elections.

MR MARTIN LEE (in Cantonese): *Mr Governor, I think that it will indeed be unfair to the candidates or to political parties if a decision will only be made after the 1995 elections. You should inform them the decision prior to the elections. Failing to do so may provoke criticism from some people, saying that you are dragging your feet about the decision because you are waiting for certain people to be elected before appointing them to the Executive Council. I think that your decision should not be made after the elections, instead it should be made before the elections and then be announced to the people of Hong Kong.*

GOVERNOR: I will bear in mind that argument. I can see the force of what the Honourable Member says, though there are of course arguments on the other side as well.

PRESIDENT: Mr James TIEN.

MR JAMES TIEN: *Mr Governor, in your policy address yesterday, you mentioned how the expansion of Hong Kong's future business and economy is so important for our long-term future. On that side you mentioned things like you are setting aside 70 hectares of new land for industrial use — I assume it is the industrial estate in Junk Bay and so forth — and you also mentioned something like the \$50 million Applied Research Centre. However, on the other hand when we look at the current statistics, the unemployment rate has dropped to 1.6% and inflation has been edging up. So Mr Governor, may I ask you, as an executive-led government, would you consider increasing, for example, the current 25 000 imported labour to, say 50 000, in view of all the points that you have made?*

GOVERNOR: No, I would not consider a unilateral increase of that dimensions and I suspect that if I put one forward the Legislative Council would find a lot of reasons for objecting to it. I think it is sometimes important to look not just at the size of the import scheme and the various other import schemes, for example, the very sensible proposals that we have implemented to allow graduates from Chinese tertiary institutions to come and work in areas of their expertise in Hong Kong. I think it is sometimes important to look beyond those schemes to what is actually happening in the labour market. I believe I am right in saying that the size of the labour market went up by almost 3% last year and in the first half of this year went up by 3.5%. That is what is actually happening in the labour market and thanks to the strength of the Hong Kong economy — and I should have perhaps said this to those who were lobbying me outside the Legislative Council Building when I came in — even though we have seen that increase in labour supply over the last year-and-a-half, we have also seen a fall in unemployment.

So, I think that people like the Honourable Member and myself have to get across as frequently as possible to those who criticize any importation of labour, the fact that importing labour can and very often does make our economy even stronger and even more competitive. But I repeat that I do not think that I will be in the business in the next few months of proposing unilaterally a doubling in the size of the labour import scheme, though there will be particular measures that we will want to look at, like the impact of large construction projects on our labour market and the need therefore to bring in workers for particular projects like that.

MR JAMES TIEN: *Mr Governor, would you think that the 1.6% unemployment rate as of now will be acceptable as a manpower constraint on our future development?*

GOVERNOR: First of all, I think a level of 1.6% unemployment would be greeted by most of the rest of the world with lyrical surprise. I think the rest of the world would be very enthusiastic about a rate of unemployment which KEYNES would have defined, I think, as full employment.

Secondly, I think there are labour market restraints which we need to have to address in a number of ways, partly through importation, partly through importing special skills, partly through better education, partly through better vocational training and partly — and I put considerable emphasis on this and have done so when I have spoken to trade union members such as Mr PANG and others who have come to talk to me about this — partly through re-training which I think we have made much progress over in the last years, but have to do even better with.

PRESIDENT: Mr Michael HO.

MR MICHAEL HO (in Cantonese): *Mr President, I would like to put a question to Mr Governor. In your last policy address, Mr Governor, you did make a pledge that the University and Polytechnic Grants Committee (UPGC) would make available the necessary funds to provide 160 nursing degree places in the three financial years 1995-1998. Obviously, it will be better if these degree places could be provided sooner, in which case nursing students graduated from the degree programme can join the service at an earlier date. This morning, I learned from the University of Hong Kong that the university is still under the instruction of UPGC that the first batch of students will not be accepted until 1996, although the university has stated that they can run the programme as early as 1995. May I ask how you will instruct your administration and UPGC not to waste time any more but launch this programme as soon as possible? Last year, your administration was able to appropriate \$1.1 billion for the building of the North District Hospital and this year announces that \$1.2 billion is to be allocated for the setting up of the Tsueng Kwan O Hospital. With these in mind, one wonders why it is so difficult for a course which can start right away with a provision of merely a few million dollars. Is there something wrong with the co-ordination?*

GOVERNOR: I will certainly look into the question that the Honourable Member raised about degree courses for nursing. I recognize his interest in and expertise in this particular subject and his request that we should both improve nurse training and increase the number of nurses and make sure that a higher proportion of the content of nurse training is in the lecture room with perhaps slightly less being spent on the ward. We have taken all those points in good part and are seeking to implement. I think that it is extremely important that we should continue to recruit more nurses not just to replace those who leave us — some, alas, to emigrate — but also to add absolutely to the numbers. And the

Honourable Member will know that we are committed to increasing the number of nurses by 500 a year on top of any replacements we need for wastage.

The Honourable Member will also know, as I have mentioned, that we are attempting to give nurses a bit more time in the classroom and that we are also attempting to ensure that they have some of the, as it were, non-medical routine taken out of their job by the employment of other medical auxiliaries. But the particular point on degree courses that he mentioned certainly had not been raised with me before but I will look into it and give the Honourable Member a reply as soon as possible.

PRESIDENT: Mr Vincent CHENG.

MR VINCENT CHENG: *Mr Governor, in the current tug-of-war between Britain and China, the civil servants have the unenviable task of defending policies which China does not wholly agree. Now, what measures can you, Mr Governor, put in to ensure that these fine men and women who are caught in the crossfire between Britain and China can continue to serve Hong Kong as a civil servant after 1997?*

GOVERNOR: Can I say straightaway that I do not see present arguments as being a tug-of-war, though I recognize that if there is not a harmonious relationship it makes the task of our extremely fine Civil Service all the more difficult. The Civil Service do require reassurances about the future. They do in some cases need to be convinced that they can, to borrow a phrase, put their minds at rest. I think it is reasonable to say that civil servants have not pressed for a pension fund because they are worried that their pension would not be honoured before 1997. I do not think that civil servants believe that their task is going to be politicized before 1997 or that people are going to be chosen on other than merit before 1997. So I think that it is incumbent upon both Chinese officials and ourselves to make sure that civil servants recognize that the public service is going to be run on the same basis of professionalism and integrity in the future as it has been run in the past.

I think that when individual civil servants who have done their best for Hong Kong are subject to public attack and private innuendo, it is extremely bad for the future of public administration in this territory, and that is before and after 1997. And I suspect the Honourable Member knows examples of exactly what I have said. People very often say, and they are right so to do, that one of the reasons for Hong Kong's outstanding success is the quality of our Civil Service. And that is not just a question of intelligence and incorruptability, it is also a question of promotion on merit and of knowing precisely who you are working for. The Civil Service in Hong Kong is working for the people of Hong Kong. The Government is working for the people of Hong Kong. We should not personalize issues. Civil servants are loyal to the Government and

the Government serves the people. The Government is also accountable, it has to be said, to this Legislative Council. I just hope that these matters are as widely understood as they should be because if they are not widely understood, Hong Kong will suffer, as well as very fine individual men and women who have given their lives to the Civil Service of this community.

If I can just add one other thing. I hope that as well as listening with perhaps private agreement to the remarks I have just made, individual Members of the Legislative Council will make the same points both privately and publicly in Hong Kong and elsewhere because those are extremely important points and relate directly to the health and well-being of this community.

PRESIDENT: Mrs Miriam LAU.

MRS MIRIAM LAU: *Mr Governor, in your policy address last year, it was stated that the Government will discuss with Chinese authorities practical measures to develop co-operation in, inter alia, the exchange of information on major infrastructural projects in Hong Kong and Guangdong. I believe you recall that. Can you tell this Council, Mr Governor, firstly, whether there have been any such discussions with China vis-a-vis transport infrastructure? Secondly, what practical measures have you come up with to develop co-operation with China in the area of transport infrastructure affecting Hong Kong and Guangdong? And finally, if no such co-operation as is hoped for is developed with China, how is this going to affect major transport infrastructural projects such as the Northwest Railway?*

GOVERNOR: In my statement yesterday I referred to some of the practical day-by-day, week-by-week, contacts which government departments have had with their opposite numbers in Guangdong and in Peking. I think I am right in saying that there have been well over 350 such contacts over the last year, and some of those have affected infrastructure, including water, and transport. But in my judgment those Chinese officials who would now like to raise those contacts to a slightly higher level are entirely right to have that objective, and I very much hope that within the next few weeks we will have some examples of that happening in a way which is wholly in the interests of both Hong Kong and Guangdong and indeed the whole of China.

PRESIDENT: Mr Peter WONG.

MR PETER WONG: *Mr Governor, although toxic metals in sewage has fallen quite drastically, stage one of the Strategic Sewage Disposal Scheme will not bring about any significant improvement in nutrient levels in the harbour until some time when we have stage two completed, either in the form of an oceanic*

outfall or biological treatment. What progress has the Government made in the Joint Liaison Group or its expert groups in coming to a successful conclusion of this necessary bit of infrastructure?

GOVERNOR: The Honourable Member will know, not least because he pressed us on the point, that we are reviewing in an entirely open-minded way exactly how stage two should be carried out. Our original hope was that we could have agreement on a long sea outfall, others including I think the Honourable Member and some of his panel have argued that that may not be the best option, and that it may be that other work should be carried out on Stonecutters Island to deal with the second stage. I think that there is a serious environmental argument on that on which I find it impossible to have a partisan view. I think it is an issue that will have to be decided in consultation entirely on grounds of environmental impact. And we have started discussing in the JLG the sewage strategy, and I am sure that Chinese officials will want to take a very full interest in the resolution of the stage two issues. I do not think it is unfair to say that stage one is discreet, along with the other measures that we were taking, costing I think about \$3 billion to improve sewage treatment around Hong Kong. That is \$3 billion on top of the \$8 billion being spent on the high priority first stage. I think those matters are discreet. But the Honourable Member is entirely right to say that stage one is only stage one, and that the decisions about stage two are absolutely crucial.

PRESIDENT: Dr HUANG Chen-ya.

DR HUANG CHEN-YA: *Mr Governor, we have problems with people complaining that when they reach middle age or beyond they have difficulty in finding jobs, both with people who have been trained and re-trained, and with people also complaining that they have to down-grade their salary positions in order to find jobs. And we have this so-called low unemployment figure masking the fact that we have in fact a low participation rate by the female population. It probably reflects the fact that women have difficulty finding jobs and therefore they have given up trying to look for jobs. So, Mr Governor, would you consider reviewing the manpower policies so that we can encourage participation, make sure that the implementation of re-training and training programmes is coupled with job opportunities and economic demand, and enhance the labour productivity so that in fact the manpower can be used more effectively?*

GOVERNOR: I repeat what I said earlier, that I think that the issue important as it is should be seen against the backdrop of an astonishingly low level of unemployment by international standards. I am not sure that I agree with the Honourable Member about the low participation rate by female workers in our economy. I think that participation rate has been going up pretty steadily,

hence, among other reasons, the considerable demand for pre-school education, for good kindergarten education for children. It is only one of the reasons for that, but it does undoubtedly exist. The Honourable Member is right to stress the importance not just of more training, but, of quality training. And he is also right to say that having trained or re-trained workers, it is important to try to ensure that they slot into the jobs for which they are skilled. I think there has been a considerable debate in the trade union movement about whether we are at present sufficiently adroit in ensuring that those who are re-trained go into jobs. And there is some dispute about the statistics, partly I think because the Local Employment Service has only been measuring those that it manages to place in jobs after re-training, whereas the other figures give percentages for the total number who find jobs after re-training. But we are very happy to consider with workers' groups, with employers, and with others ways in which we can improve the service that is provided for those who are re-trained to ensure that they get the jobs they need. In an economy like ours, which is constantly skill hungry, it should be the case that those with skills should be able to find good jobs in middle life or at any other time of life. But it may need some intervention in the labour market in order to help secure that.

PRESIDENT: Mr Henry TANG.

MR HENRY TANG (in Cantonese): *Mr Governor, in a forum last night, you said that it was possible for experts of the Monetary Authority to illustrate matters, if the need arised, at PWC discussions on Hong Kong issues such as the pegging of the Hong Kong Dollar with the US Dollar. However, in a directive to policy secretaries this morning, the Chief Secretary pointed out that they are only permitted to hold meetings with and provide information to individual members of the PWC. Why is it that your view is in conflict with the directive given to the secretaries? Has it occurred to you, Mr Governor, that this would make civil servants feel confused and perplexed, so much so that they would prefer not to make contact with members of the PWC out of misgivings? Are you not sincere in encouraging civil servants to make contact with members of the PWC?*

GOVERNOR: I think the word sincere if I may say so is the most over-worked word in propaganda, and we would all be well served in the next two or three years if we use words that mean things, rather than just repeated phrases like that.

Let me deal precisely with the Honourable Member's question. The Honourable Member was obviously one of that fortunate group of insomniacs who heard one or two of us last night for the benefit of those who could not sleep in Hong Kong and Guangdong talking in various stages of animation about my Policy Commitments and my policy address. During the course of that we discussed relations between the Government and the PWC, and as an indication

of the flexibility which the Government has shown and the good sense with which it continues to treat this issue, I pointed out that we had not been hidebound or ideological or dogmatic in the approach that we had taken. I think I pointed out, if I did not I should have done, that the Trade Development Council is co-sponsoring a seminar with the PWC on economic issues. I think I also pointed out that the PWC was intending to run a seminar on the link. Now I do not know whether the fact that it was running a seminar on the link had anything to do with the fact that a very distinguished member of the PWC takes the view that the link should be broken, which is not the view I think either of People's Republic of China officials or of the Government of Hong Kong. But I would very much welcome the opportunity of showing that the PRC and the Government of Hong Kong are both absolutely rock solid behind the link. So it seemed to me that it was a good idea with other bankers, distinguished bankers, including some who are members of the PWC, present at a seminar like that that one of our leading experts at the Monetary Authority should be able to go along and make the position of the Hong Kong Government absolutely plain. And I very much hope that senior officials from the banking sector in China will be there to make the position of the PRC Government plain as well, because I think it is in all our interest that there should not be any instability in the financial markets, and I regard the decision that we took on that as being extremely sensible and an indication of our good sense in these matters. And I do not think that any public officials whether in the Monetary Authority or in the Treasury or anywhere else in the Government will have found that decision remotely confusing, and I am sure that they will find the letter from the Chief Secretary as enlightening as all her correspondence is.

MR HENRY TANG (in Cantonese): *Mr President, I would like to ask the Governor whether he thinks that "sincere" is only a word used in the propaganda by the Chinese side, and that the Administration has not co-operated with China on the basis of this word?*

GOVERNOR: I think that what we now need are deeds not words. I believe that there is, to borrow a cliché, a window of opportunity, and I think that we should all seek to go through it, rather than find reasons for not doing so. What we have done, what I did yesterday, what the Chief Secretary has done is to sketch out a number of ideas which in our view would help to promote co-operation during the transition. They are not an exclusive list; we do not have a closed mind, we have an open mind on these issues. And if others wish to put forward their own ideas, if others wish to put forward other proposals we would be delighted to look at them in a constructive and positive way. But I do not think it is enough just to respond when we put forward at this time sensible ideas. I do not think it is enough for people just to say well you may put forward those ideas, but you are not sincere. I do not think it is enough for people to say that is not good enough you have got to do more. I think what people should do if they think that our proposals are not good enough is to put forward their own ideas as well.

Can I just add one other point because it touches on something which the Honourable Member on my left said yesterday, and I think one or two others have said. We are not saying that co-operation has to wait until the last 365 days before the transition to Chinese sovereignty on 1 July 1997. It is not our position. We are happy for things to start tomorrow. We are happy for things to start this afternoon. When I talked yesterday about the importance of soldiers talking to soldiers about defence and garrison issues, that could start tomorrow. We will obviously have to start talking soon about how best we can support and help the Preparatory Committee, not in any interventionist way, but in an agreed way, and a way agreed with members of the Preparatory Committee and with China. That can start soon. The proposals that we have put forward for putting a bit more energy into the JLG could start straightaway. We have put a number of proposals to the Chinese side during the 30th meeting of the JLG, and that could all start tomorrow. So it is not our position that we have to wait until 30 June 1996 before we start co-operating. We are all in favour of co-operating from 10 minutes past three o'clock this afternoon.

PRESIDENT: Mrs Peggy LAM.

MRS PEGGY LAM (in Cantonese): *Mr Governor, in your policy address this year, you put services for the elderly at the top of our social priorities, with special mention of the elderly's past contributions to the community and their families. I believe that this would be very encouraging to most of the elderly people in the territory because you have at least paid special attention to them. However, are you aware that many of them are still living in caged bed space apartments and the streets in Hong Kong? Do you have any specific plans to help these elderly people? Will action be taken to speed up the rehousing of elderly people or increase the public assistance so that they can have a better living earlier?*

GOVERNOR: Yes. The Honourable Member is entirely right in what she says and entirely right to give that issue priority. We are, as I think we have indicated, thanks to the efforts of the Housing Authority, committed to providing accommodation for the 4 000 single elderly on the Housing Authority's list by 1997. The Housing Authority, recognizing the importance of targeting more housing for the elderly, have a programme for providing, I think 22 000 flats for the elderly over the next few years. Those are both examples of us trying to ensure that the elderly are as well-housed as possible. Most elderly people, provided they are not frail, wish to go on coping on their own and wish to go on living independently in the community, and we must make it possible, wherever they wish, for them to do so. That requires good housing and it requires other things as well. It requires the provision of good health and welfare services. It requires the provision of day-care centres and social centres for them. All those issues are dealt with in the excellent working party report on the elderly which the Secretary for Health and Welfare will be

talking about a good deal, I imagine, at her press conference tomorrow when she announces that we are implementing all the recommendations of that working group report because I believe this community has a special responsibility to look after the elderly better.

PRESIDENT: Dr LEONG Che-hung.

DR LEONG CHE-HUNG: *Mr Governor, Hong Kong has always shown very admirable health statistics. I have to say, it is comparable if not better than many parts of the world. You yourself, yesterday, in your policy address, indicated that you would like to look forward to even improving this and I am sure we all welcome it. Yet a few months ago there was a flaw in this particular aspect in that we had a sudden surge of cholera, cholera which is actually developed and perpetuated in Hong Kong. Now this, to me, and I presume to yourself, too, would be really unacceptable in a place of high standards like — in Hong Kong.*

I am in no way criticizing the Department of Health, nor the branch, because the Department knows very well and has indicated that polluted water in our own harbour is a time-bomb. Yet, relevant departments have not taken heed of this danger until the crisis started. Now this is just an example but such lack of co-ordination and co-operation between relevant departments to a certain extent does exist and we can bring out a lot of examples.

Now Mr Governor, what is your policy solution in this area of co-operation between relevant departments so that effective pro-active steps can take place before a crisis sets in?

GOVERNOR: I think that the Honourable Member raises the point about which I am concerned, about which the Chief Secretary is concerned and about which the Director of Health is concerned. I think all three of us and others learnt a good deal from the outbreak of cholera in July about the importance of co-ordination between the various arms of government; not just, as it were, central government, but the municipal councils as well. I believe that as things turned out, the Director of Health and her colleagues handled that potential crisis extremely energetically and with support from the Urban Council and others. But obviously the Honourable Member is right — and he knows as much about these matters as anyone — obviously he is right to say that we must ensure in future that there is better co-ordination so that we are not faced with these public health hazards again.

PRESIDENT: Dr LAM Kui-chun.

DR LAM KUI-CHUN: *Mr President, in his policy speech yesterday the Governor expressed dissatisfaction over the lack of progress in the work of the Joint Liaison Group (JLG). In the assessment of the Governor, what are the underlying and immediate causes of this lack of progress and what does he propose to do towards rectifying these causes of such an unsatisfactory state so that work in the JLG can move ahead?*

GOVERNOR: I said, yesterday, that I thought that there was little point in public recrimination about the sluggish progress in the JLG. We all have our views about why progress has been less rapid than we would like, not least perhaps in the last five years, but I do not think it does very much good to speak for the record book on those matters. What we have done, as I said in answer to an earlier question, is to put to Chinese officials a number of specific proposals about speeding up the work of the JLG. Ambassador DAVIS did that during the 30th meeting. Some of those proposals were specific responses to ideas which Chinese officials have had over the months and years and I very much hope that at the next JLG and before the next JLG, we will be able to see an agreement on some of those measures. And, of course, if Chinese officials have views themselves for making more progress we will be delighted to respond to them.

I think it is, if I may say so, not just a question of machinery, I think it is also a question of will and a matter of recognizing that time is running short, that issues that we might have thought we could devote a long and academic discussion to a few years or a few months ago are now pressing in on us. So we have put ideas to the Chinese side, they may have ideas that they want to put to us, and I hope we can find a better way of doing business together.

PRESIDENT: Dr Samuel WONG.

DR SAMUEL WONG (in Cantonese): *Mr Governor, it is stated in paragraph 15 of the policy address that "we continue to import, on a limited and strictly-controlled basis, the foreign workers needed". On the other hand, we have to provide a lot of re-training courses for workers engaging in a number of industries which are being phased out. And some of the re-trained workers are still unable to find a job. Can our Government departments set a good example by giving priority to these re-trained workers in their recruitment of staff and letting them take up simple jobs like clerks, messengers or caretakers?*

GOVERNOR: They are questions about re-training and the labour market. I have to say that I do not think that if you are trained or re-trained in one particular skill that it necessarily makes very much sense to be employed in an unskilled way by the public sector. I think the public sector is better employed trying to find ways in which your skills can be used in the private sector. One

of the things that we are intent on ensuring is that the Government is as efficiently managed as the private sector, even perhaps in some areas more efficiently managed than parts of the private sector. That seems to me to be an imperative for the public administration and I do not think, therefore, that we can regard our role in the Civil Service as the employers of last resort. But the Honourable Member is quite right to identify the problem and he is quite right to say that we in Government have to find better ways of ensuring that those who are re-trained get the jobs they have been re-trained for.

PRESIDENT: Mr MAN Sai-cheong.

MR MAN SAI CHEONG (in Cantonese): *Mr Governor, in the policy address, it appears that you were very pleased with the recent district board elections and the fact that elected members could thereafter find their way into the representative government through full and fair elections. In this context, will the Governor consider taking one more step forward by opening up other statutory bodies (such as the statutory Arts Development Council to be formed) to those who are elected, so that those bodies are formed by people elected from members of relevant trades or professions, thereby enhancing their credibility and public acceptability? If the Governor does not support this idea, what are the reasons? Is it because this idea has not been given the nod from the Chinese side? I so submit because Hong Kong people treasure very much freedom of arts and freedom of expression, yet in China such freedoms are subject to restrictions imposed by the Government.*

GOVERNOR: There is a lot packed into that question about the arts, including the implication that the only people who are acceptable in running public bodies, to the public, are those who are elected. I think there are plenty of people involved in running or managing parts of the public sector who are not elected who are wholly acceptable to the public. I do not think that every public body should be elected, I think that we have tiers of government to which the public sector is accountable and which are and should be elected. But I am not, frankly, at the moment — and it is not because anybody has told me what China's view is on the Arts Development Board — I am not sure that China has expressed a view on that illustrious body. I do not think that it makes very much sense to extend the democratization of Hong Kong beyond the limits which are presently sketched out.

I do not have a particularly strong passion about it. I would like to see the support of the arts develop in the next few years. I would like to see it develop in a way which is competent and professional and generously financed. I am not sure that I think that electing members of the body that provides an umbrella for arts sponsorship is necessarily an imperative element in securing that objective.

MR MAN SAI-CHEONG (in Cantonese): *Mr Governor, as far as I know, the officials responsible for cultural matters have sought advice of some interested parties, particularly the arts community, and come to the view that it is acceptable for some seats in the said bodies to be filled by those who are elected, but indicated that it will take time to put the idea into practice. Mr Governor, will you find this proposal feasible and set it in motion as soon as possible if the respective officials recommend that course of action to you?*

GOVERNOR: If my officials recommend that course of action to me, I will give their views all the attention which they deserve.

PRESIDENT: Mr WONG Wai-yin.

MR WONG WAI-YIN (in Cantonese): *Mr Governor, in your policy address, you have stressed that at the top of our social priorities come the elderly because these men and women helped to create our present prosperity. But it seems to me that you do not practise what you preach since the elderly will indeed never be able to partake of the fruits of our present economic success. I am surprised that you appear to have failed to hear the strong public voice for an immediate increase in the Comprehensive Social Security Assistance (CSSA) payment for the elderly. Last year, when Mr HUI Yin-fat and I went to talk to you at the Governor House, you undertook to take reference from Dr Stewart MacPHERSON's report and make adjustments accordingly. Now that the report has been published; yet you still say that further consideration will have to be given to the matter until the end of next year to see if there are any other suggestions. It must be pointed out that even if the payment is increased towards the end of next year, it is merely "water from faraway Xi Jiang" or a slow remedy which cannot meet an urgency, in the eyes of ZHUANG Zhou, a famous philosopher in ancient China. It would not be good enough to help the elderly tide over difficulties. I wonder whether you were then just wagging your tongue too freely. I earnestly hope that you will understand the miserable living led by the elderly receiving CSSA payment at the moment. Will you consider further increasing the CSSA payment for the elderly in the coming budget so that they may live an improved life and really enjoy the fruits of our economic success? Mr Governor, please do not again hide behind the Old Age Pension Scheme in your reply!*

GOVERNOR: Well, with respect to the Honourable Member, I will reply as I want and I may refer to the Old Age Pension Scheme which is not irrelevant to the argument, which is, I guess, why he wanted me to avoid talking about it. We are at present providing \$6.8 billion of services to the elderly and that figure will go up as we implement the recommendations of the working party on the elderly. Anxious to ensure that we continue to budget prudently, determined to ensure that we continue to keep public spending below 20% of

GDP so that we can keep taxes low and keep a business-friendly environment, and extremely anxious of course to avoid charges of welfarism by news agencies in Hong Kong or elsewhere, every year the Governor of Hong Kong has to balance, with his colleagues in the Administration, understandable arguments for greater resources against the amount of money that is available to spend. It seemed to me and to us this year, that the right place to put our additional resources was:

1. into better and more comprehensive services for the elderly in the housing and the health and the welfare fields; and
2. as far as CSSA rates were concerned, as far as the provision of benefit was concerned, to concentrate the additional resources that we had on single parent families and on children.

I think those were the right priorities but if the Honourable Member has other priorities then obviously we will have a chance of listening to them when he speaks on the Policy Commitments in my policy address a little later in the month.

I do think that it is important for all Legislative Council Members, and for others outside, to recognize that while it is totally right for us to try to use some of the proceeds of a successful economy for enhancing welfare and other programmes, while that is a reflection of our social responsibility as a community, if we go too far and if we try too rapidly to meet every social objective, we will not any longer be able to be a low tax community, we will not any longer be able to attract the business investment, the reputation for competitiveness which is one of the reasons for our continuing success. And I think balancing the demands for more welfare spending against the demands of our economy will continue to be important, even should the Honourable Member, which I am sure would be widely welcomed, become the chief executive in the Special Administrative Region.

MR WONG WAI-YIN (in Cantonese): *Mr President, the Governor said just now that single parent families and children will be accorded priorities in terms of the allocation of the additional resources and that I may suggest other priorities when I speak on his policy address later on. I would like to ask the Governor, have you not heard, over the past years, calls in this Council and from many organizations or people outside urging the Government to increase the CSSA payment with immediate effect? In fact, this matter has been debated for years. Why should we keep on discussing and discussing? It is hoped that you, Mr Governor, will earnestly consider the proposal to increase the CSSA payment for the elderly. As what you have said, these men and women helped to create our present prosperity and they now wish to have a secured old age.*

GOVERNOR: I said that the priorities which we would set ourselves this year were for improving services for the elderly, and as far as scale rates were concerned, for improving scale rates for the single parents and for children, so the Honourable Member must not leave out the actual resources that we are providing for the elderly. We have in the past, as the Honourable Member will know, listening to him and others, improved benefits that are available for the elderly. I am very keen that we should provide the elderly with as much financial security as possible, which since I forgot to mention it before, is why I am in favour of our Old Age Pension Scheme, and I am sure the Honourable Member is, too, because he is very sensible in discussing these matters.

PRESIDENT: Mr Edward HO.

MR EDWARD HO: *Mr Governor, I was very disappointed that you have not mentioned, or hardly mentioned infrastructure in your policy address yesterday. Not only because of my special interest, but I think it is in the interest of our community that we should continue to build for the future. Mr Governor, how much of that which I would call omission is due to the problem of lack of co-operation between you and the Chinese Government, so that you are unable to make decision to proceed with major infrastructure project that spans, that straddles 1997, such as the Northwest Railway.*

GOVERNOR: I have to say that the main reason why I did not say as much as the Honourable Member would have liked on infrastructure is the one that I mentioned earlier. In future years we could, if the Honourable Member and other Honourable Members would like to have me read out the whole of the Policy Commitments document, that would result in a cutthroat length speech, but we could actually do that. I think it makes more sense to have a published document, each part of which is explained to the community by individual policy secretaries, thus making it clear that not only is this not a one-issue government, it is also not a one-person government, but has a wide range of secretaries all implementing detailed policies on behalf of the community. I think making that separation is good sense, but it does mean that Honourable Members will have to perhaps, restrain the hunt for the snags until they have actually read all our documents, and not just listened to my speech. On infrastructure we are committed to a capital programme of \$140 billion, about \$105 billion of that is outside the Airport Core Programme (ACP), the rest is on the ACP, that includes for example a \$30 billion programme on road building. That I am sure will not fall victim to any failure of co-operation between ourselves and PRC officials, though such co-operation we shall continue diligently to hunt for. There are matters such as the Railway Development Strategy which will naturally have to be discussed and agreed with the PRC, because virtually all the expenditure will take place after 1997. That is why to go back to the question I answered earlier I am very keen that we should have high-level contacts on infrastructure matters so as to make sure that

when we build railways in Hong Kong they are actually going somewhere and join up with railways on the other side of the border, to put the point at its simplest and crudest. The Honourable Member is right to stress the importance of infrastructure which is part of the inheritance which I hope will be handed over in good order on 30 June 1997.

MR EDWARD HO: *Mr Governor, for you information I have read the Policy Commitments after hearing your speech, and in there also there is very little reference to new initiatives, I mean those are projects that are ongoing. My specific question is, as you already answered in part, on projects that we have to initiate, and projects that straddle 1997. I mentioned the Northwest Railway because it had been widely rumoured that the Executive Council would make a decision on that last April, and I thought that for an important project like that — a project that has been widely supported and urged in this Council — the Executive Council would make the decision prior to your policy address, so that you can give us some good news. And the particular question I put to you was that you have not made up your mind on that is because of problem of agreeing with the Chinese Government.*

GOVERNOR: No, that is not a factor on the Railway Development Strategy (RDS), we have not yet discussed the RDS with PRC officials, but we will wish to do so and the sooner we can hold those discussions the better. I would say that I am extremely grateful to the Honourable Member, and I hope he is in the majority for having read all 184 pages of our policy commitments. I would draw his attention in particular to the section under the heading Public Works on page 155 which sets out fairly extensively what we are doing on infrastructure. He might also want to look at the section on the Management of Public Finances on which the Secretary for the Treasury will be holding a press conference in which he too points out some of the main areas of infrastructure spending. Doubtless, there are other references which I could point to, and I am sure that on a second and third reading of the Policy Commitments he will see what a spectacular programme we are still committed to.

ADJOURNMENT AND NEXT SITTING

PRESIDENT: In accordance with Standing Orders I now adjourn the Council until Wednesday 12 October 1994.

Adjourned accordingly at twenty-seven minutes to Four o'clock.

