

1 HONG KONG LEGISLATIVE COUNCIL -- 11 October 1989

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LEGISLATIVE COUNCIL

OFFICIAL REPORT OF PROCEEDINGS

LEGISLATIVE COUNCIL CHAMBER

Wednesday, 11 October 1989

The Council met at half-past Two o'clock

PRESENT

HIS EXCELLENCY THE GOVERNOR (PRESIDENT)
SIR DAVID CLIVE WILSON, K.C.M.G.

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

THE FINANCIAL SECRETARY
THE HONOURABLE SIR PIERS JACOBS, K.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 DONALD LIAO POON-HUAI, C.B.E., J.P.
SECRETARY FOR HOME AFFAIRS

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

THE HONOURABLE CHEUNG YAN-LUNG, O.B.E., J.P.

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

THE HONOURABLE MARIA TAM WAI-CHU, C.B.E., J.P.

DR. THE HONOURABLE HENRIETTA IP MAN-HING, O.B.E., J.P.

THE HONOURABLE CHAN YING-LUN, O.B.E., J.P.

THE HONOURABLE CHENG HON-KWAN, J.P.

THE HONOURABLE CHUNG PUI-LAM, J.P.

THE HONOURABLE HO SAI-CHU, M.B.E., J.P.

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

THE HONOURABLE DAVID LI KWOK-PO, J.P.

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

THE HONOURABLE POON CHI-FAI, J.P.

PROF. THE HONOURABLE POON CHUNG-KWONG, J.P.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAI CHIN-WAH, J.P.

THE HONOURABLE MRS. ROSANNA TAM WONG YICK-MING, J.P.

THE HONOURABLE TAM YIU-CHUNG

DR. THE HONOURABLE DANIEL TSE, O.B.E., J.P.

THE HONOURABLE ANDREW WONG WANG-FAT, J.P.

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

THE HONOURABLE GRAHAM BARNES, C.B.E., J.P.
SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS

THE HONOURABLE MICHAEL LEUNG MAN-KIN, J.P.
SECRETARY FOR TRANSPORT

THE HONOURABLE EDWARD HO SING-TIN, J.P.

THE HONOURABLE GEOFFREY THOMAS BARNES, C.B.E., J.P.
SECRETARY FOR SECURITY

THE HONOURABLE CHAU TAK-HAY, J.P.
SECRETARY FOR HEALTH AND WELFARE

THE HONOURABLE RONALD JOSEPH ARCULLI, J.P.

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

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE MICHAEL CHENG TAK-KIN, J.P.

THE HONOURABLE DAVID CHEUNG CHI-KONG, J.P.

THE HONOURABLE RONALD CHOW MEI-TAK

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

THE HONOURABLE DANIEL LAM WAI-KEUNG, J.P.

THE HONOURABLE MRS. MIRIAM LAU KIN-YEE

THE HONOURABLE LAU WAH-SUM, J.P.

DR. THE HONOURABLE LEONG CHE-HUNG

THE HONOURABLE LEUNG WAI-TUNG, J.P.

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

THE HONOURABLE KINGSLEY SIT HO-YIN

THE HONOURABLE MRS. SO CHAU YIM-PING, J.P.

THE HONOURABLE JAMES TIEN PEI-CHUN, J.P.

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

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

THE HONOURABLE YEUNG KAI-YIN, J.P.
SECRETARY FOR EDUCATION AND MANPOWER

THE HONOURABLE MRS. ANSON CHAN, J.P.
SECRETARY FOR ECONOMIC SERVICES

ABSENT

THE HONOURABLE MRS. RITA FAN HSU LAI-TAI, O.B.E., J.P.

THE HONOURABLE PETER POON WING-CHEUNG, O.B.E., J.P.

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

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

THE HONOURABLE MRS. NELLIE FONG WONG KUT-MAN, J.P.

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL

MR. LAW KAM-SANG

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Honourable Members of the Legislative Council,

(1) INTRODUCTION

Since I last addressed the Council at the beginning of a new Session, we have been through difficult times together. We have all been forcefully reminded how vulnerable Hong Kong is to developments which occur outside our borders over which we have no control.

2. In May and June, confidence in Hong Kong was badly shaken by the tragic events in China. People became more nervous about their future. Investors have shown signs of being more cautious in assessing the territory's prospects. So we have a new challenge to meet and new problems to overcome. But this is not the first crisis that Hong Kong has had to confront. When we have faced difficulties in the past we have emerged with new confidence and strength. Already there are ample signs that Hong Kong is showing its usual resilience; that we are facing up to our problems and finding solutions to them.

3. In my address today, I do not propose to review all areas of government activity. Instead, I shall look back briefly at the main events of the past year, assess where we stand now and set out the ways in which your Government proposes to build for the future. During the next few weeks, policy Secretaries will be making more detailed statements on government policies falling within their own areas of responsibility.

(2) HONG KONG TODAY

(a) The Effect of Events in China

4. The tragic events in China had a traumatic effect on Hong Kong: an effect made all the more direct by the impact of television. Much has been said and written about those events, both at the time and since. I do not intend to add to it now. The important point for us is that what happened in China created increased concern about the arrangements for Hong Kong's future. A mark of this was the significant increase in applications for emigration and the widespread demands for the right of abode in the United Kingdom. We have also seen intensified discussion about the right pace of progress towards a directly elected legislature and calls for the early introduction of a Bill of Rights. And the Basic Law draft has come under renewed scrutiny.

5. Despite this uncertainty and worry on the political front, our economy showed itself to be robust. Once again, we have been reminded how much our survival depends on the resilience of our businessmen and our workforce. The tourist industry was affected, largely because of the wholesale cancellation of tours to China. But our manufacturing sector was relatively unscathed; and economic links with China, especially with Guangdong Province, have remained strong. Our newly-reorganized financial institutions weathered the crisis and emerged with their reputations enhanced. Our linked exchange rate system proved its worth at a testing time.

6. The overall economic effect on Hong Kong of the events in China will probably be a slight check to the rate of our economic expansion. The Financial Secretary's earlier estimate was that our GDP would grow by 6% this year, compared to 7% in 1988. This forecast has now been adjusted slightly downwards. But, even with this slightly lower forecast, Hong Kong should still enjoy a healthy level of growth by world standards.

7. On 1 July 1997, Hong Kong will become a Special Administrative Region of the People's Republic of China. That is a fact that we must face, and face in a clear-headed way. Hong Kong is linked to China but, in another important sense, separate from it. That will continue to be the case in the future, under the concept of "one country, two systems". We have our own laws and freedoms which we cherish. They must not be eroded. Equally, we should use them with a sense of responsibility and self-restraint. For many years our community has recognized the importance of not becoming directly involved in China's often complicated domestic politics. At the same time, given both the economic and political realities, there is every reason to expand our

already close economic links with the mainland. We can strengthen the basis of our special future political status by the contribution that we make to the modernization of the Chinese economy and by the access to world markets, advanced technology and expertise that we can provide for China.

8. The Chinese Government has recently given repeated assurances that its policy towards Hong Kong has not changed. It has also stressed that economic reform and openness to the outside world remain fundamental priorities. Both of these are important and welcome messages for Hong Kong. We for our part have made it clear to the Chinese Government that action is needed to restore confidence in the arrangements for Hong Kong's future. We need to restore mutual trust as the necessary cornerstone for the unprecedented political experiment that will begin in 1997, the foundations for which must be laid securely in the next eight years.

(b) Emigration

9. In the meantime, it is clear that more Hong Kong people now feel a need to hedge their bets or seek insurance policies overseas. The Government predicted earlier this year that 42 000 people would leave Hong Kong in 1989. This estimate remains valid. But emigration levels are likely to be higher in the next few years. As always, precisely how many will leave depends not only on events here and in China but also on the immigration policies of the countries that people wish to go to.

10. I have said many times that the Government will never prevent people from leaving Hong Kong. I repeat that now. I fully understand the dilemma that many families face in deciding whether to go or to stay. But I cannot pretend that I like seeing so many skilled and talented people leaving Hong Kong. Not only does Hong Kong need them, but I am also well aware that many of them do not really want to go. We all know of families who would prefer to stay in Hong Kong but who have been uprooted and even separated for long periods. I hope that many of them will return to Hong Kong and contribute to its future once they have obtained the security that they are seeking.

11. No matter how many people emigrate, the bulk of the population of Hong Kong -- by then some 6 million people -- will still be here in 1997 and afterwards. These are the people for whom we must build a future. They are Hong Kong's future. Many of them will step readily into the gaps left by emigrants. Others will need more time, training or experience before they can do so. But, with an expanding and ever more sophisticated economy, it may prove difficult to fill all the gaps from within Hong

Kong. Increased levels of emigration will almost certainly mean that we will need to import more skills and experience from outside the territory, at least until our efforts to develop our own resources take effect.

12. The first potential source of these skills is of course our former residents, the people who already know Hong Kong. The Government is already recruiting from the ethnic Chinese communities in the United States, Canada and Australia. Many companies in the private sector are doing the same. But we do not only welcome those who have left and who wish to return. We also welcome anyone who wants to come and help us build the future of this territory, if they have the skills and experience that we need. Hong Kong is a city in which people of all nationalities can play a part. We must be ready, if the need arises, to find replacements for our home-grown talent in the international market-place. And we must ensure that our immigration policies are flexible enough to permit this.

(c) Relations with the United Kingdom

13. Another feature of the past year has been the evolution of our relationship with the United Kingdom. Contrary to some popular myths, this Government has for many years been left essentially free to get on with the job of running Hong Kong by itself. We have sole responsibility for our internal affairs, such as education, social welfare and medical services. For the past 20 years or so, we have made all our own policy decisions in other important areas such as the economy, trade and finance.

14. As a result, we have developed some interests which are separate from those of the United Kingdom. Sometimes we have found ourselves on opposite sides of the negotiating table. In the past year or two, for instance, we have had to negotiate about the relative shares of costs incurred by the British garrison in Hong Kong and we have had discussions about the part the United Kingdom plays in resettling Vietnamese refugees from Hong Kong. When this happens, you can be sure that your Government argues hard on Hong Kong's behalf.

15. We have also put forward a clear Hong Kong case on the nationality issue. I have said that I fully understand and sympathize with the widespread hope in Hong Kong that Britain would grant the right of abode in the United Kingdom to all Hong Kong British nationals. I have also said that, in my view, such a move, if it were possible, would have a very positive effect on confidence in Hong Kong, and that the number who would actually leave would be small.

16. The British Government has said that it does not believe it is possible to grant the right of abode in Britain to all Hong Kong British nationals. Instead it has promised a scheme under which the right of abode in the United Kingdom will be granted to some people in Hong Kong in a way designed to encourage them to stay in the territory. We have been assured that work is going ahead as fast as it can on such a scheme. I hope that the details will be announced as soon as possible. To have the effect we all want on maintaining Hong Kong's economic growth and social stability, the scheme will need to cover three important points. It will need to be as generous as possible; it will need to minimize divisiveness, so far as possible; and it will need to ensure that those covered can acquire the right of abode in the United Kingdom without having to leave Hong Kong.

17. I very much hope that the scheme, when it is announced, will help to provide greater confidence and stability in our community. Meanwhile it cannot be right to say that we want either everything or nothing: a scheme that provides something must be better than no scheme at all.

(d) Vietnamese Boat People

18. Another problem which has been much on the minds of all of us this year is the continuing inflow of boat people from Vietnam. Since my address to this Council last October, some 34 000 Vietnamese have arrived in this small and crowded territory. This is the highest number in any year since 1979. The strain on our resources, and on our patience and compassion, has been enormous. But we have coped. We have housed, fed and cared for all those who have come. We have turned no one away. This is something of which we can all be proud.

19. Many people outside Hong Kong do not seem to realize what a burden the continuing flow from Vietnam creates for us. I myself am only too conscious that it has severely strained the tolerance of our community. I sympathize with those who argue that we have now done enough. It is not by choice that the Government spends increasing amounts of public funds, and uses increasing amounts of scarce land, on housing and looking after a seemingly endless stream of arrivals from Vietnam.

20. Those who come here do not seek a home in Hong Kong. Their goal is elsewhere: in particular, the United States. But they have little prospect of ever getting there, or anywhere else. Over 80% of the Vietnamese now arriving in Hong Kong do not meet

United States resettlement criteria.

21. During the past year, the Government has strongly and consistently argued that the only solution to this human tragedy is that those who are defined as refugees must be resettled overseas, and those who do not meet these criteria must go back to Vietnam. This is a view which is shared by a number of voluntary agencies which have worked most closely with the Vietnamese, including Oxfam, Save the Children Fund and the British Refugee Council. Hong Kong has taken the lead in introducing a screening policy as a first step towards putting this solution into effect. Our lead has been followed elsewhere in Southeast Asia and now, most recently, by Japan.

22. The Geneva Conference in June endorsed our policy of screening and agreed on principles for the repatriation of non-refugees. But it did not take the essential next step of endorsing the repatriation of all those screened out as non-refugees. In effect it asked us to make further efforts to encourage these people to return home voluntarily. We have tried this and will continue to do so. The more people who return home voluntarily to Vietnam the better. But the number of people willing to volunteer is limited. Since November last year, only 264 Vietnamese have actually returned to their homeland. Further groups are due to go soon. But voluntary repatriation alone is clearly not the answer.

23. At the international conference in June, I warned that if proper arrangements were not made to return home those found not to be refugees, Hong Kong could not continue indefinitely to play its part by providing first asylum. But we must not deceive ourselves into thinking that abandoning this principle is an easy, or cost free, option. We would have to face the hard choice of what to do if future arrivals sank their boats when they were refused permission to land here. Would we, as a community, be willing to let people drown? Surely not. We would also have to face an international outcry which would put at risk our prospects for resettling the 13 000 refugees now in Hong Kong, and which would also affect international attitudes towards Hong Kong in other areas, such as trade, where we have important interests.

24. I remain convinced that the policy we have adopted is the right one, and that it will eventually bear fruit. At the steering committee meeting in Geneva next week, we will be making very strongly the point that screening and repatriation are inseparable. It is only by introducing a scheme for orderly return that we will solve the problem of disorderly arrivals. The thousands that are being screened out as non-refugees must go back to their homes in Vietnam. It is only by finding a way to

return non-refugees home that we can do anything for those who are genuine refugees. We are determined to put in place satisfactory arrangements for both resettlement and repatriation. In the meantime, I call on all members of our community to have patience, and to remember that the Vietnamese are fellow human beings. Many Hong Kong families, after all, know what it is like to uproot themselves from their homes and seek a better future elsewhere.

(e) The Civil Service

25. The continuing influx of Vietnamese has imposed a great strain on the Civil Service as a whole, and not only the Correctional Services Department, the police and the garrison who have borne the main brunt. I doubt if many members of our community realize how many departments are involved in one way or another in receiving the arrivals, processing them, feeding them, looking after them and building, operating and guarding centres for them. Many civil servants have been working long hours in difficult circumstances and under great pressure for the past two years. They get little recognition for this, and a great deal of criticism, both in Hong Kong and overseas. They deserve better. I am sure that Members of this Council would wish to join me in recording appreciation for their efforts.

26. But this is by no means the only strain on our civil servants. They have for many years played the leading role in the Government of Hong Kong. Inevitably this role has changed as our system of representative government has developed. Civil servants have had to adapt to this change at a time when, like the rest of the community, they have their own personal worries about the future. As a community we take our Civil Service for granted. But, from my personal experience of the workings of other governments, I can say without qualification that Hong Kong is well served. During the rapid constitutional changes that will take place in the next decade, we will depend on the Civil Service for continuity and stability. So now, more than ever, we must ensure that it remains as stable and efficient as it has always been.

(3) HONG KONG'S PLACE IN THE WORLD

27. Hong Kong is now the world's eleventh largest trading economy. In the past, as the territory developed, we were somewhat hesitant about involving ourselves in international affairs. But, within the limits of our autonomy, we have now begun to play a role in the world that reflects Hong Kong's economic importance. It is right

that we should do so.

(a) Hong Kong as a Regional Centre

28. The Asia-Pacific region contains the fastest growing economies in the world. Ours is one of them. 60% of our total trade is now with Asia and Australasia. And we play an important role in building up trade within the region. Goods going through Hong Kong from one part of the region to another, not counting China, have grown by 45% in the last year.

29. Our financial services sector has also become increasingly important in regional terms. Because of the time difference, business can be done here when London and New York are closed. We now have 135 overseas incorporated banks in Hong Kong. Eleven of these were given new licences this year. Twelve overseas securities companies and commodities trading companies have also set up business here this year.

30. Hong Kong has many advantages as a regional base -- its location; good communications; an efficient and apolitical administration; an impartial system of justice; a well-educated and efficient workforce; and all the conveniences of a modern city. Add to this the magnificent new Convention and Exhibition Centre -- the largest in Asia -- which will officially be opened next month by His Royal Highness the Prince of Wales, and one can see how Hong Kong is increasingly becoming a major regional centre for trade, finance and communications. So it is not surprising that many companies have chosen to base their regional offices here. For example, 10 of our overseas incorporated banks operate as regional headquarters. So do many other international companies. We welcome this. Indeed we hope that others will follow suit.

(b) Hong Kong: the Gateway to China

31. I have already referred to Hong Kong's role as a gateway to China. Statistics can be dull; but in this area they are startling and revealing. Our re-exports increased by 51% in value in the single year 1987 to 1988. Almost a half of these originated in China. And over one-third went to China. China has used Hong Kong as a gateway for its exports for many years. But it is only relatively recently that we have played such an important role as a channel for its imports. Our Asia-Pacific neighbours have been especially quick to see Hong Kong's potential in this area. For example, in 1988 about one quarter of all Japanese exports to China were routed through Hong Kong.

32. Hong Kong also plays a key role in foreign investment in China. Up to 1988, some 70% of all such investment was by companies incorporated or registered in Hong Kong. Not all of these were Hong Kong companies. Many were foreign ones which had chosen to use Hong Kong as their base for this investment. And why not? We are not only on China's doorstep. We also have unrivalled expertise in dealing with Chinese officials and enterprises, particularly in Guangdong Province, and the full range of back-up services that an investor needs.

33. For many years to come, China will continue to be an important market for foreign exporters and investors. And Hong Kong will continue to be the best means of access to it. By playing an intermediary role, we can also continue to be of benefit to China. We can provide investment, foreign exchange and expertise to help the Chinese economy continue to expand and develop.

(c) Participation in International Organizations

34. Hong Kong naturally wishes to play an active role in international organizations that help to shape the world we live in and that deal with issues that affect our own interests. In doing this, we have devoted most of our effort to economic and trade matters. Hong Kong became a separate contracting party to the General Agreement on Tariffs and Trade (GATT) in April 1986. We play our part in it vigorously and responsibly. Hong Kong officials serve as chairmen or members of a range of GATT bodies and dispute settlement panels. Our role as a major trading economy; our determination to uphold the principles of free trade; and our willingness to act as a link between developed and developing nations have also enabled us to play a significant role in the important Uruguay round of multilateral trade negotiations.

35. Apart from the GATT, Hong Kong also takes part in some 40 other international organizations at government level. We have made good progress in the Joint Liaison Group in making sure that Hong Kong will continue to be represented in these international organizations after 1997. In addition, Hong Kong is also represented by private individuals or community bodies in hundreds of non-governmental organizations in the business, sporting and cultural fields. Our voice is now being heard more often and to better effect.

(d) Hong Kong's Image in the World

36. For many years, Hong Kong's international image was that of a producer of cheap, low quality goods. We fought very hard to overcome that image, with considerable success. People began to see Hong Kong for what it is -- a bustling, modern city of successful entrepreneurs.

37. But images are often created by events beyond our control. When the name of Hong Kong is mentioned nowadays, far too many people probably think either of 1997 or of Vietnamese boat people. We must do what we can to project a more balanced and more positive image of this exciting city. We must emphasize the progress we have made, in every field from the economy to housing. We must draw attention to the attractions of Hong Kong today, for its own people and for those from overseas. And we must, above all, tell the world what we are doing ourselves to build for our future. At the end of this week, I shall myself be leaving for Washington, Los Angeles and San Francisco as part of the Government's effort to spread these messages to the widest possible audience.

38. This is not just a job for the Government. All of us can act as ambassadors for Hong Kong. The Trade Development Council, the Hong Kong Tourist Association and our chambers of commerce play an important part in making Hong Kong's attractions known to a wider audience. This message has particular force when it comes from foreign businessmen who themselves live and work in Hong Kong. Many have been willing to help in this way. I welcome their efforts. We also want to draw on their experience to involve them more in the life of our community. As part of this, I have approved the setting up of an international business committee, to be chaired by the Chief Secretary, on which all the main overseas chambers of commerce will be represented. This will provide a valuable means of tapping the talents of overseas businessmen for the benefit of the whole community.

(4) BUILDING FOR THE FUTURE: POLITICAL

39. In the next decade, Hong Kong faces a period of unprecedented political and constitutional change. We must manage this without endangering our stability. We must continue steadily to develop our own institutions in which our community has confidence.

(a) The Development of Representative Government

40. During the past few years there has been vigorous debate in Hong Kong about how quickly we should develop our system of representative government. Your Government has always believed that political development should be based on the widest possible support in the community. We have indeed sometimes been criticized by those who would like to go faster than this principle allows.

41. This year a number of models for the future composition of this Council have been put forward. One of these was the result of lengthy discussion by the non-official Members of this Council and the Executive Council. These models have stimulated a great deal of debate in the community. This is a good thing. The issues involved are vital for the future of Hong Kong. Out of this debate I hope that a broadly held Hong Kong view will emerge. This would help the drafters of the Basic Law, when they meet later this year and early in 1990, to carry out the important task of formulating the structure of Hong Kong's political system in and after 1997. The Government would also wish to respond positively to such a view when we take decisions on what further changes should be made to the composition of this Council in 1991.

42. Before taking these decisions, we will consider all aspects of the composition of this Council: the number of official and appointed members, whether there should be a further increase in the number of members elected by functional constituencies and the number of directly elected seats. We shall have in mind the widely-held view in the community that there should be a somewhat faster rate of development in 1991 than previously envisaged; and also the fact that by 1995 all members of the Council will be elected by one means or another. We must prepare for that situation well in advance.

(b) The Basic Law

43. The second draft of the Basic Law was published in February. It was generally seen as a considerable improvement on its predecessor. Careful note had clearly been taken of points made in Hong Kong during the consultation period last year. Recent events in China have refocussed public attention on some parts of the Basic Law. I have already referred to the various models that have been put forward with regard to the composition of the legislature. Another area which has been the subject of much debate is the relationship between the Central Authorities and the SAR Government. I hope that the people of Hong Kong will use this final period of consultation to put forward their views on the draft of a document which will be of great importance to their future.

44. The Chinese Government have made it clear that they intend to publish the Basic Law next spring. Its contents will have a significant impact on how people, both locally and overseas, view the future of Hong Kong. A Basic Law that meets the main points of concern in Hong Kong can go a long way to restoring confidence in the future of the territory. I therefore urge the Basic Law drafters to be receptive to the views expressed on the draft in Hong Kong during the current consultation period and to take them carefully into account. There is a great deal at stake.

(c) Bill of Rights

45. In Hong Kong we have always taken for granted the basic social and political freedoms that we enjoy. These are backed up by many different provisions of statutory and common law. In addition, the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights have been extended to Hong Kong since 1976. And their continued application beyond 1997 is guaranteed in the Joint Declaration.

46. It is clear that there is now strong support in the community for these freedoms to be entrenched through the enactment of a Bill of Rights. The Government has been considering what form such a Bill might take. We propose that it should give effect in local law to the relevant provisions of the International Covenant on Civil and Political Rights. This means that if anyone believes that their civil or political rights, as defined in the covenant, have been violated they will be able to seek redress in the courts. We aim to publish a White Bill for public consultation by the end of this year and to introduce draft legislation into this Council by July 1990. Within this timescale there will not be time for a comprehensive review of all our existing laws to remove any areas of doubt about their full compatibility with the Bill of Rights. To avoid any unnecessary uncertainties the draft Bill will provide for a limited period after its enactment during which existing laws cannot be challenged against the standard of the new Bill.

47. The provisions of the other international covenant, the Covenant on Economic, Social and Cultural Rights, are different in nature. They are in the form of objectives to be achieved progressively and, generally speaking, are not rights which individuals could easily enforce in the courts. For these reasons they are not well

suites for inclusion in a Bill of Rights designed to give people the right of direct action in the courts. We are of course fully committed to the objectives of the covenant and seek to implement them through our existing legislation and policies.

(d) The Joint Liaison Group

48. Much of the detailed work on implementing the Joint Declaration takes place in the Joint Liaison Group (JLG). The achievements of the JLG during the past four years have contributed significantly to the maintenance of confidence in Hong Kong. They have only been possible because of the close contacts and co-operation between the two sides. Inevitably, those contacts were temporarily suspended in June. The group has recently resumed its activities and will now meet again in December. I hope that it will then, as previously, produce a steady stream of solid work. Much remains to be done before 1997.

49. The confidentiality of proceedings in the JLG has often led to misunderstanding in Hong Kong about its role and activities. From time to time it has been suggested that the British and Chinese Governments take decisions in the JLG in which Hong Kong plays no part. I can assure you that this is not the case. Two members of the Hong Kong Administration sit as members of the British side of the JLG and many more attend its meetings. All subjects on the agenda of JLG meetings are thoroughly discussed beforehand between the British and Hong Kong Governments. And the Executive Council is kept fully informed of all proceedings and is consulted on all major issues of policy. Hong Kong makes a full contribution to the work of the JLG. We will continue to do so.

(5) BUILDING FOR THE FUTURE: SOCIAL

50. In the final analysis, the future of Hong Kong rests with its people. Your Government attaches a great deal of importance to ensuring that Hong Kong remains an attractive place to live in, with social services that meet the needs of our society. We do not intend to provide a western-style welfare state. To do so risks encouraging a mentality of dependency that is alien to the Hong Kong way of life. Instead, we concentrate much of our efforts, and of our available resources, on the young people of Hong Kong, who represent our future, and on those who cannot fend for themselves.

(a) Education

51. During the past 20 years, as Hong Kong has prospered, the demand and need for better education has grown with enormous speed. In our community, the first goal that parents set themselves, as their living standards improve, is to give their children the best possible educational opportunities. In the 1960s, most parents were keen simply to provide some sort of schooling for their children. In 1971, the Government was able to provide free primary education for all. In the 1970s expectations increased; and in 1979 free, compulsory education was extended to include secondary forms one to three.

52. The ambition of ordinary families today is that their children should do well enough in examinations to be able to go on to some kind of post-secondary education. At the same time, the development of our economy means that we need an increasing number of young people trained beyond secondary level. It is clear that we are not at present able to meet the full extent of this demand. As many Hong Kong students now go abroad for tertiary education as stay in Hong Kong. Another factor is emigration. We must now plan on the assumption that we will lose a proportion of our future graduates abroad.

53. The Government therefore proposes to upgrade substantially the targets that we set ourselves only last year. These would have meant that in the year 1995, for example, there would be first-year, first-degree places for nearly 13% of the relevant age group, compared with about 7% now. This was an ambitious target. But it is now clear that we must be even more ambitious. I have asked the University and Polytechnic Grants Committee (UPGC) to increase the planned provision of first-year, first-degree places from about 7 000 next year to about 15 000 in 1995. That means places for over 18% of the relevant age group. This will not be at the expense of sub-degree places. These will continue to be maintained at the previous planning level of 5 000.

54. This increase would give a total of 67 000 tertiary places in 1995. That would provide places for nearly 25% of the relevant age group, compared with under 14% now. The UPGC is now working out how to meet these new targets. Amongst other things, we will probably have to bring forward plans for expanding our existing universities and increase the percentage of degree places offered at our polytechnics.

55. At the school level, there has been a great deal of concern in the community that the introduction of mass education has been at the expense of standards. There is some truth in this. In future we shall aim to concentrate on improving quality rather

than giving top priority to increasing numbers. Major measures over the next few years which have already been announced include providing Secondary VII classes in all types of secondary school and bringing in 'A' level examinations in Chinese. In my address to this Council last year, I mentioned the desirability of working towards whole-day schooling for all primary classes. This remains our long-term objective. But, given our other educational priorities, resource constraints and demographic trends, we need to be realistic about how quickly we can achieve it. Our first priority will therefore be a phased programme of converting senior primary classes to whole-day operation.

56. We are an international trading centre where the ability to use language well is a key ingredient of success. One important objective of our school system must therefore be to improve the standards of both English and Chinese. The Government has already taken several significant initiatives. These have included sending large numbers of local teachers overseas for immersion courses in the English language and introducing a scheme to enable schools to employ expatriate teachers of English. But these measures are not enough. We need urgently to devise a strategy that will deal with the difficult problems of the medium of instruction and the quality of language teaching. The Education Department will soon publish for public consultation the report of a working group which has looked into these issues. After members of the public have had an opportunity to comment, proposals will be put to the Board of Education and the Education Commission early next year.

57. In Hong Kong private secondary schools have generally not had the resources to compete with the public sector. This has meant a lack of variety and flexibility in the educational system. Good private schools can give special emphasis to specific areas such as languages or art. They also provide for the possibility of greater choice within the educational system. The Government believes it important to increase parental choice by encouraging the development of a healthy private school sector in Hong Kong. To help achieve this, we will introduce a new Direct Subsidy Scheme. Schools which meet certain criteria will be eligible to join the scheme, and will receive government assistance at a rate which will depend on their fee income, with more going to those which charge less. They will, at the same time, be able to retain a great deal of freedom in deciding on curriculum, fees, management and the selection of pupils. The Government will phase out bought places in private schools by the end of the 1990s. In the meantime, we will improve the standards of these schools so that, when the time comes, they will have a good chance of joining the new subsidy scheme.

58. We agree with the Education Commission that pre-primary education must be seen as a desirable rather than an essential part of our education system. But we see a clear need to improve standards of teaching in kindergartens. We therefore propose to improve the basic training course for kindergarten teachers and introduce a new fee remission scheme. This will replace the existing scheme of fee assistance and allow additional help to be given to less well-off parents who have children in kindergartens.

59. In laying down broad programmes for improvements to our educational system we must not overlook the special difficulties that individual schools face. Some for instance have severe problems of noise. We have already sound-proofed and air-conditioned 37 schools affected by aircraft. This year, we are starting a new programme that will cover a total of 117 aided and government schools affected by unacceptable levels of traffic noise. We aim to complete it during the early 1990s.

60. Education is expensive and heavily subsidized by the community. The proposals I have outlined, especially for the further expansion of the tertiary sector, inevitably mean that some other sectors will, for the time being, have to take a lower priority. In practical terms, this means slower progress in some other areas which, however desirable in themselves, have to take their place in the queue. Decisions on the right allocation of public money are never easy. But I hope that Members of this Council, and the community as a whole, will agree that the proposals I have outlined are the right mix for meeting our more pressing needs within the resources available.

61. Some 80% of those who will make up Hong Kong's workforce in the year 2000 have already completed their education. So the provision of training for those already at work is also an important priority. Many potentially useful technologies are not yet being applied in our industries. The Government proposes to establish a training fund to encourage employers to give managers the opportunity to learn about these new technologies. This fund will include contributions from various sources, including the private sector. It will provide loans to cover the cost of local extension training and overseas working attachments. I hope employers will make good use of it.

(b) Medical and Health Services

62. The medical and health field is another area where, in the past, we concentrated on meeting basic needs. We achieved remarkable successes. Life expectancy in Hong Kong for both men and women is now higher than in many advanced countries, including the United States and the United Kingdom. Our infant mortality rates are lower than in either. Now we should raise our sights. Our new priority must be to improve the quality of service. Our public health service is heavily subsidized, and our professional medical staff are dedicated and hard-working. But our hospitals are overcrowded, and there are long queues at our clinics. We do not always provide our community with the range of services that they need. In important areas like mental health and geriatric care, our standards fall below our aspirations.

63. The lesson of public health services all over the world is that increased expenditure does not necessarily translate into higher standards. What is really important is the way the money is used and how well the facilities are managed. It makes no sense to have some publicly funded hospitals overflowing and others with spare capacity. Or to have hospitals where there are camp beds in some wards and empty beds in others. The Hospital Authority, which we aim to establish by April next year, will be well placed to ensure that the money we spend on our public hospitals -- \$5 billion this year -- is used in the most effective way. By bringing government and subvented hospitals together within a single integrated system, the authority will be able to make sure that the best possible use is made of the facilities that each hospital can offer. Quality of management will be particularly important because of the size of the hospital service. By the end of next year the authority will be responsible for more than 22 000 beds, including almost 1 000 in the first two phases of the new Tuen Mun Hospital and the Queen Mary Hospital extension.

64. Two other current projects should help to improve the quality of our medical services. First, a working party has been set up to review our primary health care services, and in particular to consider which of these is best carried out by the Government and which by the private sector. It will report by the end of 1990. Second, the Government has decided to establish a Hong Kong Academy of Medicine. This will be a statutory body with authority to set standards in post-graduate medical education; to decide the content and length of training courses; and to accredit those who have passed the required examinations. Hong Kong will then have its own system for ensuring that doctors are properly trained and locally qualified in the various clinical specialities.

(c) Social Welfare

65. Since the publication of the 1979 White Paper on Social Welfare, we have made good progress in developing our policies and services to meet the needs and expectations of our community. We have a comprehensive safety net to make sure that no one in our community need fall below basic living standards. We have a wide range of services from day care centres to residential homes.

66. It is now time to take stock of the progress we have made and to make sure that our policies and standards continue to meet the needs of Hong Kong into the 1990s and beyond. I have, therefore, asked the Secretary for Health and Welfare to launch a review of our social welfare services in conjunction with the subvented sector. The Government will then in the second half of next year publish a White Paper setting out our proposals on the way forward. In the meantime, additional funds will be available this year to reduce case loads in family service centres and social security field units operated by the Social Welfare Department.

67. One problem we face is a shortage of trained social workers. A good many professional staff have emigrated. To fill the gaps, a number of measures are already being taken, for example substantially increasing the intake of social work students into our tertiary institutions. But, in planning improvements to our services, we must take care not to place impossible burdens on our existing staff, both in the government and subvented sectors. They already have very heavy workloads.

68. Separately, we will continue to develop our rehabilitation services with the aim, where possible, of integrating the disabled into the community. The objective will be steadily to improve the quality of services while, at the same time, extending them to cover more of those in need. Particular emphasis is now being placed on employment for disabled people so that they can, to the greatest extent possible, earn their own living. Funds will be made available to provide additional teachers in schools for the disabled so as to expand the curriculum and include career counselling and civic education. In April 1990, we will also be extending the higher rate of disability allowance to those aged 15 and under who require constant care and attention. This will go some way to recognizing the additional financial burdens faced by the parents of these young people.

(d) Youth

69. One quarter of our population is under the age of 25. These young people will

provide our future leadership and workforce. To help us meet their needs and respond to their aspirations, the Government proposes to set up early next year a Commission on Youth. This will be chaired by a non-official and will include senior government officials and a wide range of other members from the community, including young people. The commission's terms of reference will be to advise the Government on how best to implement our objectives for the development of youth services. We believe that we should develop what will amount to a charter for youth which will give our young people the best possible educational opportunities; promote physical and mental fitness; give young people opportunities to gain international experience and thereby broaden their outlook on life; improve their civic awareness and encourage them to participate in community affairs; and promote youth leadership training.

70. In the year ahead, I hope to see progress in another area: sports. Already some Hong Kong sportsmen and women are beginning to make their presence felt in international competitions. But so far our achievements in sport lag behind those in other areas. It is time we made an effort to raise our standards. A major step forward will be the creation of a Sports Development Board. Its executive director has already been appointed. So have the members of the provisional board. Its first priority will be to work out a territory-wide strategy for sport. The aim will be to get the right balance between the twin goals of excellence and mass participation.

(e) Housing

71. The availability of good, reasonably-priced housing is a key factor in creating the stable yet dynamic society that we want to see in Hong Kong. Our record of providing subsidized housing stands comparison with anywhere else in the world. The Housing Authority now manages 723 000 flats and is the landlord for 47% of our population. In the last financial year, it completed over 50 000 flats, a record for a single year. This year, it is likely to set a new record yet again, with an estimated production of 53 000 flats. These are remarkable figures by any standard. They will be achieved without any sacrifice to the quality of accommodation and environment provided.

72. In every community, ordinary families dream of owning their own homes. Communities are healthier and more stable when home ownership is widespread. Helping Hong Kong families to become home owners is an important part of the Long Term Housing Strategy. At present, only 15% of our stock of public housing is owned by the family living in it. But this figure is set to increase. This year, one-third of the new

Housing Authority flats will be for sale rather than for rent. The authority has also decided recently to increase the scope of its Home Purchase Loan Scheme so that more of its tenants will receive larger interest-free loans to buy flats in the private sector. It is considering another bold initiative: the feasibility of selling some of its newer flats to the families who are now renting them. At present, 41% of Hong Kong families own their own homes. As a result of the authority's imaginative ideas, we can expect the number to rise steadily during the years ahead.

73. The Housing Authority aims to produce 527 000 public housing flats for rental and sale between now and the year 2001. This is an ambitious target. The Government will do its best to find the new land required and to provide the necessary infrastructure. Our planners and engineers are hard at work already. Maintaining our housing programme will remain an important priority for the Government.

(f) The Environment

74. Last October I spoke at some length about the various pollution problems that we face and our determination to tackle them. A White Paper on Pollution, published in June, set out in detail proposals for a comprehensive programme of action over the next 10 years. We have already begun to implement these. The Planning, Environment and Lands Branch, which came into being last month, will give a fresh impetus to our efforts to improve the environment.

75. I would like to emphasize the importance that I personally, and the Government as a whole, attach to dealing with the problem of pollution. It is not just a matter of keeping Hong Kong clean, important though that is. Pollution can, and often does, cause damage to our health and to that of our children. We must bring it under control. The fact that we propose to spend at least \$20 billion in the next decade shows how important this objective is. Much of this money will be spent on the complete overhaul of our sewerage system and the construction of three massive landfill sites and associated refuse transfer stations.

76. Money alone cannot solve our pollution problems. Nor can the Government alone. Each individual member of this community has a vital contribution to make in creating an environment that is safe and pleasant. Until recently, far too many of us in Hong Kong were unaware of the threats to our environment. We placed far too little importance on protecting it. This attitude is already changing. It must change further. The Government has given a lead. But the community must also play its part.

77. On 19 July, during the debate on the White Paper, several Members of this Council stressed the need to improve environmental education. The Government has taken this advice to heart. This year, apart from pushing ahead vigorously with the 100 separate initiatives in the White Paper, we will give greater emphasis to environmental education. We must make everyone aware of the impact that pollution has on our community; we must make everyone recognize the importance of doing something about it; and we must make everyone realize that they have a part to play in making Hong Kong a cleaner and greener place.

(6) BUILDING FOR THE FUTURE: PHYSICAL INFRASTRUCTURE

78. In the next few years, we will also need to put a great deal of effort into building up the physical infrastructure needed for a modern city which is not only home to about 6 million people but also an important regional and international centre. In doing this, we will take account both of the requirements of Hong Kong itself and of those areas of southern China with which we now have such close economic links.

(a) The Airport

79. Last October, I said that a range of studies was being carried out to devise a strategy for the long-term development of our port and airport. These have now been completed. They show that there is a clear case on economic grounds for building a new airport as soon as possible.

80. After an exhaustive study of the various options, the Government has decided to build a new Hong Kong International Airport at Chek Lap Kok. It will be a two-runway airport built to the most exacting modern standards and able to operate 24 hours a day. When completed, it will be able to handle 80 million passengers a year -- over three times the maximum capacity of Kai Tak. Our aim will be to open the first of the two runways by the early part of 1997.

81. Building the airport itself, enormous though that project will be, is only part of the story. We have to make sure that people can get to it easily and quickly. To do this we plan to build a high-speed rail system and a six-lane highway which will join north Lantau to Tsing Yi Island and go from there along the new West Kowloon Reclamation to a Western Harbour Crossing and then to Hong Kong Island. We will also

have to provide all the facilities needed for servicing a new airport. This means building a new town for at least 150 000 people, plus industrial and commercial facilities, in the Tung Chung valley.

82. Building the new airport, and the road and rail links associated with it, will be the largest project ever undertaken in Hong Kong. It will require an immense amount of effort from both the public and the private sector. To have the new airport in operation in early 1997 means setting to work as soon as possible. The planning, construction and ultimately the management of it will be put in the hands of a new Airport Authority. Early next year, I will be appointing members of a provisional authority which will do the preliminary work before the authority itself is set up.

83. Once the first runway of the new airport is open we can close Kai Tak, which is likely to be operating at full capacity by 1996. Besides the need for a modern airport to meet Hong Kong's requirements in the 21st century, closing Kai Tak will bring its own benefits. The whole of the area now used by the airport will be available for redevelopment. We will be able to lift height restrictions in parts of Kowloon. And the problem of excessive aircraft noise, which now affects some 350 000 people, will be eliminated.

(b) The Port

84. The new airport will be a dramatic symbol of our determination to create an infrastructure to the highest international standards. We propose to transform our port in an equally dramatic way. The major projects that we are planning will create what amounts to a completely new port on the western side of the territory. The need to create this additional capacity comes from our sustained economic growth in recent years. The port now handles 80 million tonnes of cargo a year, an increase of almost 90% in the past five years. Further substantial growth is expected. The point has now been reached where our existing facilities are coming under severe strain.

85. In planning for the expansion of our port we have looked ahead to 2006. By that time we will need --

- to increase our container throughput by five times;
- additional land for lorry parking and container storage;

- on-shore facilities to replace the unloading which is now done in the harbour itself;
- space to cater for larger numbers of river trade vessels; and
- space for the various industrial activities which a modern port requires.

86. Our first priority is to build the next container terminal, Terminal 8. This will go on reclaimed land at Stonecutters Island. We plan to make the site available for development in 1991, so that the first berth can be in operation by mid-1993. Terminal 9 and its support facilities will be built on reclaimed land at the southeast of Tsing Yi Island. At that point, there will be little room for further development in the area of the present container port. We then plan to move the focus of the port westward. One area for development will be north Lantau, making use of the road facilities being built for the new airport. Another will be the coastal strip west of Tuen Mun. Two more major developments will be the construction of a large breakwater between Lantau and Lamma to increase the amount of sheltered anchorage in the western harbour; and the dredging of a new shipping channel to the west of Lamma.

87. All this development work in the port means that we must make sure that we co-ordinate the needs and interests of all its many different users. To do this, we propose to set up a Port Development Board, which will give advice on the detailed planning and management of the port as we carry out the plans for expansion I have outlined.

(c) Financing the Development of the Port and Airport

88. The ambitious programme of works I have described will give Hong Kong a new modern airport and a larger port, plus all the necessary transport links and supporting industrial and commercial facilities. The cost will be some \$127 billion at current prices over the period up to 2006. This is an enormous financial commitment. But, after very careful study, the Government is convinced that this commitment is one we can afford. Indeed we believe that we cannot afford not to make it. We must make sure that Hong Kong continues to have the facilities to meet the needs of our growing economy. We must also be realistic, and make sure that we phase the construction of these new projects in a way that does not place too great a strain on our economy.

89. We have already seen how successful the private sector has been in developing our container port and in building our cross harbour tunnels. The Government believes that many of the individual projects connected with the new airport and the expansion of the port will be commercially viable. I am sure there will be many local and international developers who will be keen to co-operate with us in these enormous and exciting projects that are so important to Hong Kong's future.

90. The plans we have for building a new airport and developing the port will create new opportunities for the construction industry. But they will also make huge demands on its resources. It may well be necessary to consider exceptional arrangements to ensure that we have an adequate supply of labour so that they are completed on time and without causing unacceptable inflationary pressures.

(d) Land Resources

91. The new airport and the massive expansion of our port will transform Hong Kong's development potential. Large new areas in the western part of the territory, particularly Lantau Island, will be opened up for industrial and commercial use. These activities are now concentrated in a fairly narrow band on both sides of the harbour. But in future it will be possible to escape the restrictions and congestion imposed by the existing urban areas and to plan further development on the basis of large-scale modern port and airport facilities coming into being in the western part of the territory. This will provide a new and very welcome opportunity to bring about a great improvement in working and living conditions for the community as a whole.

92. Looking at the details, the new airport at Chek Lap Kok, and the bridges and roads that go with it, will open up for potential development the whole of Lantau's northern coastline. This can be achieved without damage to the outstanding recreational facilities on the hills and southern coast of the island. Expanding the port westwards will also make available further land, mainly for industrial use, west of Tuen Mun.

93. The port and airport developments also mean that the West Kowloon Reclamation will need to be completed in the mid-1990s to provide the necessary transport links to the urban area. This reclamation will provide a major source of land in the urban area for commercial and residential development. More badly needed land will be provided by the Central and Wanchai reclamation, where sites will start to be available during 1993. Looking further ahead, we have the possibility of reclaiming

the channel between Green Island and Hong Kong Island and the immense opportunities provided by the removal of the airport from Kai Tak. These urban reclamations will give us the opportunity to replan our older urban areas, as envisaged in the Metroplan. In doing this, an important point will be to make sure that the planning of land use is properly co-ordinated with the provision of new transport facilities.

(e) Transport

94. I have already referred to the new road and rail links which will be needed for new port and airport developments. Preliminary planning and feasibility studies for many of these projects have either begun or will soon start. In the meantime, the Government is continuing to develop our transport infrastructure in other areas. The railway section of the Eastern Harbour Crossing opened in August, and the road section in September, four months ahead of schedule. This magnificent achievement by the private sector has brought some much-needed relief both to the Cross Harbour Tunnel and the MTR Nathan Road corridor. Other major projects to improve our transport links are on schedule. Route 5 between Sha Tin and Tsuen Wan will open early next year, followed by the tunnel linking Junk Bay (or, as it will be called in future, Tseung Kwun O) to Kwun Tong and the final stages of the New Territories Circular Road. In 1991, the Tate's Cairn Tunnel (already well advanced) and the Kwun Tong Bypass will be completed, to bring comfort and greatly improved transport connections for the travel-weary inhabitants of Sha Tin and the New Territories.

95. The Green Paper on Transport Policy published in May gave details of a large number of other road and rail projects which will be launched during the next 10 years. I will not go into all the details. They include a new Western Harbour Crossing; the Hung Hom Bypass; the upgrading of major east-west links in the Kowloon peninsula; Route 7 from the Western Harbour Crossing to Aberdeen; and Route 16 from Sha Tin to west Kowloon. And early next year, a development study will begin of the various rail proposals in the Green Paper.

96. A transport policy is not simply a matter of building more roads and railways. The Green Paper also set out strategies for improving and expanding public transport and for managing the use of roads to make it possible to keep both people and goods moving. Road use management is never popular. But we have to be realistic. Hong Kong is a small, densely crowded territory with only limited space for new roads and railways. We cannot cope with the same levels of private vehicle ownership that are found in other prosperous communities without the city grinding to a halt. The goods

vehicle fleet has to be used efficiently to minimize its impact on congestion and the environment. Most of our population travel by public transport. We must do what we can to ensure that they remain willing and able to do so. When all the comments on the Green Paper have been absorbed, the important question of how to do this will be tackled in a transport White Paper to be published early next year.

(f) Technology

97. Making full use of modern technology is another important priority for an increasingly sophisticated economy like ours. Indeed, we have done a great deal through adopting advanced technology. Our banking and financial services have achieved standards of excellence second to none. Our telecommunications industry is already highly advanced, and the construction of a second network will create new opportunities for competition. The MTRC and KCRC have been notable for introducing the best available transport technology.

98. Other sectors of the economy, in particular the manufacturing industry, are exploring what they need to do to remain technologically competitive in world markets. The Government recognizes the importance of these efforts. As part of our overall strategy to upgrade the economy, we plan to establish a new Hong Kong Technology Centre. This will provide facilities for new and small high technology companies to share certain common services until they are ready to set up on their own. To emphasize the contribution which we hope our growing academic community can make to our technological progress, we are considering locating the centre close to the City Polytechnic as well as to the new Hong Kong Productivity Council Building.

(7) A VISION OF THE FUTURE

99. My aim this afternoon has been to show clearly how, despite the shocks we have experienced during the year, your Government is continuing to plan for the long-term future of Hong Kong. We have a clear vision of what we are trying to achieve. It is a vision that I hope will sustain Hong Kong during the present period of uncertainty and give us all confidence in our ability to overcome whatever problems confront us.

100. As a community we tend to take for granted what we have achieved. But we only have to look back 10 years to see how much has been done. Hong Kong in 1979 was a

very different place. Let me take a few examples:

- our relations with China were still very limited. Our domestic exports to the mainland were only worth \$600 million (compared to \$38 billion last year). We had only recently opened air links in December 1978, and direct train services from Guangzhou restarted only on 4 April;

- there was no universal franchise at any level. Only about 32 000 people had the right to vote in Urban Council elections. The only district boards (those in the New Territories) were wholly appointed;

- only that year, junior secondary education was for the first time made free and compulsory for children below the age of 15;

- the first section of the MTR (from Shek Kip Mei to Kwun Tong) had just opened on 30 September;

- we had 2.2 million tourists, about 40% of the figure last year;

- we had no bank building higher than 20 stories, no Exchange Square (but four stock exchanges), no Academy for the Performing Arts, no Tsim Sha Tsui East, no Aberdeen Tunnel and no airport tunnel.

101. Let us now use our imagination to look ahead slightly more than 10 years. In the year 2000, Hong Kong will be a Special Administrative Region of the People's Republic of China. It will have a wholly elected legislature. The Chief Executive, and all the most senior government officials, will be Hong Kong Chinese. They will exercise a high degree of autonomy in the administration of Hong Kong. The SAR will be a leading regional and international commercial and financial centre in which foreign nationals will play an important part. And it will be playing a full role in a wide variety of international organizations.

102. Physically, Hong Kong will have changed almost beyond recognition. It will take about 25 minutes to travel by rail from central Kowloon to the new airport at Chek Lap Kok. On the way, you will go along the new West Kowloon Reclamation and pass new port facilities at Stonecutters Island and Tsing Yi. Alternatively, you could travel from Central to the Chinese border via the new Western Harbour Crossing, Tsing Yi, the Route 3 tunnel to Yuen Long and the Lok Ma Chau bridge. Redevelopment will

be beginning on the present site of Kai Tak Airport. Our Convention and Exhibition Centre, by then doubled in size, will be some 300 metres inland. So will Exchange Square. The central business district will have expanded greatly onto a new reclamation with a variety of new civic, cultural and commercial buildings and with a continuous walkway beside the harbour linking open park areas.

103. Striking social changes will also have taken place. Our ambitious housing programme means that about half of our households will be living in subsidized housing, almost 40% of them in flats which they own themselves. Our revised educational targets mean that as many as 20% of our 19-year olds may be studying in Hong Kong for first degrees and another 7% for other tertiary level qualifications. Our strategy for fighting pollution means that we will have significantly improved our environment, including the air that we breathe, and we will have completely overhauled our sewerage system. The establishment of our Hospital Authority will have led to more efficient management, and greatly reduced overcrowding, in our public hospitals. There will be 20 000 places in old people's homes, and a further 6 000 places in sheltered housing provided by the Housing Authority. 90% of all homes will have access to up to 20 television channels. 46% of the population will be living in the New Territories. And so on.

(8) CONCLUSION

104. The plans that I have outlined today demonstrate your Government's commitment to the future of Hong Kong. They are a major investment for our future prosperity. They will be very expensive. We can afford them. But only if we are prepared to exercise prudence and restraint in other areas of public expenditure. It will be more necessary than ever to assess our priorities carefully. In particular, we must keep a tight control on the growth of the Civil Service.

105. The amount of money we are proposing to spend on building for Hong Kong's future may seem daunting. But it represents a necessary investment in human resources and in our physical infrastructure. By pressing ahead with such ambitious programmes despite the special pressures which our community has so recently faced, the Government is demonstrating its commitment to Hong Kong's future. To carry out these programmes, we will need all our enterprise, resourcefulness and efficiency. And we will have to accept that we can achieve our goals only by giving continued priority to the overall growth of our economy.

106. It has been a difficult year for Hong Kong. But we have had difficult years before. We have survived them. We have emerged from them stronger and more confident in our own ability. We must have confidence in ourselves. Without this, we cannot expect other people to have confidence in us. Your Government will continue to face resolutely the challenges that lie ahead. To do so, we need the support of Members of this Council and of the whole community. We need more than that. We need leadership from within the community. In 1997, Hong Kong will be run by Hong Kong people. They must have confidence in themselves, and in the leaders they choose, if they are to enjoy the stability and progress, for themselves and their families, for which this whole community works so hard.

Adjournment and next sitting

HIS EXCELLENCY THE PRESIDENT: In accordance with Standing Orders I now adjourn the Council until 2.30 pm on Wednesday, 18 October 1989.

Adjourned accordingly at five minutes to Four o'clock.