



# DAILY INFORMATION BULLETIN

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MR. CATER TO HEAD NEW INDEPENDENT ANTI-CORRUPTION BODY

Government Determined To Stamp Out Corruption

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An independent Anti-Corruption Commission will be set up with the double task of rooting out corruption and educating the public on the evils of graft.

Announcing this today, the Governor, Sir Murray MacLehose, made it clear however that the decision --- made on the advice of the Executive Council --- did not in any way reflect on the "devoted work" of the present Anti-Corruption Branch and of the police force in general.

The new Commission is to be headed by Mr. Jack Cater, Secretary for Home Affairs, who has been specially released from his contract with the Telephone Company to enable him to undertake this new service to Hong Kong.

He will be assisted by Mr. John Prendergast, a former Director of the Special Branch of the Royal Hong Kong Police Force, who is appointed Director of Operations with immediate effect.

"The implications of these appointments will be apparent -- the government means business," Sir Murray said.

"The calibre and experience of these men provide assurance that this is so. None are better qualified to find out the truth and to set about carefully but inexorably eradicating this endemic disease."

In due course, the Governor said, one or two more officers from United Kingdom police forces with special experience in anti-corruption work would be appointed at different levels. But basically, it was for Hong Kong to put its own house in order "and I know very well we have the men and women both inside and outside the police force to do it."

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Sir Murray said the intention was that the independence of the Commissioner for Anti-Corruption should be established by his position being apart from the civil service in the same way as that of a judge. He would have access to the Governor at any time. "I need scarcely say that I will take a very close personal interest in the development of this commission."

The Commissioner will have under him an operations unit and a civil or preventive section. The operations unit will in due course take over the functions of the present Anti-Corruption Branch.

Its staff will be selected by the Commissioner for Anti-Corruption and his Director of Operations.

The main task of the civil unit will be to educate the public as to the evils of corruption not only from the point of view of the receiver but also from that of the giver. It will also critically examine administrative procedures which lend themselves to corrupt practices.

Sir Murray emphasised that the creation of an independent anti-corruption body was not meant as a criticism of the Force.

He added, however: "I believe that it is quite wrong, in the special circumstances of Hong Kong, that the police, as a force, should carry the whole responsibility for action in this difficult and elusive field."

In the past, he went on, this responsibility had carried with it for many, the implication that the existence of corruption was the fault of the police.

"As we all know it is nothing of the sort. Outside the public service it is a widespread problem, and inside it corruption exists in several departments of which the police is only one.

"Moreover, I think the situation calls for an organisation, led by men of high rank and status, which can devote its whole time to the eradication of this evil," Sir Murray said.

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A further and "conclusive argument," he added, was that public confidence was very much involved.

"Clearly the public would have more confidence in a unit that was entirely independent and separate from any department of the government, including the police."

To combat corruption, the Governor said, good laws and good organisation were essential, "but I put my trust principally in the services of sound men."

He was certain that the service as a whole would accept that "grave situations call for unusual measures, and that honest officers, the huge majority, have nothing to fear and indeed everything to gain."

Turning to the recommendations of the Commission of Inquiry conducted by Sir Alastair Blair-Kerr, the Governor said the government generally accepted the objectives of the recommendations. They were being examined in detail in consultation with the Foreign and Commonwealth Office.

He hoped that legislation could be introduced shortly in the Legislative Council.

"Where appropriate, discussions with the main staff associations will be held as some of the changes suggested to civil service regulations will be controversial and staff associations will, rightly, seek to protect the interests of their members."

The Governor had a special word of praise for Sir Alastair on the thorough and forthright way he had performed his task "with a minimum of soft soap and a maximum of objectivity."

On the Godber affair, Sir Murray said it had highlighted the case for amending the Fugitive Offenders Act, as recommended by Sir Alastair.

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"The requirement of double criminality is hard to understand in the case of a dependent territory such as Hong Kong," he said. But he felt sure that it was not the British government's intention in the Fugitive Offenders Act to frustrate the intention of laws approved by Her Majesty's Government in Hong Kong.

"I have represented to the Secretary of State the strong feelings on this subject here. This of course is not the only way to bring back Godber for trial. It remains for only one man to come forward and give conclusive evidence of a corrupt transaction," Sir Murray stressed.

The Governor also noted with concern that corruption had done much to denigrate Hong Kong in the eyes of the world.

However, the problem of corruption was not confined to Hong Kong alone. "We know of many cities and countries much worse and many no better in Europe, America and Asia, and which have not known the pressures under which we here have existed," he said.

In Hong Kong, he pointed out, both reports of the Commission of Inquiry into the Godber case had been published in full because "the public had a right to know."

But he wondered what the result would be if many governments, whether national or municipal, opened their most confidential files to impartial and expert scrutiny and published the results.

This the Hong Kong government had done because it realised that the only way to stop people calling Hong Kong corrupt was to eradicate corruption from our society. "This we are determined to do," Sir Murray said.

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SPECIAL BODY TO CO-ORDINATE EXPANSION OF RECREATIONAL FACILITIES

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A Council for Recreation and Sport is to be set up to give new impetus to the provision of more and better recreational facilities for the people of Hong Kong.

The proposed Council will be headed by the Secretary for Home Affairs and will have its own secretariat so as to provide it with some administrative muscle. It will bring together a high-level group of persons with the special experience of the public and private organisations controlling the main recreational facilities and services in existence.

Outlining the functions of the Council, the Governor, Sir Murray MacLehose, told the opening session of the Legislative Council that it would be the "chosen channel" for advising the government on recreational facilities, particularly on how to expand them and maximise their use, increase supervision of activities, and on the extent and direction of financial assistance to amateur sport.

"It will also make recommendations on any special services and facilities it considers necessary to meet the leisure time needs of young people."

He added: "I hope it may bring new purpose, new impetus and new thinking into what is being done in this field."

The Governor hoped that the proposals would find favour with Legislative Council Members and that they would agree that "adequate funds should be made available to implement the council's recommendations."

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The Council will also include within its purview the five-year Programme of Recreational Development and Nature Conservation, which was announced last year and which is now proceeding from the stage of planning to construction.

The Governor noted that facilities for recreation, leisure and sport "have taken on a new and urgent significance," as a result of rising standards of living and increased leisure time. They were no longer luxuries but essential parts of Hong Kong's social infrastructure.

"It is therefore essential that properly equipped recreational areas be opened up in the mountains and beaches that surround the city, with proper road access, and staff to keep them clean and attractive and to help the public to do so, and thus ensure that everyone gets the maximum enjoyment out of them," he said.

"The mountains and the beaches are for the many what the golf course and the yacht are for the few. And if these magnificent natural facilities are to be enjoyed to the full and not to be destroyed by misuse, they must be catered for and administered just as much as, say, the playgrounds and swimming complexes in the urban areas."

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A comprehensive planning study was now being conducted by consultants, he went on, to determine the best ways of utilising the rich recreational opportunities on Lantau Island and Saikung peninsula, in addition to the country parks and reserves already planned on Hong Kong Island, Tolo Harbour, Shing Mun, Lion Rock and Pak Sha Wan.

The consultants' recommendations were expected in about a year's time and should provide a framework for the development of major holiday centres for both residents and visitors.

The Governor said he attached great importance to this programme but he warned that although recreational facilities in the old urban areas would be greatly expanded, "the sheer lack of space makes it likely that they will always fall short of what we would wish for so large a concentration of population."

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MAJOR NEW DRIVE AGAINST DRUG ABUSE

Sir Murray Outlines Further Preventive Measures

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A concerted new effort will be made to combat the scourge of narcotics on all fronts, with particular emphasis on the suppression of distribution and smuggling of drugs into Hong Kong and the cure of addicts to eradicate the demand.

In his opening address to the new Legislative Council session today, the Governor, Sir Murray MacLehose, outlined some of the new measures to be taken and announced that a White Paper, embodying recommendations for action, would be published about the end of this year for public comment.

It had already been decided, he said, to place the organisation, co-ordination and control of the intensified effort in the hands of the Action Committee Against Narcotics (ACAN), which is to be revamped and given wider authority.

At the same time, the Governor announced that a special division would be set up within the Medical and Health Services with sole responsibility for drug addiction treatment and research. The division would pool expert opinion and authority to help guide ACAN.

The membership of the Action Committee, he said, would be streamlined and its terms of reference strengthened to make it the only channel of advice to the government on all policy aspects of the drive against narcotics and drug addiction, including the allocation of resources to both government departments and voluntary agencies.

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Sir Albert Rodrigues, the present chairman of ACAN, would continue to preside over the re-constituted committee, the Governor said, as Sir Albert's unparalleled experience, devotion and authority in this field clearly made him the man for the job.

The Commissioner for Narcotics will be a member of the committee and he and his staff will form the committee's executive arm and provide it with the administrative muscle it has so far lacked.

Sir Murray also announced that a liaison officer would be seconded next month to the British Embassy in Bangkok, with the full approval of the Thai Government. The move follows visits by the Commissioner for Narcotics to Burma, Laos and Thailand earlier this year.

The Governor emphasised that in attempting to reduce and eradicate the drug problem in Hong Kong, progress must be made in four separate but inter-related fields.

Firstly, he said, international action was essential in the prevention of production and despatch of drugs to Hong Kong. "This relates to the Golden Triangle and Thailand, the country from which come nearly all opium and opium derivatives consumed in Hong Kong."

Secondly, international action was also required in the interception of shipment on the high seas, mostly by trawlers, to international waters off Hong Kong.

The other two were the suppression of clandestine entry into Hong Kong and distribution to addicts by local criminals, and the eradication of demands by cure of addiction -- both of which were directly within Hong Kong's jurisdiction.

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"As I see it we must now work to achieve progress on all four fronts, while making our major effort on those within our own jurisdiction," Sir Murray said.

It would do little good, he pointed out, to improve treatment of drug addiction in the face of an abundant and cheap supply of drugs.

"Nor would interruption of the sea-borne traffic have much effect if abundance of production in the Golden Triangle and a strong demand in Hong Kong remained an open invitation to traffickers to bridge the gap."

The Governor noted that much imaginative work had been done in Hong Kong in the field of curing drug addiction by various organisations, including the Prisons Department, SARDA, and the Discharged Prisoners' Aid Society, among others.

"This work is second to none in the world and has received considerable international acclaim," he said.

"But one must recognise that the problem persists on a very large scale and that if we are to make headway, much more will have to be done in the future than has been possible in the past."

The Governor laid great stress on the importance for any programme of eradication of having a form of treatment for addicts which could be applied en masse without long confinement in an institution.

"The pilot schemes now being conducted by the Department of Medical and Health Services, and by the Discharged Prisoners' Aid Society are therefore of critical importance," he said.

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HOUSING SHORTAGE MUST BE ELIMINATED - GOVERNOR

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The inadequacy and scarcity of housing in Hong Kong was today described by the Governor as "one of the major and most constant sources of friction and unhappiness between the government and the population."

"It is therefore vital that we press on with our target of self-contained homes for all in a reasonable environment, by the fiscal year 1982/83," Sir Murray told the Legislative Council.

The only sure cure, he stressed, was to end the scarcity. The primary task of the new Housing Authority was to "build fast, to build well and above all to keep on building."

He said the Housing Authority and the Housing Department had inherited a "lean period" but they aimed to work up to a "plateau of production" in 1976/77 of new homes for 200,000 a year and to maintain this rate.

However, he pointed out that they had to do this without making excessive demands on the labour market.

The Governor said the Secretary for Housing would be speaking about this and other problems facing the new authority. "These include, depressingly, the need for resite areas to tide over the lean years the authority has inherited."

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FUTURE OF ECONOMY PROMISING

Rate Of Inflation In Hong Kong No Worse Than Elsewhere

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The Governor, Sir Murray MacLehose, today described the general picture of Hong Kong's economy as an encouraging one which held "solid ground for hope" despite a further threat looming on the horizon.

"I note that the steady stream of merchant banks setting up in Hong Kong continues and this is a fair indication of international estimates of the importance and soundness of Hong Kong as a regional financial centre," he told the opening session of the Legislative Council.

He was also optimistic about "prospects of a more liberal attitude towards imports in Japan," and he repeated a confident prediction by the Financial Secretary for a seven per cent annual growth rate, in real terms, of the Gross Domestic Product.

However, the Governor was concerned about Britain's obligation to make its first move towards harmonisation with the common external tariff of the European Economic Community as from January 1 next year.

Under the accession arrangements, Hong Kong and its products face progressive discrimination from Britain in respect of textiles and footwear which would not be included in EEC generalised preferences.

On the other hand, the Governor said, this was the price paid by the negotiators to obtain EEC acceptance of Hong Kong's inclusion in all other generalised preferences.

"Nevertheless, we find this development a most disquieting one, and we have left Her Majesty's Government in no doubt as to the strength of our feeling on this subject in Hong Kong.

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"We regard this issue as an open one on which adjustments could and should be sought in the course of annual reviews," he stressed.

Looking back over the year, the Governor noted that it had been one of exceptional difficulty for exporters, businessmen, bankers and developers who had been affected in varying degrees by the rise and fall of the stock market, the general world inflationary spiral, the international currency instability and the world-wide shortage of raw materials, among others.

"Against this background of so many difficulties it is encouraging that the value of our domestic exports alone in the first eight months of this year was 21 per cent up in value on the same eight months of 1972, and let us remember this is an export-led economy," Sir Murray said.

Even allowing for inflation of values, this was a significant result, and the fact that expansion should still have continued in the face of so many problems and uncertainties was in itself "remarkable".

"This gives solid ground for hope that the ingenuity of our exporters and their labour force, the hard-headedness of our official negotiators, and the sheer demand for Hong Kong's goods can continue to combine to ensure the expansion of our economy."

Referring to the rise in prices, the Governor said: "The plain fact of the matter is that the world is going through a particularly inflationary phase, and Hong Kong cannot insulate itself from it."

This world inflationary trend, he added, had coincided with a significant rise in the prices being charged for imported foodstuffs as a result of a combination of factors, including world grain shortages, the exceptional climatic conditions of this summer in Hong Kong and South China, and

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new pricing policies which have brought the price of perishable foodstuffs in Hong Kong to levels comparable with prices elsewhere in the world.

"We must face the fact that those who sell us their goods are just as entitled to charge the going rate for them as we are entitled to do the same for our exports," he said.

He assured the Council, however, that the government would watch closely to see whether the prices of foodstuffs not subject to normal international competition get out of line with prices elsewhere.

Sir Murray said it was inevitable that the rise in prices would tend to put pressure on wages, but while it was true that the trend had increased sharply recently, a study of comparable figures elsewhere showed that up to May "the rate of inflation in Hong Kong was no worse than elsewhere -- and I refer both to our competitors and our markets."

The Governor added it should also be borne in mind that Hong Kong's competitors had not been confronted with the same rise in prices of perishable foodstuffs due to local climatic conditions.

The main contribution the government could make towards containing inflationary trends, he went on, was through its social policies -- cheap subsidised housing for those least able to afford commercial rents, and the control of rents themselves; free primary education and heavily subsidised secondary and tertiary education; social services and relief for the handicapped and destitute; and charges for medical care which are so subsidised as to be almost free.

Apart from rising prices, the international currency instability had created many difficulties for Hong Kong manufacturers and traders, particularly since much of Hong Kong's trade was transacted in US dollars and in Sterling.

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It seemed clear, Sir Murray said, that "uncertainties will continue for some time to come, and that there is nothing which we can do about it." However, there was every evidence of the Hong Kong dollar maintaining its strength, he added.

The Governor cited the world-wide general shortage of raw materials as another major problem local manufacturers had had to face, but he said he had been impressed by the tremendous efforts of Hong Kong exporters.

Trading and industrial organisations had also played "a most helpful role" in seeking out raw material sources, whilst the Commerce and Industry Department had assisted with official representations and co-ordination of effort.

On the stock market, the Governor said Hong Kong could look forward to "brighter days" with the advent of new legislation to protect investors, coupled with market values bearing a much more attractive price earnings ratio and with good prospects for growth in the economy.

He described the rise and fall of the market as "basically a very dangerous phenomenon" which had left deep scars, and he felt that in this instance "laissez-faire has produced excessive risks both for individuals and for Hong Kong."

Sir Murray was equally convinced, however, "that the introduction of disciplines having the force of law is an essential step on the road to full recovery."

While the rise and fall of the market was a temporary deterrent to overseas investors, he said, the fact that the economy was able to weather such a shock had made a very favourable impression. This was clear from what he had been told in the City of London and by visiting financiers.

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He thanked the Securities Advisory Council under the chairmanship of Mr. Y.H. Kan, and the Commissioner for Securities, Mr. J. Selwyn, for their efforts in drafting new legislation which is to be introduced in the Legislative Council shortly.

Sir Murray could add little on the problem of Hong Kong's sterling holdings and the unilateral offer of a six-month guarantee announced by the British government aimed at stabilising the market.

"As a major holder the Hong Kong government of course has a very strong interest in the stability of sterling, and friendly exchanges continue with the Treasury about what we might do in our own and the general interest," he said.

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REFORM OF GOVERNMENT MACHINERY

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Two experienced staff-members of the Greater London Council have been seconded to the Hong Kong government to help promote expertise in the techniques of modern corporate management.

This follows the departure of the McKinsey team of management consultants and the re-organisation of the Colonial Secretariat into different policy and resource branches.

Their services will be helpful in developing and implementing a workable and reliable government management system based on the recommendations of the consultants and tailored to Hong Kong's own evolving needs.

"Such a system must embrace the assessment of our needs and the formulation of policies required to meet them," the Governor, Sir Murray MacLehose said in his review.

"It will also entail the implementation of policies in the light of our resources of finance, manpower and land, and the monitoring of their effectiveness."

These endeavours to strengthen the machinery and planning processes of the government should not only facilitate the effective realisation of the government's long-term plans, but should also "facilitate and expedite the more mundane work of the government," Sir Murray said.

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LONG-TERM TRANSPORT POLICY ESSENTIAL

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The Governor, Sir Murray MacLehose said today that the Green Paper on transport will present "a composition of restraints and improvements designed to keep Hong Kong on the move!"

The paper, which is the basis for an overall transport policy, will be tabled in the Legislative Council shortly.

Sir Murray said he was sure members of the council would wish to consider and debate on the propositions in it. "Certainly a clear-cut long term policy is essential."

On the mass transit system, the Governor said that even when it is completed "the bus will continue as the major public passenger carrier."

"It is essential therefore that the quality of the bus services should be steadily improved to a point at which they are readily accepted, at least at peak times, as a satisfactory alternative to the car, taxi or public light bus."

He added that discussions were being held with the bus companies on the best way of ensuring this.

Traffic and transport, Sir Murray said, were inter-connected with the problems of off-street parking and also to some extent with that of the use of street space by hawkers, and consequently with the progressive planning and provision of more adequate markets.

"It will be the responsibility of the Secretary for Environment to ensure the composition and co-ordination of long term plans covering all these difficult inter-related issues."

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EXPANSION OF MEDICAL FACILITIES

Governor Lists Major Medical Targets Of Next Decade

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The Governor, Sir Murray MacLehose, said today that by 1983, Hong Kong would have 5.5 hospital beds per 1,000 of the population.

This ratio for the next decade -- one of the recommendations of the Medical Development Advisory Committee -- contrasted favourably with the 4.25 beds per 1,000 of the population set by the White Paper of 1964, a target that would be both reached and passed by next year.

The Governor described the new ratio as a "formidable" target, to be achieved at a time when the scale of development in other fields would be making "great demands on our resources."

It would involve providing an additional 8,250 beds over and above the 3,000 already in the pipeline, but Sir Murray said the government was obliged to consider carefully the various methods by which this target might be reached -- not only by building more hospitals, but also "by contriving the fullest use of beds already available in government and assisted hospitals."

The Governor told the Legislative Council that Hong Kong was justly proud of its medical and health services for having, despite the high density of this community, been able to point to "consistently falling levels in the overall death rate, in infant and maternal mortality, and in the incidence of infectious diseases."

With the end of the development period set out in the 1964 White Paper, Sir Murray said an experienced and authoritative Medical Development Advisory Committee under the chairmanship of Sir Albert Rodrigues had completed and submitted comprehensive plans for meeting the needs of the next ten years.

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The Committee had suggested how Hong Kong should proceed to achieve a whole series of new targets, and what demands this would make in money and trained staff. More hospital beds was merely one of many recommendations.

The Committee's report embodying these recommendations would be presented to the Legislative Council at its next meeting, and by early next year, after the plans had been carefully considered by the public, professional bodies and the government, a clear programme for development would be laid before the Executive and Legislative Councils.

The Governor said the report "warns us that by the end of the decade, we will need each year 100 more doctors than are being produced at present..... A dental school should be established so as to provide about 60 dentists each year from 1980 onwards, and we should be planning now a further training school capable of taking 150 to 200 nurses a year."

Sir Murray described these recommendations as having "far-reaching implications" for Hong Kong's universities, and involved "very considerable cost," but he emphasised that, in view of the time lag between planning any new medical training facilities and completion of the training of the first students in them, the government would need "to think both fast and clearly."

He thanked Sir Albert and the Committee for having reduced "a formidable mass of technical and administrative detail with admirable speed into a clear and valuable report," upon which would be based the government's medical and health services in the 1980s.

In a reference to family planning, the Governor noted that earlier this month the Medical and Health Department had begun to share with voluntary agencies responsibility for developing and encouraging work in this field.

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Within a year, the services presently run by the Family Planning Association in government clinics would become part of the government's service, staffed by government officers, and supported and financed directly by the government.

"This will make it possible for the Family Planning Association and the other agencies to concentrate their efforts in the areas not otherwise served by government clinics," he explained.

"These measures are of great importance because all our efforts to improve the quality of life in Hong Kong could be frustrated by excessive natural increase, just as they could be by excessive immigration, and we face a significant increase in the size of the child-bearing group."

The Governor bracketed the development of medical and health services along with long-term plans for housing, social welfare, and education as "four pillars on which the future well-being of our community can be built."

Each year each projection would be "re-examined and rolled forward," and the concern of the government must be, Sir Murray said, "to ensure that the plans do not slip..... but are carried out with the vigour that the community demands."

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SECONDARY EDUCATION TARGETS MAY BE ACHIEVED IN TEN YEARS

Final Phased Plan To Be Published In A White Paper

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The reconstituted Board of Education has confirmed that the long-term plans for the expansion of secondary education in Hong Kong could be achieved within a 10-year plan, that is by 1984, the Governor, Sir Murray MacLehose, told the opening session of the Legislative Council today.

The targets involve the provision of 184,000 additional assisted places in Forms 1 to 3 and 55,000 additional places in Forms 4 and 5 so as to offer three years secondary education to all in the 12-14 age group, and to double the percentage in the full five-year course leading to a Certificate of Education.

The Board's report, the Governor said, "lays down an interim target of places for 80 per cent of the 12-14 year old age group by 1981."

It recommended that one-fifth of the places in the three-year course should be in pre-vocational schools and that one-third of the places in the five-year course should be in secondary technical schools.

The report also recommended that to meet the necessary expansion in the teaching services a fourth College of Education should be established as soon as possible, if necessary in temporary accommodation.

The universities, the report said, should consider further expansion of their present facilities for graduate training in education.

Sir Murray said he was interested to see recent discussion on the role of English in our schools. The Board, he said, "has quite separately recommended that Chinese should become the usual medium of instruction for lower forms of secondary schools.

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"In keeping with this the Board also recommends that the early years of secondary education should as far as possible be based on a common core of instruction irrespective of the type of school," the Governor said.

Regarding the invitation to the Board to advise on the extent to which secondary education should be free, Sir Murray said the Board concluded that "in the present circumstances of Hong Kong there is no compelling need at present to provide free education in the lower secondary ranges for those able to pay the highly subsidized fees. The Board nevertheless recommended that the possibility of free education should be kept under regular review."

He said the Board endorsed existing government policy that no child should be denied a place in a government or assisted secondary school on financial grounds.

The report concluded that within the present fee structure and fee remission scheme there was already adequate provision to ensure this aim.

The Governor was extremely grateful to the Board for the work done by members. "It is most reassuring to have this corpus of expert opinion as a basis for planning the further expansion of secondary education."

The government, Sir Murray said, "proposes to follow a similar procedure with this report as with that on the five-year plan for Social Welfare last year. It will table the report in this Council forthwith as a Green Paper."

The public and interested bodies will be allowed an adequate period to comment after Councillors had expressed their views.

In the light of this discussion, the Governor said, "a White Paper will be submitted for consideration by the Executive and Legislative Councils embodying the final phased plan for reaching our targets.

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"I might add that in examining the Board's targets and proposed timescale it will be our object to see if these could not be improved on. I am sure that the Board would endorse this approach. I also hope that with these basic plans drafted the Board will be able to turn its attention to a thorough review of the examination system."

On the provision of technical education, the Governor said "the capacity of Hong Kong to adapt rapidly to changing industrial and commercial conditions greatly depends on the programme of expansion of technical education."

The present forecast is that in addition to Morrison Hill, technical institutes at Kwai Chung and Kwun Tong will be opened in September 1975, and at Cheung Sha Wan and San Po Kong in September 1976 and 1977 respectively.

He added: "We will keep the need for further expansion under careful review. This may well be necessary but we would like to see the degree of support from both the public and industry before taking firm decisions."

Referring to tertiary education, the Governor said the University and Polytechnic Grants Committee was discussing the universities' plan for the forthcoming quadrennium covering the years 1974-78.

These plans, he said, should achieve an expansion in the two universities from a capacity of 6,000 to one of 8,400 at least by 1978.

The Polytechnic was making good progress towards its target of 8,000 full-time and 20,000 part-time students by 1978. "In combination these measures provide for a tripling of facilities in tertiary education by 1978."

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OFF-COURSE BETTING ON HORSE RACING TO BE LEGALISED

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New legislation will be introduced to permit the Royal Hong Kong Jockey Club to extend its totalisator betting facilities to off-course betting on horse races in Hong Kong.

Announcing this today, the Governor, Sir Murray MacLehose, made it clear however that the government proposed "to do no more than this at the moment."

The decision to make "only a limited move," he told the Legislative Council, was made after the different views on existing gambling laws had been carefully weighed.

On the one hand, he said, the view had been expressed that present gambling laws "are too restrictive, are unenforceable and should be relaxed," while on the other there were those who sincerely believed that changes of this nature "would be harmful and that it would be wrong for the government to move too quickly to relax the present laws."

The decision follows recommendations by a Working Party, set up in May this year, to examine the extent to which off-course betting might be legalised. The Working Party submitted its recommendations to the government in August.

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NEW STATUS FOR N.T. DISTRICT COMMISSIONER

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The position and status of the District Commissioner of the New Territories is to be adjusted to ensure that the special requirements of the rural areas "receive the consideration they deserve."

Disclosing this in the Legislative Council today, the Governor, Sir Murray MacLehose, said an announcement would be made before the next District Commissioner takes over from Mr. D.C. Bray.

Sir Murray said he was conscious of the Council's concern, which was reflected in the views of the Heung Yee Kuk, "that the government should be more even handed as between the urban areas and the New Territories in the programmes it undertakes."

The large social programmes -- housing, education, medical services and social welfare -- he said, would benefit the New Territories as much as, if not more than the old urban areas and would contribute substantially to the standard of life and amenities in the New Territories.

On present assessment, additional decent housing for some 250,000 was required in the New Territories. Planning of the necessary rural estates had already begun and, as an interim step, attention was being given to improving conditions in the rural areas wherever possible, the Governor said.

He cited as examples the two new housing estates opened this year at Cheung Chau and Sai Kung which were financed mainly by charitable donations from the U.S.A. and Canada; the new small-house policy introduced at the end of last year; the planned provision of over one thousand items of small public works over the next three years; and the doubling of cleansing and sanitation staff over the last three years.

/However, .....

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However, the rural areas of the New Territories presented a special problem, the Governor said. "In them, in particular, we are faced with the phenomenon of rural slums."

He noted that their elimination involved "complex problems" because of the mix of small factories, pig, poultry and vegetable farms and residential huts that comprise them.

To find a solution, a pilot scheme was now being worked out for the development of such an area near Yuen Long, Sir Murray said.

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/28 .....

YEAR OF INTENSE ACTIVITY

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The Governor, Sir Murray MacLehose, today described the year which followed his last review of the affairs of Hong Kong as "one of intense activity, and shot through with important and sometimes dramatic events."

However, the government -- with the support of the Executive and Legislative Councils -- had been constantly concerned not to be diverted from the mainstream of the social policies outlined last year, he told the opening session of the Legislative Council.

"On no account have we been prepared to permit the pressing pre-occupations of today to divert us from long-term measures to achieve the essential conditions of an acceptable tomorrow."

This, the Governor said, was because he was convinced "that in many respects current conditions can only be accepted if the public knows that their government is seriously determined to improve them and within a reasonable timescale."

Sir Murray cited a long list of important events which had pre-occupied Hong Kong. These included: the rise and fall of the stock market; the sterling float and its effect on the value of Hong Kong's reserves; the Clean Hong Kong Campaign; discrimination and the threat of discrimination against Hong Kong in generalised preference schemes; the fight against crime; the reprieve, on the advice of the Queen, of a convicted murderer against the overwhelming wishes of the majority of the population; and the Godber case, among others.

In order not to be diverted from the mainstream of our social policies, the Governor said, long-term plans were required "to break finally the makeshift conditions forced on Hong Kong by the influx of population in the Fifties and Sixties."

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CLEAN CAMPAIGN INSPIRED PUBLIC CONFIDENCE

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The Keep Hong Kong Clean Campaign has helped the community gain confidence in its ability to tackle great problems of public interest through proper organisation and co-operation, the Governor, Sir Murray MacLehose said today.

In a special reference to the campaign, the Governor said its success was manifest and the only problem now "is to retain the ground gained."

"In the course of it, in the urban area, no less than 64 acres, 2.8 million square feet, comprising some 137 sites were transformed from rubbish dumps into gardens and play areas."

The "spring clean" had also brought improvements to parks, and resulted in the planting of many new trees and shrubs in public places.

"I am sure that in spite of the difficulties, Hong Kong can be both clean and green."

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NEW REGULATIONS ON SEVERANCE PAY SOON

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The government plans a major addition to the principal labour ordinance to provide for severance payments to workers whose services are terminated through no fault of their own.

This was revealed by the Governor, Sir Murray MacLehose, in a brief comment on labour matters. The Secretary for Social Services would speak in detail later on.

Sir Murray MacLehose noted that some progress had been made with industrial safety regulations, "but there is a long way to go and the rate of industrial accidents remains alarmingly high."

The introduction of the Labour Tribunal, however, had proved to be an immediate success.

Sir Murray also expressed confidence in the recently established Hong Kong Training Council which "faces a major challenge" in continuing the valuable work started by the Industrial Training Advisory Committee.

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### INDUSTRIAL LAND POLICY TO BE REVISED

More Sites For Special Industries May Be Sold Soon

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The government has re-examined its industrial land policy and has concluded that some revision may be desirable, the Governor, Sir Murray MacLehose, announced today.

Addressing the opening session of the Legislative Council, he also revealed that more sites for special industries may soon be offered for sale on a restricted user basis, similar to the Tsing Yi Island site sold in April this year.

The shortage of land for private development was also apparent, the Governor added.

"A determined search has therefore been made for large blocks of unformed land that could be made available quickly for private development," he said, adding that the results would shortly be explained by the Secretary for Environment.

Sir Murray felt that there was not so much an absolute shortage of land "as lack of access communications that make land attractive to developers."

"It is against this background that we are pressing on with a second tunnel to Shatin and a motorway to Castle Peak, and both in due course will open up other substantial areas for development, as will the new bridge to Tsing Yi Island -- in itself a monument to the far-sightedness of our entrepreneurs."

/Lantau .....

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Lantau Island, the Governor said, was at present the greatest untouched land asset, and even if the bulk of the island were reserved for recreation purposes - as he thought it should - "there is ample room for badly needed additional sites for industry and residential development."

It was against this background, he added, that the government was once more investigating the possibility of constructing a bridge.

He pointed out that if the standard of living of the community was to continue to rise, then the economy must continue to expand.

It was therefore important to ensure that it did not get stuck, either through lack of suitable land for development at reasonable prices, or through "any failure of the system of competitive bidding for lots to attract particular types of new industry which would contribute to the expansion and diversification of our economy."

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### SOUND START IN FIGHT AGAINST CRIME

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Hong Kong is getting to grips with the crime problem through concerted action by the government and the public on a very wide front during the past year, the Governor, Sir Murray MacLehose, said today.

Addressing the new Legislative Council session, Sir Murray said that the methods chosen by the government in its fight against crime had secured the public's cooperation and involvement on a scale and in a way that was quite new.

"Many people", he said, "from all levels of society, have come forward to help, to organise and to give a lead in making their neighbourhood safer."

"Crime was once regarded as a problem for the police alone. It is now accepted as one for the community. There is a new and healthier spirit, new determination, new hope," he added.

Outlining the past year's action against crime, the Governor said that it had fallen under three main headings -- to increase the numbers and effectiveness of police on the street; to change things done by the police to make them more helpful to the public; and to change things done by the public to make them more helpful to the police and to themselves.

A working group, appointed to study the root causes of crime, had produced an "illuminating interim report" which suggested that certain aspects of our social programmes and certain defects in them had more immediate relevance for the combatting of crime than others.

/These .....

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These suggestions are being carefully considered and "certainly it is reasonable to hope that the great programmes of improvement in housing, education and social welfare will all help over crime," he said.

But in the short term, he emphasised, we must rely heavily on deterrence -- and the basic deterrent was the fear of detection. This could only be provided by a large and visible police presence.

Efforts towards this end started with a drive to expand the Auxiliaries as the quickest way of raising numbers. "Within a period of something like nine months," he said, "the Auxiliaries have been increased from 3,500 to 7,000 trained men."

This was followed by a campaign to recruit regulars which yielded 400 acceptable recruits. This result, the Governor said, had been greatly prejudiced by the escape of Godber and the attendant publicity which ironically coincided with the recruitment drive.

A further recruitment campaign will be mounted later this year and "as a result the police still hope to be able to recruit in 1973 about half as many again as in 1972, that is to say about 1,200," he said.

But he emphasised that this was still not enough and said that every effort would be made to bring the regular police force up to strength.

"We have therefore been looking again urgently at police pay and conditions of service, and proposals will be made to Finance Committee in a fortnight's time," Sir Murray said.

/To gain .....

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To gain more uniformed officers for the beat, a review has also been undertaken of police jobs which could be done by civilians. "This will be a gradual, long term process," he said, "but two or 300 should have been gained in this way this year, and that process will continue."

Another important step to increase police recruits was taken with the opening of the new Police Cadet School in temporary quarters in Fanling. Plans are also far advanced for the construction of the permanent school on Tolo Harbour.

"This is the beginning of a project of the greatest interest," the Governor said. "Provided it develops along the right lines it could make a major contribution not only to the quantity but equally important, or even more important, to the quality of the young men joining the force."

Turning to relations between police and the public, Sir Murray said steps had been taken to make their facilities and procedures more convenient to the law-abiding public. "Their reporting procedures were changed to be less time-consuming; the 999 call system was expanded; new police relations with the public via Area Committees were created; and the public's views on current police practices sought and listened to," he said.

The public has also played its part to make life for the criminal more difficult by organising itself, by increased security in the home and the shop, by reporting crime when seen, and by raising a hue and cry after criminals.

/"This has .....

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"This has been done through the excellent work of the area and mutual aid committees, assisted by the City District Officers," he said.

Sir Murray then went on to say that we can take encouragement from having made a sound start in our fight against crime. "Now everyone, government, police and public, must continue as they have started, must not be deflected, and we will prevail," he said.

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MEETING THE NEED FOR TRAINED SOCIAL WORKERS

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The Institute for Social Work Training has now been established and will provide the community with an increasing and badly needed supply of trained social workers, the Governor said today.

Speaking on social welfare in his address at the opening of the new Legislative Council session, Sir Murray MacLehose said he hoped the Institute would also have a major impact on the lines along which social work in Hong Kong develops.

"It should be both a forcing house for new ideas, and a further forum for the analysis and exchange of practical experience."

Sir Murray also made a special mention of community development and youth projects.

The Executive Council, he said, had approved, subject to the provision of funds by Finance Committee, a five year plan for the provision of 14 community centres and 89 community halls, youth centres and estate welfare centres.

These were aimed at bringing community facilities within the reach of all sectors of the community.

Also approved on the same terms, he said, was the provision of additional services involving the progressive appointment of a network of officers to promote community and youth activities in all districts in Hong Kong.

/"These schemes.....

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"These schemes could become of great importance. They can make a special contribution to a society as young as this. They touch an age group particularly vulnerable to criminal influence.

"Moreover, I believe that in the circumstances of Hong Kong provision of community facilities is an essential step on the road to responsible citizenship and civic sense," he said.

On the five year plan itself, he said it had been published together with a White Paper and both came into effect on April 1.

He said the public and the voluntary agencies had been given an opportunity to express their views on the plan and these were taken into account in the final White Paper which now embodies the plan.

Sir Murray said he was sure Members of the Council would agree that this process of consultation was the right way to handle plans of this sort.

He said the implementation of the plan had started well and it would be reviewed yearly to provide a constant five-year projection.

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Note to Editors: The full text of the Governor's speech is contained in a supplement to the Daily Information Bulletin. Copies of the supplement are distributed separately in the G.I.S. press boxes.

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URBAN COUNCIL VOTES CHAIRMAN  
SPECIAL ALLOWANCE

Urban Councillors have agreed that the office of Chairman should carry a special allowance of \$15,000 a month, to take effect from October 1 this year.

The purpose of the allowance is to ensure that financial considerations do not prevent any eligible member of the public from serving the community in this way.

This applies equally to people with small incomes who could not otherwise afford the expense and to successful professional or business people who could not otherwise afford the time. In fact there are some occupations which just could not be carried on full-time by a Council Chairman.

Councillors therefore decided to pay a realistic allowance to a Chairman who necessarily must spend a large part of his or her working day on matters concerning the Urban Council, which has a budget of \$266 million a year and a staff of nearly 15,000.

Another factor taken into account is that while the post is comparable with top-level Government jobs, the Chairmanship is non-pensionable and the allowance lasts only for the period served.

Also, the Chairmanship does not include housing or any of the other benefits enjoyed by senior Government servants.

For some time before the Council won financial autonomy the subject of a special allowance for the Chairman had been brought up by various Unofficial Members.

The change in the Council's status in April this year put heavier responsibilities on all Councillors, especially the Chairman.

Councillors are now fully responsible for policy-making over a wide range of public affairs which bear directly on the livelihoods and well-being of the general public.

In November last year, when the subject of an allowance was again raised, it was decided to defer a decision until six months after the new-look Urban Council took over Hong Kong's civic affairs.

The question was raised by the senior Elected Councillor, Mr. B. Bernacchi, at the last meeting of the Finance Select Committee, on October 10.

The Chairman of the Council, Mr. A. de O. Sales, left the Chamber before the item was debated. The Chairman of the Finance Select Committee, Mr. Hilton Cheong-leen, was in the chair.

/Mr. B. Bernacchi ...

Mr. B. Bernacchi strongly advocated the payment of an allowance in view of the very great deal of work involved.

He added that as a principle the allowance should be made. Whether or not any holder of the office needed such payment for his livelihood was a separate matter.

Mr. Kenneth T.C. Lo agreed, saying that while Councillors could continue with their ordinary livelihoods and personal affairs, the Chairman could not.

Mr. Tsin Sai-nin agreed and said he favoured a "realistic" figure.

The proposal, passed unanimously, then went before last Monday's meeting of the Standing Committee of the Whole Council, where it was ratified unanimously.

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#### BACKGROUND

The experience of the present Chairman of the Urban Council, Mr. A. de O. Sales, gives an indication of the work-load of the office.

He spends at least three-quarters of his working day on Urban Council affairs.

From April 1 to the end of September he attended 97 official meetings of the Council, its select committees or the Housing Authority.

He also attended many other semi-official meetings and many Urban Council functions, ranging from presentations in the New Territories to attendances at performances at the City Hall.

He must read eight or nine Urban Council files a day, plus every Paper and every Minute dealt with by the Council's 12 Select Committees and two other Committees.

Also his telephone rings regularly with callers wanting to discuss Urban Council business.

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AUCTION OF SPECIAL CAR NUMBERS

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Twenty more "lucky" car numbers will be put up for auction at the City Hall Theatre this Saturday (October 20) at 11 a.m.

Proceeds from the sale will go to the Government Lotteries Fund for charitable purposes.

The twenty car numbers are:

1177	1600	1974	HK 777	HK 808
HK 900	XX 3223	XX 2772	XX 4567	AA 3636
AA 7799	BB 2	BB 18	BB 19	BB 20
BB 555	BB 888	BB 1	BB 3000	BB 9191

Successful bidders will have to pay, either in cash or by cheque, immediately after the bidding.

The numbers will be assigned only to vehicles registered in their names within 12 months from the date of auction.

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WATER CUT

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Water supply to a number of buildings in Robinson Road will be interrupted for eight hours starting from 10 p.m. tomorrow (Thursday).

The stoppage is to allow Waterworks Office to connect fresh water mains in the area.

The affected premises are No. 5-53 and No. 10-60, Robinson Road.

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STATEMENT ON NURSES' TRAINING

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The following statement was issued by the Government today:

"At the inquest on the death of Miss Alice Kwan the Jury added the following riders when they returned a verdict of suicide:

"(1) An enquiry should be held into the students' work-load paying particular attention to the following points:

- (a) language problem, (b) time available for study, and
- (c) time available for recreation.

"(2) A review should be made of the teaching methods of students' training tutors.

"The Director of Medical & Health Services has written to the authorities in the United Kingdom renewing a request originally made in 1971 that a representative of the General Nursing Council for England and Wales should visit Hong Kong to inspect all General Nurse Training Schools in both Government and Government-assisted hospitals and advise the Nursing Board of Hong Kong on the methods of training student nurses. The Director, in his capacity as Chairman of the Hong Kong Nursing Board, previously made his request following the adoption in Hong Kong of comprehensive syllabus for nurse training devised by the General Nursing Council. However, an inspector of the General Nursing Council was not available at that time. The Director now regards this matter as having added urgency and hopes that his request will be met accordingly."

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TSUEN WAN CHINESE CHESS TOURNAMENT

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The monthly Chinese Chess Tournament organised by the Princess Alexandra Community Centre of Social Welfare Department in Tsuen Wan will be held again tomorrow (Thursday) evening.

Mr. Simon Ki of the Centre said that the chess tournament held last month was very popular.

This time, two chess games will be held simultaneously to allow more chess players to join the tournament.

Prizes will be awarded to the winners in the tournament.

Applications should be made to Group Work Unit, 2nd floor, Princess Alexandra Community Centre, Tai Ho Street, Tsuen Wan, New Territories or by telephone to 12-402786.

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LABOUR ADVISORY BOARD

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This year's Labour Advisory Board election will take place at the regional office of the Labour Department at New Rodney Block, Queensway, at 10.00 a.m. tomorrow (October 18).

The Board is a non-statutory body which advises the Commissioner of Labour on labour matters referred by him to the board, including legislation, and International Labour Organisation Conventions and Recommendations.

It is composed of four employers' representatives and four workers' representatives, with the Commissioner as Chairman.

Two of the workers' representatives are elected by registered trade unions and two are selected for appointment by the Governor.

The Secretary of the Board, Mrs. PUN WONG Tim-chuen, said today seven candidates had been nominated to stand for election and a list of these candidates had already been sent to all workers' unions for information.

She said any registered workers' trade union wishing to vote might send a representative to attend the election, which would be held by secret ballot.

"The representative must bring with him a letter of authorisation from the Executive Committee of his union and a circular letter of October 3, 1973 from the Labour Department on the subject," she said.

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COMMENTS BY HEAD OF ANTI-CORRUPTION COMMISSION

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Commenting on his appointment as Head of the new independent Anti-Corruption Commission this evening, Mr. J. Cater said.

"I know that this new initiative by the Governor to set up an Anti-Corruption Commission will be very much welcomed by the people of Hong Kong.

"And for my part I am delighted to have been asked to spearhead this new organisation.

"I have no illusions. It is a mammoth task but it is a great challenge.

"It is not the sort of problem that can be solved overnight. It is going to be a long tough battle, and it will not be won without the wholehearted cooperation of everybody, but I can assure you that I am determined to see this evil of corruption rooted out of our community.

"I am extremely fortunate to have John Prendergast as my Director of Operations - a man with a tremendous world wide reputation. He is known as a man who gets to the heart of a problem with the minimum of fuss. I worked with him before in the early '60s, and I am very much looking forward to being with him again.

"My team will be handpicked and will not only be civil servants. I am going to pick the best possible men to tackle this task."

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Release time: 10.00 p.m.



# DAILY INFORMATION BULLETIN SUPPLEMENT

Wednesday, October 17, 1973

SPEECH BY HIS EXCELLENCY THE GOVERNOR, SIR MURRAY MACLEHOSE

AT THE LEGISLATIVE COUNCIL ON OCTOBER 17, 1973

\*\*\*\*\*

Honourable Members,

Last year my address to some extent took the form of my first impressions of Hong Kong in the unfamiliar role of Governor.

The year that followed has been one of intense activity, and shot through with important and sometimes dramatic events. The rise and fall of the stock market; the sterling float and the effect on the value of our reserves; the cleaning of Hong Kong in a dramatic campaign; the reprieve, on the advice of Her Majesty's Government of a convicted murderer against the express advice of the Governor-in-Council and the wishes of the overwhelming majority of the population; the mounting of an intense effort to come to grips with the problem of rising crime; the move to prosecute Godber, and his escape and harsh light then thrown on the problem of corruption in Hong Kong; discrimination and the threat of discrimination against Hong Kong in generalised preference schemes; shortage of raw materials; disruptive changes in the parities of our major trading partners; sharp rises in prices of imported goods. I mention these as some, and only some, of the events that have pre-occupied us in an eventful year.

/In this .....

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In this succession of events it has been the duty of your Government with the support of Executive Council and Honourable Members, to direct things within its power as seemed best for the interests of Hong Kong. But it has been our constant concern not to be diverted from the mainstream of our social policies as outlined last year and endorsed by this Council.

These required the formulation of long-term plans to break finally the makeshift conditions forced on Hong Kong by the influx of population in the '50s and '60s. This was not only because I believed such an approach to right in itself, and to accord with the advice of Honourable Members and the wishes of the public, but also because I was convinced that in many respects current conditions can only be accepted if the public knows that their Government is seriously determined to improve them and within a reasonable timescale. So on no account have we been prepared to permit the pressing pre-occupations of today to divert us from long term measures to achieve the essential conditions of an acceptable tomorrow.

It is with these long term measures that I start.

#### Housing

First of all housing. Of all these social programmes it is the biggest. Everything that I have seen in the city and read at my desk during this second year in Hong Kong confirms my conclusion that the inadequacy and scarcity of housing, and all that this implies, and the harsh situations that result from it, is one of the major and most constant sources of friction and unhappiness between Government and the population. It also has implications for our twin problems of crime and corruption. It is therefore vital that we press on with our target of self-contained homes for all in a reasonable environment, by the fiscal year 1982/83.

/The new .....

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The new Housing Authority and Housing Department are addressing themselves to this gigantic task with enthusiasm and imagination. They have inherited a lean period, but they aim to work up to a plateau of production in 1976/77 of new homes for 200,000 a year and thereafter to maintain it. They must do this without making excessive demands on the labour market. Later in the debate the Secretary of Housing will be speaking about this and other problems facing the new Authority. These include, depressingly, the need for resite areas to tide over the lean years the Authority has inherited.

The Authority indeed faces many important problems of day to day administration. But we must never forget that nearly all are symptoms of the dominant disease - scarcity of housing. The only sure cure is therefore to end the scarcity. So the primary task of the New Authority and Housing Department must be to build fast, to build well and above all to keep on building.

#### Social Welfare

The new 5-year plan for social welfare, which I referred to last year, has been published together with a White Paper and both came into effect on 1st. April. The first draft was the product of a mixed working party of official members and of unofficial social workers. This was published as a green paper, and after the views of this Council had been taken an opportunity was provided for the public and the voluntary agencies to express their views on the plan. These were taken into account in the final White Paper which now embodies the plan. I recapitulate because I am sure that this process of consultation will commend itself to Honourable Members as the right way to handle plans of this sort.

/The plan .....

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The plan will now be reviewed each year so as to provide a constant 5-year projection. Implementation of the plan has started well. The Secretary for Social Services will be going into details later in the debate and I only wish to refer to one or two points. The new Institute for Social Work Training has now been established and opened last month. I do hope it will be dynamic. It will provide the community with an increasing and badly needed supply of trained social workers. But I hope that it will also have a major impact on the lines along which social work in Hong Kong develops. It should be both a forcing house for new ideas, and a further forum for the analysis and exchange of practical experience.

I should also like to make a special mention of Community Development and Youth projects. The Executive Council has approved, subject to the provision of funds by Finance Committee, a 5 year plan for the provision of 14 community centres and 89 community halls, youth centres and estate welfare centres aimed at bringing community facilities within the reach of all sectors of the community.

It has also approved, on the same terms, provision of additional services involving the progressive appointment of a network of officers to promote community and youth activities in all districts in Hong Kong.

These schemes could become of great importance. They can make a special contribution to a society as young as this. They touch an age group particularly vulnerable to criminal influence. Moreover I believe that in the circumstances of Hong Kong provision of community facilities is an essential step on the road to responsible citizenship and civic sense.

/Education .....

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Education

I now turn to the third of the long-term plans announced last year, that for the expansion of secondary education. This was to address ourselves forthwith to the provision of 184,000 additional assisted places in forms 1 - 3 and 55,000 additional places in forms 4 - 5 so as to offer 3 years secondary education to all in the 12-14 year age group, and to double the percentage in the full 5-year course leading to a Certificate of Education, and thus take a major step towards reconciling educational facilities with the aspirations and needs of our community.

I asked the Board of Education to let me have their recommendations on the time-scale within which these targets could be achieved, and on any changes in the educational system which should be introduced. To undertake this task the Board of Education was reconstituted under the Chairmanship of the Hon. Mr. P.C. Woo, and with a membership of great distinction and authority. I have seen the Board's report and it is a most able and valuable document. It confirms that these targets could be achieved within a 10 year plan, that is to say, by 1984, and lays down an interim target of places for 80% of the 12 - 14 year age group by 1981. It recommends that 1/5 of the 3-year places should be in prevocational schools and that 1/3 of the places in the 5-year course should be in secondary technical schools. The Report also recommends that to meet the necessary expansion in the teaching services a fourth College of Education should be established as soon as possible, if necessary in temporary accommodation, and that the universities should consider further expansion of their present facilities for graduate training in education.

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I have been interested to see recent discussion on the role of English in our schools. The Board has quite separately recommended that Chinese should become the usual medium of instruction for lower forms of secondary schools. In keeping with this the Board also recommends that the early years of secondary education should as far as possible be based on a common core of instruction irrespective of the type of school.

As we have already achieved free primary education, the Board was invited to advise on the extent to which secondary education should be free, in the present circumstances of Hong Kong. The Board endorsed existing Government policy that no child should be denied a place in a Government or assisted secondary school on financial grounds, and concluded that within the present fee structure and fee-remission scheme there is adequate provision to ensure this aim, and that in the present circumstances of Hong Kong there is no compelling need at present to provide free education in the lower secondary ranges for those able to pay the highly subsidised fees. The Board nevertheless recommended that the possibility of free education should be kept under regular review.

I am extremely grateful to the Board for the work they have done. Far be it from me to comment on it. It is most reassuring to have this corpus of expert opinion as a basis for planning the further expansion of secondary education. The Government proposes to follow a similar procedure with this report as with that on the 5-year Plan for Social Welfare last year. It will table the report in this Council forthwith as a Green Paper. After Honourable Members have expressed their views, an adequate period will be allowed for the

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public and interested bodies to comment. In the light of this discussion a White Paper will be submitted for consideration by the Executive and Legislative Councils embodying the final phased plan for reaching our targets. I might add that in examining the Board's targets and proposed timescale it will be our object to see if these could not somehow be improved on. I am sure that the Board would endorse this approach. I also hope that with these basic plans drafted the Board will be able to turn its attention to a thorough review of the examination system.

The Director of Education will be giving details later in the debate of the progress made by his Department this year.

#### Technical Education

I know of the great interest of Honourable Members in the provision of technical education. It is a fine form of education in itself, and the capacity of Hong Kong to adapt to changing industrial and commercial conditions greatly depends on the programme of expansion of technical education. This has been pursued with considerable energy, and the present forecast is that in addition to Morrison Hill, technical institutes at Kwai Chung and Kwun Tong will be opened in September '75, and at Cheung Sha Wan and San Po Kong in September '76 and '77 respectively. We will keep the need for further expansion under careful review. This may well be necessary but we would like to see the degree of support from both the public and industry before taking further firm decisions.

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I have little to add to what I said last year about tertiary education. The University and Polytechnic Grants Committee are currently discussing the universities' plan for the forthcoming quadrennium covering the years 1974-78. These plans should achieve an expansion in the two universities from a capacity of 6,000 to one of 8,400 at least by 1978.

The Polytechnic is making good progress towards its target of 8,000 full time and 20,000 part-time students by 1978, and I would like to congratulate the Board and the staff of the Polytechnic on their success in launching this new venture. In combination these measures provide for a tripling of facilities in tertiary education by 1978.

#### Medical and Health Services:

I turn now to our Medical and Health Services - services of which we are justly very proud. It is no small achievement in a high density community such as this to be able to point to the consistently falling levels in the overall death rate, in infant and maternal mortality and in the incidence of infectious diseases.

Since we are reaching the end of the 10-year period of development set out in the 1964 White Paper, the Department of Medical and Health Services drew up comprehensive plans for meeting the needs of the next ten years. We have followed the same procedure over these plans as with those for the expansion of secondary education. A Medical Development Advisory Committee with experienced and authoritative membership was set up under the chairmanship of Sir Albert Rodrigues. The Department's plans were then submitted to it as a basis for recommendations as to what our targets should be for 1983, how we should proceed to achieve them, and what demands this

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would make in terms of money and trained personnel. The Committee has completed and submitted its report, and this will be laid before this Council at our next meeting as a green paper. The Committee's recommendations and any views expressed on them by the public and professional bodies will be studied very carefully by the Government. In the light of this consideration early next year we shall lay before the Executive Council and Legislative Council a firm programme for development over the course of the next ten years.

I have counted some twenty main recommendations in the report. I have time today to refer only to a few. Next year we shall reach and pass the target of 4.25 beds for one thousand population set in 1964. The Advisory Committee now recommend a new and higher target of 5.5 beds to each thousand members of the population by 1983. This would involve providing an additional 8,250 beds over and above the 3,000 already in the pipe line. That this is a formidable target neither the Committee nor the Government doubt, particularly at a time when the scale of development in other fields will be making great demands on our resources. Clearly we are obliged to consider with care the various possible methods by which the target may be reached, and we must decide quickly. We will need some more hospitals, but we will also have to contrive the fullest use of beds already available in Government and assisted hospitals.

The report warns us that by the end of the decade we will need each year 100 more doctors than are being produced at present; that a dental school should be established so as to provide about 60 dentists each year from 1980 onwards; and that we should be planning now a further training school capable of taking 150 to 200 student nurses a year. These recommendations

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have far reaching implications for our universities and involve very considerable cost. In view of the great time lag involved between planning any new medical training facilities and completion of the training of the first students in them, we will need to think both fast and clearly. On these matters the Government will want to take advice from the University and Polytechnic Grants Committee.

I am extremely grateful to Sir Albert Rodrigues and his committee. Like the Board of Education his Committee were confronted with a formidable mass of technical and administrative detail, and with admirable speed were able to reduce this to a clear and valuable report. This will be the basis for our Medical and Health Services in the 80's.

Apart from these important long term plans, the only other subject in the medical field I wish to mention is that of family planning. This month the Government begins to share with the voluntary agencies responsibility for developing and encouraging family planning. Over the next twelve months the services presently run by the Family Planning Association in Government clinics will become part of the Government service, staffed by Government officers and supported and financed directly by Government. This will make it possible for the Family Planning Association and the other agencies to concentrate their efforts in the areas not otherwise served by Government clinics. These measures are of great importance because all our efforts to improve the quality of life in Hong Kong could be frustrated by excessive natural increase, just as they could be by excessive immigration, and we face a significant increase in the size of the child-bearing age-group.

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The long-term plans for housing and social welfare are thus firmly established, and those for education and medical and health services are far advanced. Each year each projection will be re-examined and rolled forward, so that we will continue to have a clear long term view of what must be done. We thus now have four pillars on which the future well-being of our community can be built. The concern of Government must now be to ensure that the plans do not slip and that they are carried out with the vigour that the community demands.

Reform of the machinery of Government.

The elaboration of these plans across so wide a field, and more or less simultaneously, has placed a considerable strain on the machinery of Government and I am indeed proud of the response of the public service to the challenge involved. I very much hope that the progressive implementation of the recommendations of the consultants, Messrs. McKinsey, to strengthen the machinery and planning processes of Government, will eliminate the need for any repetition of such a mammoth operation.

Since the consultants' departure the Colonial Secretariat has been re-organised into six Policy and two Resource Branches, the former being based on six groups of programmes, i.e. Economic Services, Environment, Home Affairs and Information, Housing, Security, and Social Services.

Now that seven of the eight Secretaries have been named, and are in post, our aim is to develop and implement a workable and reliable Government Management system based on the consultants' recommendations, and tailored to our own evolving requirements. Such a system must embrace the assessment of our needs and the formulation of policies required to meet them; it will also

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entail the implementation of policies in the light of our resources of finance, manpower and land, and the monitoring of their effectiveness.

To do all this, we shall need to train and develop the expertise of our own staff in the techniques of modern corporate management and do so as quickly as possible. To assist in this we have secured the services, on secondment, of two of the staff of the Greater London Council experienced in these techniques.

All these endeavours, which are now in hand, should facilitate the effective realisation of the far-reaching plans of which I have spoken today. But, just as important, they should facilitate and expedite <sup>expedite</sup> the more mundane work of the Government.

With these major basic programmes and administrative reforms in hand, I believe the time has come to give an additional thrust in two main areas: the first is recreation, leisure and sport; and the second is that broad complex of inter-related problems which might be described under the heading of traffic and transport, land policy and pollution.

Recreation, leisure and sport

With rising standards of living, and time available to be spent on more than just a struggle for existence, facilities for recreation, leisure and sport have taken on a new and urgent significance. They are no longer luxuries but essential parts of our social infrastructure which, I suggest to you, we would neglect at our peril. I am conscious of the excellent work already being done by a wide variety of organisations, both Government, Government-aided and privately financed. But the machinery for a co-ordinated drive has hitherto been lacking.

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We will therefore set up a Council for Recreation and Sport under the chairmanship of the Secretary for Home Affairs. This will bring together a high-level group of persons with the special experience of the public and private organisations controlling the main recreational facilities and services in existence. So as to make it effective and provide it with some administrative muscle it will be equipped with its own secretariat. It will be the chosen channel for advice to Government in this field. In particular it will advise on how to expand facilities, maximise their use, increase supervision of activities in them, and advise the Government on the extent and direction of financial assistance to amateur sport. It will also make recommendations on any special services and facilities it considers necessary to meet the leisure time needs of young people. I trust that these proposals will commend themselves to Honourable Members and that they will agree that adequate funds should be made available to implement the Council's recommendations. I hope it may bring new purpose, new impetus and new thinking into what is being done in this field.

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The Council will also include within its purview the 5-year Programme of Recreational Development and Nature Conservation, which was announced last year. This is now beginning to get into its stride, and to pass from the stage of planning to construction.

In addition to country parks and reserves already planned on Hong Kong Island, Tolo Harbour, Shing Mun, Lion Rock and Pak Sha Wan, two areas which are particularly rich in recreational opportunities are Lantau Island and the Saikung peninsula. To enable Government to decide how best to utilise these special opportunities a comprehensive planning study was commissioned from consultants and their recommendations are expected in about a year's time. These plans should provide a framework for the development of major holiday centres for our own people and for visitors, as well as for the informal enjoyment of the countryside and beaches.

I attach great importance to this programme. Though recreational facilities in the old urban areas will be greatly expanded, the sheer lack of space makes it likely that they will always fall short of what we would wish for so large a concentration of population. It is therefore essential that properly equipped recreational areas be opened up in the mountains and beaches that surround the city, with proper road access, and staff to keep them clean and attractive and to help the public to do so, and thus ensure that everyone gets the maximum enjoyment out of them.

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To those of us who are urban in our habits this programme may seem peripheral but to my mind it is central. The mountains and the beaches are for the many what the golf course and the yacht are for the few. And if these magnificent natural facilities are to be enjoyed to the full and not to be destroyed by misuse, they must be catered for and administered just as much as, say, the playgrounds and swimming complexes in the urban areas.

Traffic and Transport, Land Policy and Pollution

Another wide field to which we must now address ourselves with even greater effort - and I do not decry what has already been done and is being done - is that which might be described under the heading of Traffic, Transport, Land Policy and Pollution. They are inter-related and intractable subjects which are as hard to solve in Hong Kong as in any other of the great conurbations, and rendered more difficult by the great concentration of population and the limitations of space. I am sure that the drafting of sound and comprehensive policies will be greatly facilitated by the appointment of a single senior officer, the Secretary for Environment, to evolve and co-ordinate programmes. He is, I am satisfied, undaunted by this daunting responsibility. He will be outlining his approach himself at a later stage in this debate.

The most dramatic single item in this group of subject, though by no means necessarily the most important, is the mass transit project, which I confess I prefer to call the Underground Railway. The negotiation of the contract is in the hands of the Financial Secretary and the Steering Group under the direction of the Executive Council and I have nothing to add about the course of the negotiations today.

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Even when the Underground Railway is completed the bus will continue as the major public passenger carrier. It is therefore essential that the quality of the bus service should be steadily improved to a point at which they are readily accepted, at least at peak times, as a satisfactory alternative to the car, taxi or public light bus. Discussions are being held with the bus companies on the best way of ensuring this.

As a basis for an overall transport policy, a green paper will be tabled shortly. The paper will present an overall transport policy, a composition of restraints and improvements designed to keep Hong Kong on the move. I am sure Honourable Members will wish to consider and debate on the propositions in it. Certainly a clear-cut long term policy is essential.

Traffic and transport are of course inter-connected with the problems of off-street parking and also to some extent with that of use of street space by hawkers, and consequently with the progressive planning and provision of more adequate markets.

It will be the responsibility of the Secretary for Environment to ensure the composition and coordination of long term plans covering all these difficult inter-related issues.

#### Land Policy

The Secretary for Environment will share responsibility with the Secretary for Economic Services for land policy. I think Honourable Members will agree that it is time we took a hard look at this. If the standard of living of our people is to continue to rise our economy must continue to expand. We must ensure it does not get stuck on a plateau, either through lack of

/suitable land .....

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suitable land for development at reasonable prices, or through any failure of the system of competitive bidding for lots to attract particular types of new industry which would contribute to the expansion and diversification of our economy.

The Government has been examining its industrial land policy and we conclude that some revision may be desirable.

You may recall that in December of last year I indicated that the Government had decided to make some sites available for special industries for sale on a restricted user basis. The first such site on Tsing Yi Island was sold in April of this year. Several other sites may be sold on this basis in the near future.

The shortage of land for private development is apparent. A determined search has therefore been made for large blocks of unformed land that could be made available quickly for private development. The Secretary for Environment will be explaining the results later in the debate.

For the rest there is not so much an absolute shortage of land as lack of access communications that make land attractive to developers. It is against this background that we are pressing on with a second tunnel to Shatin, and a motorway to Castle Peak, and both in due course will open up other substantial areas for development, as will the new bridge to Tsing Yi Island, in itself a monument to the far-sightedness of our entrepreneurs. But of course the greatest untouched land asset at present is Lantau. Even if, as I think should be the case, the bulk of this large island were reserved for recreation purposes there is ample room for badly needed additional sites for industry and residential development. It is against this background that we are once more investigating the possibility of constructing a bridge.

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### Urban Council

The new-style Urban Council has now been inaugurated under a new Ordinance and with full financial autonomy.

Might I say what a happy event this was for all of us, and how much we wish the Council success in its very important work.

### Keep Hong Kong Clean Campaign

I should like to say a separate and special word about the Keep Hong Kong Clean Campaign. It was the brain child and special responsibility of the Urban Council and the Urban Services Department, but in the end most departments of government, of course including the Police, were involved, as were very large numbers of the public. Its success was manifest. The streets became clean. 24,000 tons of the accumulated rubbish of decades was removed. In the course of it, in the urban area, no less than 64 acres, 2.8 m. sq. ft., comprising some 137 sites were transformed from rubbish dumps into gardens and play areas. Hong Kong was the sweeter for the change. We have also all gained confidence in our ability to tackle great problems of community interest if only we organise ourselves properly and all pull together. Now our problem is to retain the ground gained.

I am delighted that this spring clean has been accompanied by great improvements to our parks, and by the planting of many new trees and shrubs in public places. I am sure that in spite of the difficulties Hong Kong can be both clean and green.

### Labour

This year I will say little myself about Labour matters, and thus leave the Secretary for Social Services to speak himself.

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Some progress has been made this year with industrial safety regulations, but there is a long way to go and the rate of industrial accidents remains alarmingly high.

The introduction of the Labour Tribunal, has proved an immediate success.

The principal piece of labour legislation we propose for this session is a major addition to the Ordinance to provide for severance payments to workers whose services are terminated through no fault of their own.

Before leaving the subject of labour, I would like to apologise for the delay in setting up the Hong Kong Training Council, to continue the valuable work started by its predecessor, the Industrial Training Advisory Committee. The Council is now established and faces a major challenge. I am sure that it will meet it.

#### New Territories

And now a word about the New Territories. I am conscious of the concern of some Honourable Members that the Government should be more even handed as between the urban areas and the New Territories in the programmes it undertakes. This concern reflects the views of the Heung Yee Kuk.

The large social programmes, housing, education, medical services and social welfare, will of course benefit the New Territories as much as, or even more than the old urban areas, and will contribute substantially to the standard of life and amenities in the New Territories.

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But the rural areas of the New Territories present a special problem. In them, in particular, we are faced with the phenomenon of rural slums. Their elimination involves complex problems because of the mix of small factories, pig, poultry and vegetable farms and residential huts that comprise them. A pilot scheme is now being worked out for the development of an area near Yuen Long.

Last year I mentioned that there was a requirement for better housing in the rural New Territories. What is needed on present assessments is, additional, decent housing for something like 250,000. Work on the planning of the necessary rural estates has started, but it will be one or two years before the first of them is ready for occupation. As an interim step, attention is being paid to improving the conditions in the rural areas wherever possible. Examples of these measures are the two new housing estates, financed mainly by charitable donations from U.S.A. and Canada, and opened this year at Cheung Chau and Sai Kung; the new small-house policy introduced at the end of last year; the planned provision of over a thousand items of small public works over the next three years: and the doubling of cleansing and sanitation staff over the last three years.

I should add that in reorganising the machinery of Government it was always accepted that once the new Secretaries were in position, it would be necessary to adjust the position and status of the District Commissioner to ensure that the special requirements of the New Territories were to receive the consideration they deserved. We expect to make an announcement about this before Mr. Bray's successor takes over.

Gambling .....

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Gambling

There has been considerable public discussion about our present laws on gambling and the view has been expressed that these laws are too restrictive, are unenforceable, and should be relaxed. On the other hand, there are those who sincerely believe that changes of this nature would be harmful and that it would be wrong for Government to move too quickly to relax the present laws. Having considered both sides the Government has decided to make only a limited move. Legislation will be introduced to permit the Royal Hong Kong Jockey Club to extend its totalisator betting facilities on Hong Kong horse races to premises outside the Race course itself. We propose to do no more than this at the moment.

Corruption

And now I come to the subject of corruption which has troubled us all so much in recent months, has been so much in the news, and has done so much to denigrate Hong Kong in the eyes of the world.

I had been aware of suspicions of high level graft as well as of a certainty of extensive low level corruption. But I had also been impressed by the stringent provisions of the new Prevention of Bribery Ordinance. I also was aware of the increasing efforts of the Anti-Corruption Branch of the police despite tremendous difficulties. It has of course been the practice in the United Kingdom and United Kingdom dependencies, that corruption, like other forms of crime, should be handled by the police, and that when a corrupt act is alleged against a policeman it should still be investigated by policemen but from a different or a specialised unit.

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That has been the situation here, except that the Anti-Corruption Branch has worked to the direction of a target committee largely civilian in composition. Though fully aware of the disquiet in many circles about corruption, and about the machinery we had here to deal with it, I wished time to see what results the branch could produce under the new legislation.

The escape of Chief Superintendent Godber was a shocking experience for all of us, extremely frustrating for the police who had worked so carefully and so secretly to bring him to court. There was great public disquiet about the circumstances of his escape, and this clearly called for an immediate and searching enquiry by a man of the highest calibre and public stature. But I thought that it was right to take this opportunity to charge the same man with reporting also on the workings of our anti-corruption laws and the machinery to enforce them, and thus provide an authoritative and dispassionate view of our situation as a basis for action. This has been done, and I should like to congratulate Sir Alastair Blair-Kerr on the thorough and forthright way he has performed this considerable public service, with a minimum of soft soap and a maximum of objectivity. Both his reports have been published in full. The public had a right to know, but in any case when something has gone wrong the air is usually soonest cleared by frank acknowledgement of the facts.

After Godber's escape two things quickly became apparent. The first was that suspicion of corruption on a more extensive scale was better-grounded than I had personally realised. The second was that the men responsible for investigating and prosecuting corruption felt that in spite of the new teeth in the Prevention of Bribery Ordinance, they still lacked the legal weapons

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and to some extent other facilities necessary to get the results they and the public wanted and the situation required. These points have now been substantiated in Sir Alastair Blair-Kerr's report.

This calls for new measures.

With regard to legal weapons, on the advice of the Executive Council, the Government generally accepts the objectives of Sir Alastair's recommendations. They are being examined in detail in consultation with the Foreign and Commonwealth Office. Clearly such drastic changes in established principles of law must be looked at very carefully indeed. We hope that legislation can be introduced shortly before Council. Where appropriate, discussions with the main staff associations will be held as some of the changes suggested to civil service regulations will be controversial and staff associations will, rightly, seek to protect the interests of their members. But I am sure that the service as a whole will accept that grave situations call for unusual measures, and that honest officers, the huge majority, have nothing to fear and indeed everything to gain.

Sir Alastair left open the question whether the unit to investigate corruption should continue to be part of the police or not. But he implied a personal preference for separation. It is no criticism of the police, or of the devoted work of the Anti-Corruption Branch, to say that I agree with him.

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I believe that it is quite wrong, in the special circumstances of Hong Kong, that the police, as a force, should carry the whole responsibility for action in this difficult and elusive field. In the past this responsibility has carried with it for many, the implication that the existence of corruption was the fault of the police. As we all know it is nothing of the sort. Outside the public service it is a widespread social problem, and inside it corruption exists in several departments of which the police is only one. Moreover I think the situation calls for an organization, led by men of high rank and status, which can devote its whole time to the eradication of this evil.

A further and conclusive argument is that public confidence is very much involved. Clearly the public would have more confidence in a unit that was entirely independent, and separate from any department of the Government, including the police.

We have therefore decided, on the advice of the Executive Council, to set up a separate Anti-Corruption Commission under a civilian Commissioner. My intention is that the latter's independence should be established by his position being apart from the civil service in the same way as that of a judge or, say, the Chairman of the Public Services Commission.

He will have under him an operations unit and what I might call a civil or preventive section. The operations unit will in due course take over the functions of the Anti-Corruption Branch of the police.

Its staff will be selected by the Commissioner for Anti-Corruption and his Director of Operations.

/Combatting .....

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Combatting corruption will not just be a matter of investigation and prosecution. As Sir Alastair has pointed out, there is much history behind corruption in Hong Kong and deeply ingrained attitudes are involved. The Commissioner will therefore have a civil unit whose main task will lie in educating the public as to the evils of corruption not only from the point of view of the recipient but also from that of the giver. It will also critically examine administrative procedures which lend themselves to corrupt practices.

To combat corruption, good laws and good organization are essential, but I put my trust principally in the services of sound men.

The Commissioner will be Mr. Cater, I hope his appointment will commend itself to Honourable Members. I believe him to be uniquely qualified to do the job. The Commissioner, like the Chairman of the Public Services Commission, will have access to the Governor whenever he wishes. I need scarcely say that I will take a very close personal interest in the development of this Commission.

Might I take this opportunity to say how intensely I appreciate the public spirit of the Telephone Company, and in particular of the Chairman, Dr. Lee, in releasing Mr. Cater from his contract, at very great inconvenience to themselves, to allow him to undertake this service to Hong Kong.

We have taken very careful advice from the Overseas Police Adviser to the Secretary of State and others on what outside help we should enlist to get the operations unit of the Commission off to a good start, and build it up into the highly expert, effective and dedicated organization that it must be if it is to make headway. In the light of this advice we are appointing immediately Mr. John Prendergast to be Director of Operations. His record

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as a policeman is one of unbroken success in many different situations, and he has the advantage of experience of Hong Kong between 1960 and 1966 as Director Special Branch. In due course we will be appointing one or two more from United Kingdom police forces, at different levels, with special experience of anti-corruption work. But these are all the importations we have in mind. Basically it is for us in Hong Kong to put our own house in order, and I know very well we have the men and women both inside and outside the police force to do it.

The implication of these appointments will be apparent - the Government means business.

The calibre and experience of these men provides assurance that this is so. None are better qualified to find out the truth, and to set about carefully but inexorably eradicating this endemic disease. I have no illusions that this will be anything but a slow, long, uphill process; but everything that energy, devotion and official backing can do to achieve results will be done.

I would like to add a few more words on this subject. We here in Hong Kong know the strengths as well as the weaknesses of our community, our Government and our public services. When we criticise faults here, we do so to an audience well aware also of the strengths and achievements that make up the full picture of Hong Kong. But this is not so overseas. As this matter is developing, the people of many countries will soon believe that the only thing notable about Hong Kong is its corruption.

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We know that Hong Kong is not alone in the world in facing a problem of corruption. We know of many cities and countries much worse and many no better in Europe, America, and Asia, and which have not known the pressures under which we here have existed. I wonder what the result would be if many governments whether national or municipal, opened their most confidential files to impartial and expert scrutiny and published the results? We have done this, because we realise that there is only one way to stop people calling Hong Kong corrupt, and that is to eradicate corruption from our society. This we are determined to do.

Fugitive Offenders Act

The Godber affair has highlighted the case for amendment of the Fugitive Offenders Act, as recommended by Sir Alastair Blair-Kerr. The requirement of double criminality is hard to understand in the case of a dependent territory, such as Hong Kong. We feel sure it was not H.M.G.'s intention in the Fugitive Offenders Act to frustrate the intention of laws approved by H.M.G. in Hong Kong.

I have represented to the Secretary of State the strong feelings on this subject here. This, of course, is not the only way to bring back Godber for trial. It remains only for one man to come forward and give conclusive evidence of a corrupt transaction.

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Narcotics

Corruption in Hong Kong is a very old story. So is narcotics addiction. But the latter is a field in which devoted and imaginative work has been done in Hong Kong on a wide scale by many dedicated men and women. This work is second to none in the world and has received considerable international acclaim. But one must recognize that the problem persists on a very large scale and that if we are to make headway, much more will have to be done in the future than has been possible in the past.

In attempting to reduce and eradicate this problem there appear to us to be four separate but inter-related fields in which we must make progress.

First, prevention of production and despatch to Hong Kong. This relates to the Golden Triangle and Thailand, the country from which come nearly all opium and opium derivatives consumed in Hong Kong. This is for international action.

Secondly, interception of shipment over the high seas, mostly by trawler, to international waters off Hong Kong. This too is for international action.

Thirdly, suppression of clandestine entry into Hong Kong and distribution to addicts by local criminals. This lies within our direct jurisdiction.

Fourthly, the eradication of demand by cure of addiction. This too is within our jurisdiction.

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Action on any one of these fronts assists action on others. For instance, if shipments are intercepted and the price of the drug rises, it is a strong inducement to an addict to seek a cure. But equally failure on any front undermines success on others. Thus improved treatment of drug addiction could do little in the face of an abundant and cheap supply of drugs. Nor would interruption of the seaborne traffic have much effect if abundance of production in the Golden Triangle and a strong demand in Hong Kong remained an open invitation to traffickers to bridge the gap.

As I see it we must now work to achieve progress on all four fronts, while making our own major effort on those within our own jurisdiction.

I said last year that the first step towards the formulation of a coherent and forceful policy was the appointment of a single senior officer, the Commissioner for Narcotics, to coordinate all aspects of this problem which are handled by so many different government departments and voluntary agencies. Over the last year his work has largely been investigatory and preparatory, critically examining what is being done in each of these fields and with what results. This phase is nearly completed, and the threads are now being drawn together in recommendations for action which are progressively coming forward. When approved these will be embodied in a White Paper to be published about the end of this year.

One decision already taken is to second a Liaison Officer to the staff of H.M. Ambassador at Bangkok, with of course the full agreement of the Thai Government. He will take up his duties next month. This follows visits by the Commissioner to Burma, Laos and Thailand earlier this year.

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Another relates to the organisation, coordination and control of the intensified effort we have in mind. The Executive Council has decided that the controlling body should be the Action Committee against Narcotics, and that its membership should be streamlined for this purpose. Its Chairman will be Sir Albert Rodrigues. His experience, devotion and authority in this field are unparalleled; he is clearly the man to preside. The terms of reference of the Committee will be strengthened to make it the sole channel of advice to the Government on all policy aspects of the drive against narcotics and narcotic addiction, including the allocation of resources to Government departments and voluntary agencies alike. The Commissioner for Narcotics will be a member of the Committee and he and his staff will form the Committee's executive arm, and provide it with the administrative muscle it has lacked hitherto.

Most distinguished work has been done in the field of cure of drug addiction by the Prisons Department, and by various voluntary agencies subsidised by the Government, and in particular SARDA, the Discharged Prisoners' Aid Society, and other agencies. Nevertheless, we feel that further progress and greater coordination in this field is essential, and that it is the responsibility of the Government to provide a sufficient pool of expertise and authority to give a lead and to advise the Committee on how this work can be pressed forward and coordinated.

It has therefore been decided to place responsibility for Drug Addiction Treatment and Research firmly on the Department of Medical and Health Services, and that a new Division be formed in the Department for

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this purpose as soon as possible. I know that Dr. Gerald Choa eagerly accepts this new challenge.

I cannot sufficiently emphasise the importance for any programme of eradication of having a form of treatment for addicts which can be applied en masse without long confinement in an institution. The pilot schemes now being conducted by the Department of Medical and Health Services, and by the Discharged Prisoners' Aid Association are therefore of critical importance. Dr. Choa will be expanding on this later in the debate.

#### Crime

I spoke at some length last year of my deep concern about the growth of crime, particularly violent crime. During the year, action has been taken on a very wide front. One might say this action has fallen under three main headings: to increase the numbers and effectiveness of police on the street; to change things done by the police to make them more helpful to the public; to change things done by the public to make them more helpful to the police and to themselves.

There is still great doubt amongst real experts as to what the root causes of crime are. But a working group has produced an illuminating interim report on facets of life in Hong Kong that probably contribute to crime, and we await its final report with great interest. These papers suggest that certain aspects of our social programmes and certain defects in them, have more immediate relevance for the combatting of crime than others. It is extremely valuable to have these critical areas pin-pointed and the implications will be very carefully considered. Certainly it is reasonable

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to hope that the great programmes of improvement in housing, education and social welfare will all help over crime -- though the programmes are justified on their own merits. But in the short term we must rely very largely on deterrence and all experts are agreed that the basic deterrent is fear of detection. Few men commit crimes which they know will be detected.

One of the key elements in deterrence is a large and visible police presence. One of our endeavours has therefore been to increase the number of police. The Government started by a drive to expand the Auxiliaries as the quickest way of raising numbers, and because of the vital role which the Auxiliaries could play as a link between the regular police and the neighbourhoods they serve. Within a period of something like 9 months the Auxiliaries have been increased from 3,500 to 7,000 trained men. This has been a magnificent effort by all concerned.

We subsequently conducted a campaign for the recruitment of regulars. This was done following the first action phase of the Fight Violent Crime campaign, and yielded 400 acceptable recruits. While this was substantially more than had been obtained for some time in a similar drive, I think it is fair to say that the result was greatly prejudiced by the escape of Gódbér and the attendant publicity, which ironically coincided with the recruitment drive. Certainly we had hoped to do better. We will be mounting a further drive later this year, and as a result the police still hope to be able to recruit in 1973 about half as many again as in 1972, that is to say about 1,200. But this is still not enough, and the shortfall in recruitment and wastage from the ranks must not be allowed to continue. We have therefore been looking again urgently at police pay and conditions of

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service, and proposals will be made to Finance Committee in a fortnight's time. One of the most significant single contributions that could be made to increasing the deterrence to crime that the regular police force provides would be to bring it up to strength. We will do our utmost to achieve this.

To gain more uniformed officers for the beat a review has been undertaken of jobs which could be done by civilians. This will be a gradual, long term process, but 2 or 300 should have been gained in this way this year, and that process will continue.

Finally, in this field of recruitment, I am glad to say that the new Police Cadet School has already opened in temporary quarters in Fanling, and that plans are far advanced for the construction of the permanent school on Tolo Harbour, which will house about 1200 cadets. This is the beginning of a project of the greatest interest. Provided it develops along the right lines it could make a major contribution not only to the quantity but equally important, or even more important, to the quality of the young men joining the force.

So much for recruitment.

With regard to police/public relations, the Police took a radical new look at themselves to consider ways and means of making their facilities and procedures more convenient to the law-abiding public at the point of contact. Their reporting procedures were changed to be less time-consuming; the 999 call system was expanded; new police relations with the public via Area Committees were created, and the public's views on current police practices sought

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and listened to. It soon became apparent that the public was anxious for a rapid expansion of a permanent police presence in estates by the construction of new stations. Though some of these were in the pipeline the building programme could not meet these wishes overnight, so the system of reporting centres was greatly expanded. We now have 43, and they are being supplemented by mobile units equipped with radio stationed at fixed points.

The public for its part set about organising itself to make the life of the criminal more difficult in various ways. By increased security in the home and the shop and the residential block; by reporting crime when seen; and by raising a hue and cry after criminals. This has been done through the excellent work of area and mutual aid committees, assisted by the City District Officers. Might I say in parenthesis what an excellent system that of the C.D.O's has come to be, and how constantly it proves its worth.

This was backed by a strong publicity campaign.

A very large element in what was done was a maximum effort by the regular police and the Auxiliaries to deter and arrest criminals and, though tactics necessarily change from time to time, this effort is continuing and will continue.

Five months is, of course, too short a time for decisive or permanent results to be achieved. Moreover statistical analysis is confusing because the success of the campaign in encouraging people to report crimes they would not previously have done has distorted the statistics - as we always expected

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would be the case. The Secretary for Home Affairs, as Chairman of the campaign Committee, will be going into details later in the debate.

But I can say here and now that from the reports received from a very wide variety of sources, I believe we are getting to grips with the problem. The methods chosen appear to have been ones the public understand and appreciate, and they have secured the public's cooperation and involvement on a scale and in a way that is quite new. Many people, from all levels of society, have come forward to help, to organise and to give a lead in making their neighbourhood safer. With this civilian endeavour and sustained police effort, public confidence and ease of mind has improved. Crime was once regarded as a problem for the police alone. It is now accepted as one for the community. There is a new and healthier spirit, new determination, new hope.

So far so good. We should not be dismayed by the length of the road that we still have to travel. We always knew it would be long and hard. But we can take encouragement from having made a sound start. Now everyone, Government, Police and public, must continue as they have started, must not be deflected, and we will prevail.

I shall continue to take the closest possible personal interest in this joint effort by police and public to reduce crime. Nothing touches so intimately the ease of mind and happiness of our community.

#### The Economy

Finally a word about the state of our economy. It is on the success of this that our future development depends. I have said in the past that the aim of this Government was prosperity with social progress. Social progress can only be based on prosperity. What then is the state of our prosperity?

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It has been a year of exceptional difficulty for our exporters, our business men, our bankers and developers. Let me remind you of a few.

The rise and fall of our stock market was a sad and basically very dangerous phenomenon which has left deep scars. It would have brought a less robust economy to its knees. There was an immediate loss of confidence in the market both local and international, and this is only gradually recovering. I think all investors are agreed that in this instance laissez-faire has produced excessive risks both for individuals and for Hong Kong, and I am sure that the introduction of disciplines having the force of law is an essential step on the road to full recovery.

I should like to express my thanks for the devoted work of the Securities Advisory Council under the very able chairmanship of Mr. Y.H. Kan, and also of Mr. Selwyn, the Commissioner for Securities. The draft legislation which is the fruit of their labours will be placed before this Council very shortly. No doubt Honourable Members will wish to look closely at the details. It would be surprising if there were not room for improvement in such massive drafts. But with the safeguards that legislation can provide for investors and with market values bearing a much more attractive price earnings ratio, and with good prospects for growth in the economy, I think we can look forward to brighter days ahead. It is clear from what has been said to me in the City of London and by visiting financiers, that while the phenomenon of the rise and fall was a temporary deterrent to overseas investors, the fact that the economy has been able to weather such a shock has made a very favourable impression.

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I note that the steady stream of Merchant Banks setting up in Hong Kong continues and this is a fair indication of international estimates of the importance and soundness of Hong Kong as a regional financial centre.

But it is the rise in prices which is now causing most immediate concern to all of us. The plain fact of the matter is that the world is going through a particularly inflationary phase, and Hong Kong cannot insulate itself from it.

This world inflationary trend has coincided with a significant rise in the prices being charged for imported foodstuffs. This is partly a result of world grain shortages, partly the exceptional climatic conditions of this summer in Hong Kong and South China, and partly due to new pricing policies which have brought the price of perishable foodstuffs in Hong Kong to levels comparable with prices elsewhere in the world. We must face the fact that those who sell us their goods are just as entitled to charge the going rate for them as we are entitled to do the same for our exports.

In this situation we will of course watch closely to see whether the prices of foodstuffs not subject to normal international competition get out of line with prices elsewhere. We can eliminate artificial restrictions on the source of supply of food and this we have done in the case of rice. To some extent we can discourage exploitation of the uncertainties of the food market by excessive mark-up, and this too has been done in the case of rice. The rise in prices should encourage an increase in domestic supplies of produce and this in time may help. But basically, we are in the

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grip of a world shortage of commodities and we can only hope that forecasts of the easing of this trend will prove correct.

The main contribution the Government can make towards containing inflationary trends is through its social policies: cheap subsidised housing for those least able to afford commercial rents, and the control of rents themselves; free primary education, and heavily subsidised secondary and tertiary education; social services and relief for the handicapped and destitute, and charges for medical care which are so subsidised as to be almost free.

Inevitably the rise in prices will tend to put pressure on wages. In considering the effect on our competitive position, what has happened elsewhere is relevant; and you will appreciate that our competitors have not been confronted with the same rise in prices of perishable foodstuffs due to climatic conditions that we have. It is true that the trend has sharply increased recently, but a study of comparable figures elsewhere shows that up to May, which is the last month for which we have a complete set, the rate of inflation in Hong Kong was no worse than elsewhere - and I refer both to our competitors and our markets. This is not at all to say that present prices here do not press hard upon the population, or that in the last months ~~the~~ comparative trend may not have been against us.

Apart from rising prices two other major problems have beset the economy during the past year. One has been international currency instability. This has created many difficulties for our manufacturers and traders, particularly since so much of our trade has always been transacted in US dollars and sterling. I wish that it were possible for me to suggest that international currency stability is near at hand, but it seems clear

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that uncertainties will continue for some time to come, and that there is nothing which we can do about it. Meanwhile there is evidence of our own currency maintaining its strength.

Today I can add little on the problem of our sterling holdings and the unilateral offer of a 6-month guarantee announced by Her Majesty's Government aimed at stabilising the market. As a major holder the Hong Kong Government of course has a very strong interest in the stability of sterling, and friendly exchanges continue with the Treasury about what we might do in our own and the general interest.

Another major problem for our manufacturers has been a world-wide general shortage of raw materials. I have been impressed by the tremendous efforts made by our importers. The trading and industrial organisations also have played a most helpful role in seeking out raw material sources, whilst the Commerce and Industry Department has assisted with official representations and coordination of effort.

A further difficulty looms ahead in the obligation of the British Government, as from the 1st January, to make its first move towards harmonization with the common external tariff of the E.E.C. Under the accession arrangements, which involved the exclusion of textiles and footwear from Hong Kong in the extension to Hong Kong of E.E.C. generalised preferences this would involve progressive discrimination by Great Britain against Hong Kong in respect of these products. Of course the other side of this coin is that this was the price paid by the negotiators to obtain acceptance by the E.E.C. of Hong Kong's inclusion in all other generalised preferences.

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Nevertheless we find this development a most disquieting one, and we have left Her Majesty's Government in no doubt as to the strength of our feeling on this subject in Hong Kong. We regard this issue as an open one on which adjustments could and should be sought in the course of annual reviews.

Against this background of so many difficulties it is encouraging that the value of our domestic exports alone in the first eight months of this year was 21% up in value on the same eight months of 1972, and let us remember that this is an export-led economy. Even allowing for inflation of values, it was a remarkable result. It would appear that real as the difficulties have been, they have affected different sectors in different ways and to different degrees. Some exporters have found their expansion slowed down by export restraints, for instance in the United States. Others have found increased opportunities in other markets or in other lines. Our business with the E.E.C. has substantially increased, and there are prospects of a more liberal attitude towards imports in Japan. Similarly, changes in international parities have brought loss in some markets, but opened up new opportunities in others. Making allowance for such shifting patterns of light and shade I find the general picture, the picture that affects Hong Kong as a whole, an encouraging one. It is remarkable that in the face of so many problems and uncertainties expansion should still have continued. This gives solid ground for hope that the ingenuity of our exporters and their labour force, the hard-headedness of our official negotiators, and the sheer demand for Hong Kong's goods can continue to combine to ensure the expansion of our economy.

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And so, Honourable Members, it is on this cautiously bullish note that I end this year's address. We have had our measure of problems, and not unnaturally it is these that have tended to hold public attention. But insofar as they have been economic Hong Kong has managed to hold its way through them and maintain its expansion. And for the future the Financial Secretary confidently predicts an annual growth rate of the Gross domestic product in real terms of 7% - a remarkable figure. Insofar as our problems have been social or administrative I have explained what we have done or intend to do, and have told you of such progress as has been made.

We all welcome the progressive relaxation of international tensions in this area, the product of realistic statesmanship. We welcome in particular the new relationship between the United Kingdom and China, and the prospect of the Prime Minister's visit to Peking in January.

If all these different portents hold up I am tolerably confident that the year ahead will be one of the prosperity and social progress to which your Government is committed.

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