



DAILY INFORMATION BULLETIN

WEDNESDAY, OCTOBER 5, 1977

<u>CONTENTS</u>	<u>PAGE NO.</u>
GOVERNMENT DETERMINED TO PRESS AHEAD WITH ITS SOCIAL PROGRAMMES	1
GOVERNOR SAYS HONG KONG'S 1978 OUTLOOK REASONABLY GOOD ..	4
ANGLO-CHINESE RELATIONS EXCELLENT	7
NEW PACKAGE OF PROPOSALS TO EXPAND SOCIAL SERVICES	8
INSURANCE SCHEME FOR WORKERS PROPOSED	10
JUNIOR SECONDARY EDUCATION TO BECOME COMPULSORY AND FREE.	12
WATER RESTRICTIONS TO REMAIN FOR TIME BEING	14
GOVERNMENT TO PRODUCE MORE LAND FOR DEVELOPMENT	16
ADVISORY COMMITTEE ON DIVERSIFICATION OF INDUSTRY PROPOSED	17
MORE COUNTRY PARKS TO BE DESIGNATED	18
PROBE ON INSIDER TRADING AND FURTHER CONTROLS OF DEPOSIT-TAKING COMPANIES	20
HOME OWNERSHIP FLATS FOR SALE EARLY NEXT YEAR	21
MORE LABOUR LEGISLATION WILL BE INTRODUCED	23
DISTRICT ADVISORY BOARDS TO BE SET UP IN N.T.	24
MORE HOSPITALS AND CLINICS ON THE WAY	26
PUBLIC SUPPORT VITAL IN FIGHT AGAINST CRIME	28
WAR ON CORRUPTION WILL CONTINUE DESPITE ENCOURAGING PROGRESS	30

/FIGHT



DAIRY INFORMATION BULLETIN

FIGHT AGAINST DRUG ADDICTION	31
SECURITIES COMMISSIONER TO GIVE PRESS CONFERENCE ON INSIDER TRADING	32
PUBLIC ACCOUNTS COMMITTEE WILL BE SET UP SOON	33
DEVELOPMENT PLANNED FOR MONETARY AFFAIRS BRANCH	33
LARGER SURPLUS FOR 1977/78 PREDICTED	34
GOVERNOR WELCOMES NEW LEGCO MEMBERS	34
MORE MUTUAL AID COMMITTEES FORMED	35

WEDNESDAY, OCTOBER 5, 1977

- 1 -

HK DETERMINED TO PRESS AHEAD WITH SOCIAL PROGRAMMES
* * * * *

THE GOVERNOR, SIR MURRAY MACLEHOSE, TODAY UNDERLINED THE GOVERNMENT'S DETERMINATION TO PRESS AHEAD WITH ITS MASSIVE SOCIAL PROGRAMMES, DESPITE SOME ECONOMIC UNCERTAINTIES.

+OUR AIM IS A RADICAL IMPROVEMENT IN CONDITIONS OF LIFE AND OPPORTUNITIES FOR ALL, BASED ON AN EXPANDING ECONOMY,+ SIR MURRAY SAID IN HIS ADDRESS TO THE OPENING SESSION OF THE LEGISLATIVE COUNCIL.

+TO OUR MAJOR PROGRAMMES FOR HOUSING, CRIME PREVENTION, THE VARIOUS SOCIAL SERVICES AND PROTECTION OF LABOUR, HAVE BEEN ADDED NEW THINKING ON EDUCATION, AND ON RELIEF AND SERVICES FOR THE UNDERPRIVILEGED, HANDICAPPED AND ELDERLY= MEASURES TO MEET THE CHANGING NEEDS OF THE NEW TERRITORIES= AND A DETERMINED EFFORT TO PROVIDE FOR THE ENJOYMENT OF LEISURE. IN ADDITION THERE IS A MASSIVE PROGRAMME OF PUBLIC WORKS AND COMMUNICATIONS,+ HE SAID.

SIR MURRAY BEGAN BY WELCOMING THE EXCELLENT STATE OF ANGLO/CHINESE RELATIONS WHICH, HE SAID, WAS SOMETHING HONG KONG COULD TAKE CONFIDENCE.

HE SAID THAT THE CHINESE AUTHORITIES AGREED TO INCREASE THEIR DELIVERY OF WATER SUPPLIES AS FROM OCTOBER 1 FROM 24,000 MILLION GALLONS TO 30,000 MILLION GALLONS A YEAR. THIS REPRESENTS +A CONSIDERABLE TECHNICAL FEAT AND A MOST HELPFUL ACTION FOR WHICH WE ARE INDEED GRATEFUL.+

HE THEN REVIEWED HONG KONG'S ECONOMIC FUTURE -- PARTICULARLY IN RELATION WITH THE EEC.

+THE ECONOMIC AND FINANCIAL OUTLOOK FOR 1978 IS REASONABLY GOOD, BUT A PROPER ASSESSMENT IS IMPOSSIBLE UNTIL THE OUTCOME OF THE EEC NEGOTIATION IS KNOWN,+ HE SAID.

HONG KONG'S TRADING FORTUNES SHOULD BE FAVOURED BY THE FALLING LEVEL OF STOCKS EXPECTED IN GERMANY AND THE PROSPECT OF INCREASED CONSUMPTION IN THE UNITED KINGDOM.

OUR EXPORT PRICES IN HONG KONG DOLLARS HAVE REMAINED STABLE SINCE THE MIDDLE OF 1976= ALTHOUGH THERE WAS SOME APPRECIATION OF THE HONG KONG DOLLAR IN THE SECOND HALF OF 1976 AND EARLY 1977, IT HAS DEPRECIATED IN THE LAST FEW MONTHS.

+SO WITH WORLD PRICES INCREASING AT ABOUT 8 TO 9 PER CENT A YEAR, OUR COMPETITIVE POSITION IS BEING GRADUALLY REGAINED. GIVEN THE COMPARATIVELY OPTIMISTIC FORECASTS FOR WORLD TRADE IN 1978, THE UNDERLYING CONDITIONS FOR MORE RAPID GROWTH IN OUR DOMESTIC EXPORTS COULD BE PRESENT, AT LEAST FOR THE WIDE FIELD OF ITEMS NOT SINGLED OUT FOR DISCRIMINATORY TREATMENT BY THE EEC,+ HE SAID.

/COMMENTING ON

- 2 -

COMMENTING ON THE EEC'S ATTITUDE TOWARDS 'PRINCIPAL SUPPLIERS' WHICH INCLUDE HONG KONG, SIR MURRAY SAID: +THE LOSS OF TRADE BELOW THE 1976 LEVEL ENVISAGED BY THE COMMISSION WOULD BE ABOUT \$480 MILLION, BUT THE LOSS IN TRADE POSSIBILITIES IN THE EEC COULD BE OVER \$1,000 MILLION.+

ON SOCIAL WELFARE, SIR MURRAY ANNOUNCED THAT A WHITE PAPER ON THE HANDICAPPED WOULD BE PUBLISHED NEXT WEEK FOLLOWED BY THREE GREEN PAPERS ON SOCIAL SECURITY PAYMENTS AND SERVICES TO THE ELDERLY AND YOUTH.

IF THE NEW COMPLETE PACKAGE OF PROPOSALS IN THE WHITE AND GREEN PAPERS WERE ACCEPTED, THE RECURRENT EXPENDITURE WOULD RISE TO \$719 MILLION BY 1982/83 AND CAPITAL EXPENDITURE OVER THE SAME PERIOD AMOUNTING TO \$178 MILLION. IN 1977-78 FUNDS PROVIDED FOR ALL THESE TYPES OF SERVICES COVERED BY THE PROPOSALS AMOUNTED TO \$407 MILLION.

IN MANPOWER TERMS, AN ADDITIONAL 3,700 TRAINED PERSONNEL, THE MAIN INCREASE BEING IN TEACHERS, NURSES AND GRADUATE AND NON-GRADUATE SOCIAL WORKERS, AS WELL AS A MUCH SMALLER BUT VERY IMPORTANT INCREASE IN THE NUMBER OF DOCTORS AND PARA-MEDICAL SPECIALISTS DEPLOYED IN THE FIELD OF REHABILITATION, WOULD BE REQUIRED.

ON EDUCATION, SIR MURRAY SAID: +THERE WILL BE NO MORE HEARTACHE FOR CHILDREN LOSING THEIR CHANCE OF SECONDARY EDUCATION THROUGH FAILURE IN THE SECONDARY SCHOOLS ENTRANCE EXAMINATION BECAUSE THERE WILL BE PLACES FOR ALL FROM SEPTEMBER 1978.+

JUNIOR SECONDARY EDUCATION WOULD BE COMPULSORY IN TWO YEARS, UP TO A CHILD'S 15TH BIRTHDAY OR UNTIL THE FORM III COURSE HAD BEEN COMPLETED, IF THAT IS EARLIER. FEES FOR JUNIOR SECONDARY EDUCATION IN THE PUBLIC SECTOR ARE ALSO TO BE ABOLISHED IN THE 1978/79 SCHOOL YEAR.

SIR MURRAY SAID THE HOUSING PROGRAMME IS NOW IN TOP GEAR AND AT THE CURRENT RATE OF COMPLETION, THE GOVERNMENT EXPECTS TO BREAK THE BACK OF THE PUBLIC HOUSING PROBLEM IN THE NEXT FIVE OR SIX YEARS.

FORTY-SEVEN SITE FORMATION PILING AND BUILDING CONTRACTS WILL BE LET THIS FINANCIAL YEAR -- THREE TIMES THE NUMBER OF LAST YEAR. FROM 14,000 FLATS THIS YEAR COMPLETIONS WILL RISE TO 20,000 NEXT YEAR AND TO OVER 40,000 IN 1979/80 WITH CAPACITY FOR ABOUT 250,000.

ON LABOUR, SIR MURRAY SAID MORE LEGISLATION WOULD BE INTRODUCED IN THE CURRENT SESSION OF THE LEGISLATIVE COUNCIL. INTENDED AMENDMENTS TO THE WORKMEN'S COMPENSATION ORDINANCE WILL REQUIRE EMPLOYERS TO MEET SUCH FEES AS ARE CHARGED FOR MEDICAL ATTENTION TO PERSONS INJURED IN THE COURSE OF EMPLOYMENT= REQUIRE THEM TO MEET THE COST OF REPAIR AND REPLACEMENT OF PROTHESIS AND SURGICAL APPLIANCES AND TO PLACE A SURCHARGE ON DELAYED PAYMENT OF WORKMEN'S COMPENSATION= AS WELL AS TO EXTEND THE TIME LIMIT FOR APPLICATION.

/+CONSULTATION IS

- 3 -

+CONSULTATION IS TAKING PLACE WITH THE LABOUR ADVISORY BOARD AND WITH BOTH SIDES OF INDUSTRY ON WHETHER THE WAGE CEILING IN THE EMPLOYMENT ORDINANCE SHOULD BE RAISED OR REMOVED TO EXTEND PROTECTION TO MORE NON-MANUAL EMPLOYEES,+ HE SAID.

IN THE NEW TERRITORIES, SIR MURRAY SAID, THE GOVERNMENT WOULD SOON SET UP ADVISORY BOARDS IN ALL DISTRICTS TO ADVISE ON MATTERS AFFECTING THE WELL-BEING OF THE INHABITANTS THERE.

THE BOARDS, WHICH WILL INCLUDE BOTH OFFICIALS AND UNOFFICIALS, WILL ADVISE THE GOVERNMENT ON MATTERS SUCH AS THE LOCAL IMPACT OF TERRITORY-WIDE POLICIES OF CENTRAL DEPARTMENTS, THE DEVELOPMENT OF LOCAL AMENITIES AND RECREATION, AND THE USE IN THE DISTRICT OF FUNDS AVAILABLE UNDER THE LOCAL PUBLIC WORKS VOTE.

ON LEISURE, SIR MURRAY STRESSED THAT THE GOVERNMENT WAS DETERMINED TO DESIGNATE FOUR COUNTRY PARKS EACH YEAR, SO THAT IN FOUR YEARS TIME THERE WILL BE ABOUT 20 COVERING VIRTUALLY ALL THE OPEN COUNTRYSIDE.

HOWEVER, SIR MURRAY SAID ALL THESE WERE UNDER-PINNED BY AND WERE DEPENDENT ON HONG KONG'S ECONOMIC PERFORMANCE AND THE PRUDENT MANAGEMENT OF OUR FINANCES.

+THE PROSPECTS FOR 1978 ARE DIFFICULT TO FORECAST AT THIS JUNCTURE= ON THE ONE HAND THERE ARE OBVIOUS DANGERS WHICH CANNOT BE QUANTIFIED AT PRESENT, ON THE OTHER RESPECTABLE GROWTH IN INDUSTRIALISED ECONOMIES AND IN WORLD TRADE CAN BE EXPECTED, AND MAY WELL BE STIMULATED BY NEW MEASURES, AND HONG KONG IS WELL PLACED TO TAKE ADVANTAGE OF WHATEVER GROWTH THERE IS.

+YOU MAY TRUST YOUR GOVERNMENT TO ACT PRUDENTLY IN THE LIGHT OF EVENTS AS THEY UNFOLD,+ HE SAID.

+NOW THAT OUR PLANS ARE MATURING THEIR IMPACT WILL BE CUMULATIVE OVER THE NEXT FIVE OR SIX YEARS.+

DIFFICULTIES AND UNCERTAINTIES HONG KONG IS BOUND TO HAVE, BUT AS EACH ONE CONFRONTS US NOTHING COULD BE MORE DANGEROUS THAN THE BELIEF THAT SAFETY LIES IN IMMOBILITY ON EITHER THE INDUSTRIAL OR SOCIAL FRONTS. +IT WOULD BE A TOTAL MISCONCEPTION,+ HE SAID.

+AND CONDITIONS ARE NOT STATIC EITHER IN THE COUNTRIES OF OUR COMPETITORS OR OUR MARKETS ABROAD.+

HE ADDED: +SO LET US NOT BE DAUNTED BY SUCH ECONOMIC UNCERTAINTIES AS EXIST TODAY. THERE IS MUCH MORE WORKING FOR HONG KONG THAN AGAINST IT= IT ALSO HAD MANY FRIENDS= BUT NO BETTER FRIEND THAN ITSELF AND ITS OWN PEOPLE AND THE INDUSTRIAL AND FINANCIAL AND SOCIAL PHENOMENON WHICH THEY HAVE MADE IT.+

- - - - 0 - - - -

/4

HK'S 1978 OUTLOOK REASONABLY GOOD, GOVERNOR SAYS

* * * * *

THE GOVERNOR, SIR MURRAY MACLEHOSE, TODAY PREDICTED THAT HONG KONG'S ECONOMIC AND FINANCIAL OUTLOOK FOR 1978 IS +REASONABLY GOOD, BUT A PROPER ASSESSMENT IS IMPOSSIBLE UNTIL THE OUTCOME OF THE EEC NEGOTIATION IS KNOWN.+

OUTLINING THIS OBSERVATION, SIR MURRAY, IN HIS ADDRESS TO THE LEGISLATIVE COUNCIL TODAY, SAID OUR TRADING FORTUNES SHOULD BE FAVOURED BY THE FALLING LEVEL OF STOCKS EXPECTED IN GERMANY AND THE PROSPECT OF INCREASED CONSUMPTION IN THE UNITED KINGDOM.

+MOVEOVER, OUR EXPORT PRICES IN HONG KONG DOLLARS HAVE REMAINED STABLE SINCE THE MIDDLE OF 1976- ALTHOUGH THERE WAS SOME APPRECIATION OF THE HONG KONG DOLLAR IN THE SECOND HALF OF 1976 AND EARLY 1977, IT HAS DEPRECIATED IN THE LAST FEW MONTHS,+ HE SAID.

+SO WITH WORLD PRICES INCREASING AT ABOUT 8 TO 9 PER CENT A YEAR, OUR COMPETITIVE POSITION IS BEING GRADUALLY REGAINED.

+GIVEN THE COMPARATIVELY OPTIMISTIC FORECASTS FOR WORLD TRADE IN 1978, THE UNDERLYING CONDITIONS FOR MORE RAPID GROWTH IN OUR DOMESTIC EXPORTS COULD BE PRESENT, AT LEAST FOR THE WIDE FIELD OF ITEMS NOT SINGLED OUT FOR DISCRIMINATORY TREATMENT BY THE EEC. AND LET US REMEMBER THESE ACCOUNTED FOR 90 PER CENT OF OUR TOTAL DOMESTIC EXPORTS TO THE WORLD AS A WHOLE IN 1976,+ HE SAID.

REFERRING TO HIS RECENT VISIT TO LONDON AND BRUSSELS, SIR MURRAY REMARKED, +THE COMMUNITY SHOWS EVERY SIGN OF WISHING TO IMPOSE ON US A MORE RESTRICTIVE REGIME THAN HITHERTO. THE PRINCIPAL FEATURES WOULD BE A ROLL-BACK OF QUOTAS FOR 1978 TO THE 1976 LEVEL OF IMPORTS= BUT FOR EIGHT SENSITIVE ITEMS, FOR SO CALLED +PRINCIPAL SUPPLIERS+ ONLY -- AND HONG KONG IS ONE OF THESE -- THE QUOTAS WOULD BE CUT BACK BELOW THE 1976 LEVEL OF TRADE.+

+IT IS OF COURSE ALMOST UNPRECEDENTED TO DEMAND A ROLL-BACK OF QUOTA AT ALL, AND THIS DISCRIMINATION AGAINST HONG KONG AND THE PRINCIPAL SUPPLIERS FOR THE EIGHT ITEMS WOULD BE AS DAMAGING AS THE PRECEDENT IS DANGEROUS,+ SIR MURRAY SAID.

+THE LOSS OF TRADE BELOW THE 1976 LEVEL ENVISAGED BY THE COMMISSION WOULD BE ABOUT \$480 MILLION, BUT THE LOSS IN TRADE POSSIBILITIES IN THE EEC COULD BE OVER \$1,000 MILLION,+ SIR MURRAY ADDED.

ASSESSING EEC'S PROBLEMS IN DEALING WITH HONG KONG, SIR MURRAY OBSERVED: +WHILE I UNDERSTAND THE PRESSURES GENERATED BY A HIGH LEVEL OF IMPORTS, BY UNEMPLOYMENT AND POLITICS, UNDER WHICH THE EEC HAVE EVOLVED THESE IDEAS, THEIR APPLICATION TO HONG KONG IS AS LACKING IN EQUITY AS IN LOGICAL STATISTICAL BASIS.+

- 5 -

+HONG KONG HAS NOT BEEN THE CULPRIT, IF THAT IS THE RIGHT WORD, IN SURGE OF IMPORTS INTO EUROPE IN THE LAST TWO YEARS- THIS HAS COME FROM OTHER COUNTRIES. INDEED, IMPORTS FROM HONG KONG OF THESE ITEMS SINCE 1975 HAVE SIGNIFICANTLY DECLINED,+ HE SAID.

SIR MURRAY ADDED: +WHILE ONE MIGHT UNDERSTAND THE EEC'S WISH TO GIVE THEIR OWN INDUSTRY A RESPITE THROUGH STABILIZING IMPORTS, THEIR PROPOSAL TO CREATE A POOL OF QUOTA FOR SO-CALLED +NEWCOMERS+ AND COUNTRIES WITH PREFERENTIAL ARRANGEMENTS, AND TO DO SO AT THE EXPENSE OF HONG KONG AND A FEW OTHER ESTABLISHED SUPPLIERS, IS GROSSLY DISCRIMINATORY.+

+STABILISATION WOULD BE BAD ENOUGH,+ SIR MURRAY SAID, +BUT THESE DISCRIMINATORY IDEAS SEEM TO ME TO TAKE THE WHOLE INTERNATIONAL TEXTILE TRADING SYSTEM DANGEROUSLY NEAR THE BRINK OF A PROGRESSIVE SLIDE INTO PROTECTIONISM, ALTHOUGH THE COMMISSION PROFESS THAT THIS IS PRECISELY WHAT THEY WISH TO AVOID.

+THE DISCRIMINATORY PART OF THE EEC'S PROPOSALS IS NOT DESIGNED TO PROTECT DOMESTIC INDUSTRY SO MUCH AS TO REDISTRIBUTE TRADE BY GIVING A LARGE PART OF THE PRINCIPAL SUPPLIERS' EXISTING TRADE TO OTHER EXPORTING COUNTRIES,+ SIR MURRAY POINTED OUT.

BUT SIR MURRAY URGED THAT WHILE WE WATCHED THE COURSE OF THE NEGOTIATIONS WITH ACUTE ANXIETY +WE SHOULD NOT BE CARRIED AWAY BY THE DRAMA OR INDIGNATION OF THE MOMENT INTO BELIEVING THAT HONG KONG'S ECONOMIC FUTURE, OR EVEN HONG KONG'S TEXTILE INDUSTRY AS A WHOLE, IS IMMEDIATELY AT STAKE.

+WE COULD SUFFER A BLOW, PERHAPS EVEN A HEAVY BLOW,+ HE CONTINUED, +BUT CERTAINLY NOT A MORTAL ONE. AT THE WORST IT WILL CONFRONT US WITH A SERIOUS CHALLENGE.+

IN A TOTAL ASSESSMENT OF THE SITUATION, THE GOVERNOR REFERRED TO TWO PROBLEMS THAT HONG KONG GENERALLY FACES.

THE FIRST IS +DOMESTIC CONSUMPTION HAS BEEN GROWING FASTER THAN EXPORTS BECAUSE OF THE RAPID GROWTH IN CONSTRUCTION AND OTHER DOMESTIC CONSUMPTION, AND ALSO BECAUSE OF SLUGGISH DEMAND FOR SOME OF OUR PRODUCTS IN OVERSEAS MARKETS.

+THE PROBLEM COULD BE RESOLVED IN VARIOUS WAYS- FOR INSTANCE BY A REVIVAL IN DEMAND FOR OUR EXPORTS, AND ALSO BY A DROP NEXT YEAR IN THE DEMAND THAT PRIVATE REAL ESTATE DEVELOPERS ARE MAKING ON THE CONSTRUCTION INDUSTRY.+

+AND IF NEITHER OF THESE FACTORS DEVELOP SUFFICIENTLY TO CORRECT THE SITUATION, SIR MURRAY WENT ON, +THERE IS STILL THE INEVITABLE MECHANISM OF MARKET FORCES OPERATING IN THIS INSTANCE THROUGH THE EXCHANGE RATE, INTEREST RATES, AND THE MONEY SUPPLY,+ HE SAID.

/+THE OTHER POINT

WEDNESDAY, OCTOBER 5, 1977

- 6 -

+THE OTHER POINT OF CONCERN,+ SIR MURRAY MENTIONED,+ IS THE THREAT TO OUR TEXTILE INDUSTRY'S ABILITY TO CONTINUE TO GROW IN THE FACE OF RESTRICTIVE ATTITUDES IN OUR MAJOR MARKETS.+

WHILE SUCH ATTITUDES WERE WRONGLY BASED AND DANGEROUS TO THE EXPANSION OF WORLD TRADE, THE GOVERNOR REMARKED: +NEVERTHELESS, THEY ADD NEW URGENCY TO THE LONG TERM DESIRABILITY OF BROADENING OUR INDUSTRIAL BASE.+

SIR MURRAY THEN OUTLINED THE STEPS THE GOVERNMENT IS TAKING TO PROVIDE THE IMPETUS FOR EXPANDING INTO HIGHER TECHNOLOGICAL INDUSTRY.

+THE MAJOR CONTRIBUTION THE GOVERNMENT CAN MAKE,+ HE SAID,+ IS THROUGH PROVISION OF ADEQUATE SUPPLIES OF LAND ON WHICH NEW INDUSTRY CAN BE BUILT. THE REPORT OF THE SPECIAL COMMITTEE ON LAND PRODUCTION, WHICH WILL BE PUBLISHED VERY SHORTLY, SHOWS THAT THE GOVERNMENT WILL BE PRODUCING SOME 2,900 GROSS HECTARES OF LAND UP TO 1981/82.

+OF THIS,+ HE SAID,+ SOME 613 WILL BE FOR SALE TO INDUSTRY AND SOME 580 FOR PRIVATE RESIDENTIAL AND COMMERCIAL PURPOSES. IN ADDITION TO MEETING THE NEEDS OF PLANNED URBAN DEVELOPMENT, THIS WILL PROVIDE AN AVERAGE OF 250 GROSS HECTARES A YEAR FOR PRIVATE, INCLUDING INDUSTRIAL, DEVELOPMENT.+

+THIS IS MORE THAN WE HAVE ACHIEVED OVER A COMPARABLE PERIOD BEFORE, AND IF WISELY USED, SHOULD BE ADEQUATE TO HONG KONG'S IMMEDIATE NEEDS,+ SIR MURRAY SAID.

OF 613 GROSS HECTARES OF LAND FOR INDUSTRY UP TO 1981-82, 168 GROSS HECTARES ARE FOR THE INDUSTRIAL ESTATES AT TAI PO AND YUEN LONG.

+SINCE THIS LAND WILL BE LET AT COST OF FORMATION, IT IS MOST IMPORTANT THAT IT SHOULD BE ALLOTTED ONLY TO PROJECTS WHICH WILL DIVERSIFY THE INDUSTRIAL BASE AND INTRODUCE HIGHER LEVELS OF TECHNOLOGY,+ HE ADDED.

IN ADDITION, SIR MURRAY STATED,+ NEW INTENSIVE AND CONCLUSIVE INVESTIGATIONS BOTH BY CONSULTING ENGINEERS AND THE PWD WILL START VERY SHORTLY BOTH ON A FIXED ROAD CROSSING TO LANTAU AND ON THE DEVELOPMENT POTENTIAL OF THE NORTH SHORE OF THE ISLAND.+

IN ADDITION TO THE PRODUCTION OF LAND, THE GOVERNMENT, THE TRADE DEVELOPMENT COUNCIL AND THE HONG KONG GENERAL CHAMBER OF COMMERCE ARE COLLABORATING TO PROMOTE THE INTRODUCTION INTO HONG KONG OF NEW TYPES OF INDUSTRY FROM OVERSEAS.

THE RAPID EXPANSION OF SECONDARY EDUCATION, THE TECHNICAL INSTITUTES AND POLYTECHNIC, ALL CONTRIBUTE TO ENSURING THAT EXPANSION OF NEW INDUSTRY WILL NOT BE INHIBITED BY LACK OF SUITABLE EDUCATED PERSONNEL, HE CONCLUDED.

- - - - 0 - - - -

/7

WEDNESDAY, OCTOBER 5, 1977

- 7 -

ANGLO-CHINESE RELATIONS EXCELLENT
* * * * *

THE GOVERNOR, SIR MURRAY MACLEHOSE, TODAY SPOKE OF THE EXCELLENT STATE OF ANGLO-CHINESE RELATIONS AND SAID THIS IS SOMETHING FROM WHICH HONG KONG CAN TAKE CONFIDENCE.

SPEAKING AT THE OPENING SESSION OF THE LEGISLATIVE COUNCIL, SIR MURRAY SAID THE ADDITIONAL WATER SUPPLIES FROM CHINA WAS +CHARACTERISTIC OF THE EXCELLENT STATE OF ANGLO-CHINESE RELATIONS AND OF THE PRACTICAL AND SYMPATHETIC WAY IN WHICH MATTERS OF MUTUAL CONCERN TO THE KWANG TUNG AUTHORITIES AND HONG KONG ARE BEING HANDLED.+

- - - - 0 - - - -

/8

GOVERNOR UNVEILS NEW DEAL FOR SOCIAL WELFARE
* * * * *

A NEW COMPLETE PACKAGE OF PROPOSALS FOR EXPANDED SERVICES TO THE HANDICAPPED, THE ELDERLY AND YOUTH, AND FOR INCREASED PAYMENTS IN PUBLIC ASSISTANCE TO THE NEEDY, DISABLED AND INFIRM WAS UNVEILED BY THE GOVERNOR, SIR MURRAY MACLEHOSE, IN THE LEGISLATIVE COUNCIL THIS AFTERNOON.

THESE PROPOSALS, WHICH ARE CONTAINED IN A WHITE PAPER AND THREE GREEN PAPERS, WILL COST THE GOVERNMENT NEARLY \$500 MILLION MORE AND REQUIRE AN ADDITIONAL 3,700 TRAINED PERSONNEL OVER THE NEXT FIVE YEARS.

IN 1977/78 FUNDS PROVIDED FOR ALL THE TYPES OF SERVICES COVERED BY THE WHITE PAPER AND GREEN PAPERS AMOUNTED TO \$407 MILLION- THE NEW COMPLETE PACKAGE OF PROPOSALS ENVISAGE RECURRENT EXPENDITURE RISING TO \$719 MILLION BY 1982/83 AND CAPITAL EXPENDITURE OVER THE SAME PERIOD AMOUNTING TO \$178 MILLION.

TOUCHING ON THE WHITE PAPER ON THE HANDICAPPED, WHICH WILL BE PUBLISHED NEXT WEEK, SIR MURRAY SAID SOME OF THE WORK DONE FOR THE HANDICAPPED IN HONG KONG WAS SECOND TO NONE IN THE WORLD.

BUT THERE WAS AN URGENT NEED TO WIDEN ITS COVERAGE AS QUICKLY AS THE TRAINING OF PERSONNEL AND THE PROVISION OF BUILDINGS WOULD ALLOW, HE ADDED.

SIR MURRAY INDICATED IN BROAD TERMS THAT THE STAFF ENGAGED IN THE MANY DISCIPLINES OF REHABILITATION AND CARE OF THE HANDICAPPED WOULD BE MORE THAN DOUBLED, CAPITAL WORKS OF THE ORDER OF \$86 MILLION WOULD BE UNDERTAKEN, AND RECURRENT EXPENDITURE SHOULD RISE FROM \$122 MILLION IN 1977/78 TO \$197 MILLION IN 1982/83.

+I THINK THAT THE FIRST FIVE-YEAR COURSE WE HAVE SET OURSELVES IS REALISTIC AND SHOULD VASTLY CHANGE THE PRESENT SITUATION,+ HE SAID. +THE CROWDED LIFE OF HONG KONG IS HARD FOR THE HANDICAPPED, AND DR. HARRY FANG AND HIS REHABILITATION DEVELOPMENT CO-ORDINATING COMMITTEE AND THE VARIOUS HEADS OF DEPARTMENTS AND VOLUNTARY AGENCIES INVOLVED CAN COUNT ON THE STRONG SUPPORT OF THE GOVERNMENT IN PUSHING THIS PROGRAMME FORWARD,+ SIR MURRAY ASSURED.

ON PUBLIC ASSISTANCE PAYMENTS, SIR MURRAY SAID PROPOSALS TO INCREASE PAYMENTS TO THOSE UNDER THE SCHEME WOULD BE MADE SHORTLY TO THE FINANCE COMMITTEE AS THE REAL VALUE OF PAYMENTS MAINTAINED BY REFERENCE TO A SPECIAL PRICE INDEX INDICATES THAT AN INCREASE WAS REQUIRED. HE ALSO REVEALED THE FOLLOWING RECOMMENDATIONS OF THE GREEN PAPER:

- * A SUPPLEMENT FOR THOSE FORCED TO RELY ON PUBLIC ASSISTANCE FOR OVER 18 MONTHS AMOUNTING TO \$180 AT THE PRESENT RATE FOR A FAMILY OR \$90 FOR A SINGLE PERSON-
- * A SUPPLEMENT OF \$90 AT THE PRESENT RATE TO PERSONS ON PUBLIC ASSISTANCE WHO ARE AGED 60 AND ABOVE, BUT NOT YET IN RECEIPT OF THE INFIRMITY ALLOWANCE- AND

- * THE ESTABLISHMENT OF SEPARATE APPEAL BOARDS TO WHICH PERSONS COULD APPEAL AGAINST DECISIONS OF THE SOCIAL WELFARE DEPARTMENT.

ON OLD AGE AND DISABILITY ALLOWANCES, SIR MURRAY SAID THIS SYSTEM OF PAYMENTS, BASED ON A CONDITION OF VULNERABILITY, HAD BEEN RE-EXAMINED AND IT WAS CONSIDERED TO HAVE BEEN BOTH SUCCESSFUL AND ACCEPTABLE TO THE PUBLIC. BUT IN THE LIGHT OF FIVE YEARS OF OPERATION THE FOLLOWING CHANGES WERE PROPOSED:

- * THE QUALIFYING AGE FOR OLD AGE ALLOWANCE BE REDUCED FROM 75 TO 70, AND THOSE BETWEEN 60 AND 70 IN GENUINE NEED BE HELPED THROUGH A SUPPLEMENT TO PUBLIC ASSISTANCE-
- * OLD AGE AND DISABILITY ALLOWANCES BE EXTENDED TO THOSE LIVING IN INSTITUTIONS AND
- * ALLOWANCE BE PAID TO THOSE WHO MAY NOT QUALIFY FOR DISABILITY ALLOWANCE, BUT THROUGH ILLNESS OR INFIRMITY HAVE BEEN UNABLE TO WORK FOR A LONG PERIOD -- THE PERIOD PROPOSED IS 18 MONTHS.

AS FOR THE EXPANSION OF SERVICES TO THE ELDERLY, SIR MURRAY SAID THE GOVERNMENT'S MAIN OBJECTIVE IN PLANS FOR THE ELDERLY WAS TO ENCOURAGE FAMILIES THEMSELVES TO CONTINUE TO CARE FOR THEIR OLDER MEMBERS.

+I HAVE ALREADY REFERRED TO TWO SOCIAL SECURITY MEASURES WHICH WILL IN CASH TERMS ASSIST THIS OBJECTIVE. THE GREEN PAPER WILL INCLUDE PROPOSALS TO MEET THE MEDICAL AND HOUSING NEEDS OF THE ELDERLY, THE EXPANSION OF HOME HELP, THE CONSTRUCTION OF CENTRES TO PROVIDE SOCIAL WORK SERVICES FOR THE ELDERLY, AND THE EXPANSION OF INSTITUTIONAL CARE, AND OF CARE AND ATTENTION FACILITIES,+ HE SAID.

TURNING TO EXPANSION OF PERSONAL SERVICES FOR YOUTH, SIR MURRAY POINTED OUT THAT THE RAPID EXPANSION OF RECREATIONAL AND CULTURAL ACTIVITIES FOR THE POPULATION AS A WHOLE, AND PARTICULARLY FOR YOUNG PEOPLE WERE HIGHLY BENEFICIAL AND DESIRABLE IN THEMSELVES.

+I DO NOT THINK IT IS COINCIDENTAL THAT SINCE THE EXPANSION OF THESE SERVICES THERE HAS BEEN A CONSIDERABLE DROP IN THE LEVEL OF JUVENILE CRIME,+ HE STRESSED.

+HOWEVER THERE EXISTS A SMALL MINORITY WHO ARE VULNERABLE TO DELINQUENT INFLUENCES, AND WHO ARE NOT ATTRACTED TO ORGANISED ACTIVITIES. THESE PEOPLE REQUIRE DIRECT PERSONAL GUIDANCE AND HELP IF THEY ARE NOT TO DRIFT INTO THE CRIMINAL WORLD,+ HE ADDED.

THE NEW PROPOSALS IN THE GREEN PAPER PROVIDE FOR COMPREHENSIVE SCHOOL SOCIAL WORK SERVICES, A CAUTIOUS EXPANSION OF OUT-REACHING SOCIAL WORK IN AREAS KNOWN TO HAVE A HIGHER INCIDENCE OF DELINQUENCY, AND INTENSIVE EFFORTS IN FAMILY LIFE EDUCATION, SIR MURRAY REVEALED.

IF THE VARIOUS PROPOSALS IN THE WHITE PAPER AND THREE GREEN PAPERS COMMEND THEMSELVES TO THE PUBLIC AND COUNCIL MEMBERS, THEY WOULD BE PHASED IN OVER THE NEXT FIVE YEARS WITH THE MAIN IMPACT ACHIEVED BEFORE THE END OF 1980, SIR MURRAY SAID.

INSURANCE COVER FOR WORKERS PROPOSED
* * * * *

A SEMI-VOLUNTARY CONTRIBUTION SCHEME PROVIDING INSURANCE COVER AGAINST SICKNESS, INJURY AND DEATH, AND ALSO A SMALL RETIREMENT BENEFIT HAS BEEN PROPOSED IN A GREEN PAPER ON SOCIAL SECURITY, THE GOVERNOR, SIR MURRAY MACLEHOSE, TOLD THE LEGISLATIVE COUNCIL THIS AFTERNOON.

DESCRIBING THE ADDITIONAL PROPOSAL AS OF +CONSIDERABLE INTEREST+, SIR MURRAY SAID THE MAIN AIMS OF THE SCHEME WOULD BE TO PROVIDE A MONTHLY BENEFIT FOR THOSE OFF WORK LONGER THAN THE PERIOD OF 36 PAID SICKNESS DAYS PROVIDED UNDER THE EMPLOYMENT ORDINANCE= AND A LUMP SUM FOR THE HEIRS OF THOSE DYING BEFORE THE AGE OF 60.

IN EACH CASE THE BENEFIT WOULD BE BASED ON THE CONTRIBUTOR'S PREVIOUS EARNINGS, SUBJECT TO ACTUARIAL ADVICE, THERE MIGHT ALSO BE ROOM WITHIN THE SCHEME FOR A HOUSING LOAN FACILITY, SIR MURRAY POINTED OUT.

+THE CONTRIBUTION RATE WOULD BE KEPT LOW PERHAPS AT THE RATE OF 2 PER CENT OF EARNINGS FROM EMPLOYER AND EMPLOYEE ALIKE. THE GOVERNMENT WOULD PAY FOR THE ADMINISTRATIVE COSTS AND PERHAPS PROVIDE INITIAL PRIMING FOR THE SCHEME'S FUNDS. BUT IN GENERAL THE SCHEME WOULD BE SELF-FINANCING,+ HE SAID.

+SO FAR OUR SOCIAL SECURITY SCHEMES HAVE BEEN OPERATED OUT OF REVENUE, WITH THE ADDITION OF BENEFITS PROVIDED BY EMPLOYERS EITHER STATUTORILY OR VOLUNTARILY. BUT IT IS POSSIBLE THAT THIS IS AN AREA WHERE EMPLOYEES WOULD WELCOME THE OPPORTUNITY TO PLAY A MORE POSITIVE ROLE IF ENCOURAGED TO DO SO,+ HE SAID.

THE SIGNIFICANT FEATURE OF THE PROPOSAL, SIR MURRAY NOTED, IS THAT IT WOULD BE UP TO EACH EMPLOYEE WHETHER HE WISHED TO JOIN, BUT IF HE DID SO HIS EMPLOYER WOULD HAVE TO PAY CONTRIBUTIONS TOO UNLESS HE WERE CONTRACTED OUT OF THE SCHEME. THE EMPLOYER COULD CONTRACT OUT IF HE ALREADY PROVIDED BENEFITS SUCH AS WOULD BE CONFERRED UNDER THE SCHEME.

+THIS SCHEME WOULD CATER FOR AN AREA OF NEED, WHICH CANNOT BE MET SATISFACTORILY THROUGH THE PUBLIC ASSISTANCE SCHEME BECAUSE THE PERSONS CONCERNED OR THEIR FAMILIES HAVE MEANS ABOVE THE LEVEL OF ELIGIBILITY FOR PUBLIC ASSISTANCE, BUT ARE NOT SO FAR ABOVE IT AS TO BE INSULATED AGAINST THE FINANCIAL EFFECTS ON THE FAMILY OF THE PROLONGED SICKNESS OR DEATH OF A BREAD-WINNER.

+MOREOVER, THERE MAY BE SOME WHO THOUGH WITHIN THE INCOME LEVEL ELIGIBLE FOR PUBLIC ASSISTANCE WOULD PREFER TO INSURE THEMSELVES IN THIS ALTERNATIVE WAY,+ HE SAID.

/SIR MURRAY

WEDNESDAY, OCTOBER 5, 1977

- 11 -

SIR MURRAY POINTED OUT HOWEVER, THAT THE PROPOSED SCHEME DIFFERED FROM THE SORT OF SOCIAL INSURANCE SCHEME FOUND IN MANY COUNTRIES SINCE IT WOULD BE UP TO EMPLOYEES WHETHER THEY JOINED OR NOT. FURTHERMORE SUCH A SCHEME DID NOT EXIST IN A COMMUNITY WITH SUCH EXTENSIVE NON-CONTRIBUTORY SOCIAL SECURITY COVERAGE AS HONG KONG WOULD HAVE.

+THE DEMAND FOR IT IS THEREFORE DIFFICULT TO PREDICT. BUT THE PROPOSAL IS BEING PUBLISHED IN A GREEN PAPER TO TEST PUBLIC OPINION, AND THE GOVERNMENT LOOKS FORWARD TO RECEIVING THE VIEWS OF THE PUBLIC AND OF TRADE UNIONS AND EMPLOYERS AND WILL BE VERY READY TO ENTER INTO DISCUSSION ON IT,+ SIR MURRAY SAID.

+IF, AS THE GOVERNMENT BELIEVES LIKELY, PUBLIC REACTION DOES INDICATE A REASONABLY WIDESPREAD DEMAND FOR A SCHEME OF THIS SORT, THE GOVERNMENT WILL PROCEED TO ESTABLISH AN ACTUARIAL BASIS AND WORK OUT THE DETAILS AS A BASIS FOR FURTHER DISCUSSION,+ HE ADDED.

+IF THESE HURDLES ARE SUCCESSFULLY TAKEN THE LEGISLATION WILL NEED TO BE PREPARED, WHICH I SHOULD HOPE WOULD BE BEFORE THE END OF 1980,+

- - - - 0 - - - -

/12

WEDNESDAY, OCTOBER 5, 1977

- 12 -

COMPULSORY AND FREE JUNIOR SECONDARY EDUCATION
FOR ALL
* *

JUNIOR SECONDARY EDUCATION WILL BE MADE COMPULSORY AND FREE IN THE PUBLIC SECTOR, THE GOVERNOR, SIR MURRAY MACLEHOSE, TOLD THE LEGISLATIVE COUNCIL TODAY.

AND THE COUNCIL WOULD BE INVITED TO AGREE THAT FEES SHOULD BE ABOLISHED AS FROM THE BEGINNING OF THE SCHOOL YEAR 1978/79 FOR ALL IN FORM I TO III IN THE PUBLIC SECTOR, HE SAID.

AT THE SAME TIME, THE EXISTING PROHIBITION OF EMPLOYMENT OF 13 AND 14-YEAR-OLD CHILDREN IN INDUSTRIAL UNDERTAKINGS WILL BE EXTENDED TO NON-INDUSTRIAL ONES AS WELL.

SIR MURRAY SAID LEGISLATION WILL BE INTRODUCED TO MAKE JUNIOR SECONDARY EDUCATION COMPULSORY UP TO A CHILD'S 15TH BIRTHDAY OR UNTIL THE FORM III COURSE HAS BEEN COMPLETED, IF THAT IS EARLIER.

+THE POWERS OF THE DIRECTOR OF EDUCATION UNDER THE EDUCATION ORDINANCE TO SERVE A SCHOOL ATTENDANCE ORDER WILL BE EXTENDED TO 12 TO 13-YEAR-OLD CHILDREN WITH EFFECT FROM SEPTEMBER 1979 AND TO 14 YEAR-OLDS FROM SEPTEMBER 1980 - THAT IS TO SAY, ONE YEAR AFTER PLACES FOR ALL CHILDREN IN EACH AGE-GROUP BECOME AVAILABLE,+ SIR MURRAY SAID.

ON THE PROPOSED LEGISLATION TO EXTEND THE PROHIBITION OF EMPLOYMENT OF 13 AND 14-YEAR-OLD CHILDREN TO NON-INDUSTRIAL UNDERTAKINGS, SIR MURRAY SAID THE INTENTION WAS TO PROHIBIT EMPLOYMENT WHICH WOULD INTERFERE WITH A CHILD'S SCHOOLING.

BUT, HE ADDED, FLEXIBILITY WILL BE MAINTAINED TO ALLOW FOR PART-TIME EMPLOYMENT PARTICULARLY IN FAMILY BUSINESSES OR SUMMER JOBS.

+THOSE WHO HAVE COMPLETED THEIR FORM III EDUCATION BEFORE REACHING 15 WILL ALSO BE ALLOWED TO WORK IF THEY SO WISH.+

SIR MURRAY SAID THE PROPOSED LEGISLATION ON THIS ASPECT, DETAILS OF WHICH WILL REQUIRE CONSULTATION WITH THE LABOUR ADVISORY BOARD AND THE BOARD OF EDUCATION, WOULD NOT COME INTO FORCE UNTIL THE BEGINNING OF SCHOOL YEAR 1979/80.

HE NOTED THAT WHILE EDUCATION AT FORM IV AND ABOVE WILL REMAIN VERY HEAVILY SUBSIDISED, MODERATE FEES WILL CONTINUE TO BE CHARGED TO THOSE WHO CAN PAY THEM AND WILL BE REMITTED IN WHOLE OR IN PART FOR THOSE WHO CANNOT.

ON FURTHER EDUCATION PROSPECTS OF PRIMARY SCHOOL LEAVERS, SIR MURRAY SAID +THE COMING YEAR WILL WITNESS A MILESTONE IN THE DEVELOPMENT OF EDUCATION IN HONG KONG.

/+FROM

+FROM SEPTEMBER 1978 THERE WILL BE A SECONDARY SCHOOL PLACE FOR EVERY PRIMARY SCHOOL LEAVER. THERE WILL BE NO MORE HEARTACHE FOR CHILDREN LOSING THEIR CHANCE OF SECONDARY EDUCATION THROUGH FAILURE IN THE SECONDARY SCHOOLS ENTRANCE EXAMINATION BECAUSE THERE WILL BE PLACES FOR ALL.

+TO MAKE THIS POSSIBLE 51,480 ADDITIONAL JUNIOR SECONDARY PLACES WILL HAVE BEEN PROVIDED SINCE THE POLICY WAS ANNOUNCED IN FEBRUARY 1976 AND SOME 54 NEW SCHOOLS CONSTRUCTED.

+IT IS PROPOSED TO BUILD A FURTHER 48 SCHOOLS, 18 MORE THAN I ENVISAGED LAST YEAR SO AS TO ENSURE PLACES FOR A PROPER STANDARD FOR ALL IN THESE FORMS, AND TO IMPROVE REGIONAL DISTRIBUTION.

ON PRIMARY EDUCATION, SIR MURRAY SAID TWO WORKING COMMITTEES, UNDER THE GUIDANCE OF A STEERING COMMITTEE CHAIRED BY THE SECRETARY FOR SOCIAL SERVICES, HAVE BEEN APPOINTED TO EXAMINE THE QUALITY OF PRIMARY EDUCATION AND ITS FUTURE DEVELOPMENT, AND THE SERVICES FOR CHILDREN BELOW PRIMARY SCHOOL AGE IN KINDERGARTENS AND DAY CARE CENTRES.

+WHEN THEIR PROPOSALS ARE READY, THEY WILL BE THE SUBJECT OF WIDER CONSULTATION BEFORE DECISIONS ARE TAKEN,+ SIR MURRAY SAID.

REVIEWING HIGHER EDUCATION, SIR MURRAY SAID A WORKING PARTY IS PREPARING A REPORT ON THE FUTURE DEVELOPMENT OF SENIOR SECONDARY AND TERTIARY EDUCATION AND IT WILL BE ISSUED SHORTLY.

HE NOTED THAT THIS MIGHT BE A SUBJECT OF A GREEN PAPER BEFORE ANY FINAL DECISION IS TAKEN.

SIR MURRAY ALSO REVEALED THAT THE GREEN PAPER WILL TAKE A COMPREHENSIVE LOOK AT A WHOLE RANGE OF OPPORTUNITIES FOR THE FORM III LEAVER TO CONTINUE HIS EDUCATION IN SENIOR SECONDARY FORMS, TECHNICAL INSTITUTES AND IN ADULT EDUCATION CENTRES AND PROPOSE IMPROVEMENTS.

+IT WILL DEAL SIMILARLY WITH THE EDUCATION SERVICES AVAILABLE FOR FORM V AND FORM VI LEAVERS IN THE POLYTECHNIC, THE UNIVERSITIES, THE POST-SECONDARY COLLEGES AND ELSEWHERE.

+MEANTIME, PLANS FOR EXPANDING STUDENT NUMBERS AT THE UNIVERSITIES AND THE POLYTECHNIC ARE PROCEEDING WELL,+ HE SAID.

TURNING TO INDUSTRIAL TRAINING, SIR MURRAY SAID ON THE RECOMMENDATION OF THE TRAINING COUNCIL, HE WILL SHORTLY MAKE AN ORDER DESIGNATING FIVE MORE TRADES COVERED BY THE APPRENTICESHIP ORDINANCE APART FROM THE CONSTRUCTION INDUSTRY AND THE CLOTHING INDUSTRY.

HE POINTED OUT THAT THIS WILL MORE THAN DOUBLE THE NUMBER OF TRAINEES COVERED BY THE APPRENTICESHIP ORDINANCE.

IN ADDITION, SIR MURRAY SAID, THE GOVERNMENT HAS ACCEPTED IN PRINCIPLE THE TRAINING COUNCIL'S RECOMMENDATION TO EXTEND TRAINING TO THE COMMERCIAL AND SERVICE SECTORS AND HAS INVITED THE TRAINING COUNCIL TO MAKE RECOMMENDATIONS.

WATER RESTRICTIONS TO REMAIN FOR TIME BEING

* * * * *

THE PRESENT WATER RESTRICTIONS WILL NOT BE RELAXED UNLESS THERE IS UNUSUAL RAINFALL IN THE AUTUMN AND WINTER, THE GOVERNOR, SIR MURRAY MACLEHOSE SAID TODAY.

REVIEWING THE WATER SITUATION AT THE OPENING SESSION OF THE LEGISLATIVE COUNCIL, SIR MURRAY SAID THAT WHEREAS THE RESERVOIRS SHOULD BE MORE OR LESS FULL AT THIS TIME OF YEAR, PRESENT STORAGE IN FACT WAS ONLY 44,442 MILLION GALLONS - 59.6 PER CENT OF TOTAL CAPACITY OR 68 PER CENT OF THE SAME TIME LAST YEAR.

THE STORAGE FIGURE, HE POINTED OUT, INCLUDED THE GENEROUS ADDITION OF 3,400 MILLION GALLONS FROM THE CHINESE AUTHORITIES WHO MAINTAINED A HIGHER RATE OF DELIVERY IN JUNE AND JULY AND EXTENDED THE NORMAL SUPPLY PERIOD FOR A MONTH IN ORDER TO HELP US OUT.

AT THE SAME TIME, HONG KONG'S NEWEST AND BIGGEST RESERVOIR AT HIGH ISLAND WAS WAITING TO STORE RAINFALL, +BUT IT REMAINS SADLY EMPTY+, HE ADDED.

+AT PRESENT WE DO NOT KNOW WHAT RAIN WILL FALL DURING THE REST OF THE AUTUMN AND WINTER, NOR DO WE KNOW WHETHER NEXT SUMMER'S RAIN WILL BE EARLY OR LATE, NORMAL OR ABNORMAL,+ HE SAID.

+THIS IS, THEREFORE, NO TIME TO TAKE RISKS IN SO IMPORTANT A MATTER, AND UNLESS THERE IS UNUSUAL RAINFALL IN THE AUTUMN AND WINTER, YOUR GOVERNMENT DOES NOT INTEND TO RELAX PRESENT RESTRICTIONS.+

THE GOVERNOR SAID THE PRESENT RESTRICTION OF 10 HOURS SUPPLY A DAY FOR DOMESTIC CONSUMERS HAD REDUCED CONSUMPTION TO 225 MILLION GALLONS PER DAY.

ALTHOUGH 10 HOURS A DAY WAS EXTREMELY INCONVENIENT, HE SAID, IT WAS SUPPORTABLE, BUT TIGHTER RESTRICTIONS COULD BE MUCH HARDER TO BEAR, PARTICULARLY IN HIGH RISE BUILDINGS WHERE PRESSURE TAKES LONGER TO BUILD UP.

+WE THEREFORE WISH TO RUN NO RISK OF HAVING TO IMPOSE THEM.+

SIR MURRAY SAID THIS WAS AN UNUSUALLY BAD SITUATION BUT THERE WERE TWO PLUS POINTS IN OUR PROSPECTS.

+FIRSTLY, WE CAN COUNT ON 1,000 MILLION GALLONS A MONTH FROM THE DESALTER REGARDLESS OF RAIN.

/+SECONDLY,

WEDNESDAY, OCTOBER 5, 1977

- 15 -

+SECONDLY, THE CHINESE AUTHORITIES AGREED TO INCREASE THEIR DELIVERY AS FROM OCTOBER 1 FROM 24,000 MILLION GALLONS TO 30,000 MILLION GALLONS A YEAR,+ HE SAID.

+THIS EXTRA 6,000 MILLION GALLONS AT THIS JUNCTURE IS INVALUABLE AND WITHOUT IT THE DANGER OF FURTHER RESTRICTIONS WOULD HAVE BEEN CONSIDERABLE.

+IT REPRESENTS A SIGNIFICANT TECHNICAL FEAT AND A MORE HELPFUL ACTION FOR WHICH WE ARE INDEED GRATEFUL,+ HE SAID.

ON THE BRIGHTER SIDE, HE ADDED, THE ADDITIONAL SUPPLIES FROM CHINA WILL ALLOW US TO RELAX THE RESTRICTIONS SOONER THAN WOULD OTHERWISE HAVE BEEN THE CASE ONCE THE RESERVOIRS HAVE BEGUN TO FILL UP AGAIN NEXT YEAR.

- - - - 0 - - - -

/16

GOVERNMENT TO PRODUCE 2,900 HECTARES OF LAND

* * * * *

THE GOVERNMENT WILL BE PRODUCING SOME 2,900 GROSS HECTARES OF LAND UP TO 1981/82 +IN VIEW OF THE LONG TERM DESIRABILITY OF BROADENING OUR INDUSTRIAL BASE,+ THE GOVERNOR, SIR MURRAY MACLEHOSE, SAID IN THE LEGISLATIVE COUNCIL TODAY.

QUOTING FROM THE REPORT OF THE SPECIAL COMMITTEE ON LAND PRODUCTION, TO BE PUBLISHED VERY SHORTLY, THE GOVERNOR SAID THAT OF THE TOTAL LAND TO BE PRODUCED, SOME 613 HECTARES WOULD BE FOR SALE TO INDUSTRY AND SOME 580 FOR PRIVATE RESIDENTIAL AND COMMERCIAL PURPOSES.

+THIS WILL PROVIDE,+ SIR MURRAY SAID, +AN AVERAGE OF 250 GROSS HECTARES A YEAR FOR PRIVATE, INCLUDING INDUSTRIAL DEVELOPMENT+ -- IN ADDITION TO MEETING THE NEEDS OF PLANNED URBAN DEVELOPMENT.

THIS, IS MORE THAN WE HAVE ACHIEVED OVER A COMPARABLE PERIOD BEFORE, AND IF WISELY USED, SHOULD BE ADEQUATE TO HONG KONG'S IMMEDIATE NEEDS, HE POINTED OUT.

THE REPORT HOWEVER IS LESS HOPEFUL ABOUT LAND PRODUCTION ON THE MAINLAND BEYOND 1982. SOME 770 HECTARES IN FIVE AREAS COULD BE CONSIDERED, BUT SOME WOULD BE EXPENSIVE TO DEVELOP AND ARE INCONVENIENTLY SITUATED. THE SPECIAL COMMITTEE HAD THEREFORE FELT THAT THE GOVERNMENT SHOULD BRING FORWARD ITS PLANS FOR THE DEVELOPMENT OF LANTAU.

+ON THE ADVICE OF EXECUTIVE COUNCIL,+ SIR MURRAY SAID, +NEW INTENSIVE AND CONCLUSIVE INVESTIGATIONS BY CONSULTING ENGINEERS AND THE PWD WILL THEREFORE START VERY SHORTLY BOTH ON A FIXED ROAD CROSSING TO LANTAU AND ON THE DEVELOPMENT POTENTIAL OF THE NORTH SHORE OF THE ISLAND.+

HE ALSO SAID THAT PENDING THE REVIEW OF OPTIONS, HE HAD DECIDED TO REAPPOINT THE SPECIAL COMMITTEE WITH NEW TERMS OF REFERENCE.

+THE OUTCOME OF ITS STUDIES WILL SUPPLY THE PATTERN FOR LAND PRODUCTION FROM 1982 ONWARDS,+ HE SAID.

REFERRING TO THE DEVELOPMENT OF INDUSTRIAL ESTATES, SIR MURRAY SAID THAT 168 GROSS HECTARES OF 613 GROSS HECTARES FOR LAND FOR INDUSTRY UP TO 1981/82 WOULD BE SET APART FOR THE INDUSTRIAL ESTATES AT TAI PO AND YUEN LONG.

+IT IS MOST IMPORTANT,+ HE ADDED, +THE LAND SHOULD BE ALLOTTED ONLY TO PROJECTS WHICH WILL DIVERSIFY THE INDUSTRIAL BASE AND INTRODUCE HIGHER LEVELS OF TECHNOLOGY,+ SINCE THE LAND WOULD BE LET AT COST OF FORMATION.

/AND,

WEDNESDAY, OCTOBER 5, 1977

- 17 -

AND, +THE STRICTEST CRITERIA SHOULD BE APPLIED, AS THEY HAVE BEEN TO THE POLICY OF SELLING LAND OUTSIDE THE ESTATES ON A RESTRICTED USER BASIS, WHICH ITSELF HAS MADE A CONSIDERABLE CONTRIBUTION TO THE INTRODUCTION OF NEW INDUSTRY,+ SIR MURRAY CONCLUDED.

----- 0 -----

ADVISORY COMMITTEE ON DIVERSIFICATION PROPOSED

THE GOVERNOR, SIR MURRAY MACLEHOSE, TODAY PROPOSED TO SET UP AN ADVISORY COMMITTEE ON DIVERSIFICATION OF INDUSTRY IN VIEW OF THE IMPORTANCE OF THE ISSUE.

SPEAKING IN THE LEGISLATIVE COUNCIL TODAY, SIR MURRAY SAID THAT THE COMMITTEE, SIMILAR TO THE SPECIAL COMMITTEE ON LAND PRODUCTION, WOULD ADVISE ON WHETHER THERE IS ANYTHING FURTHER THE GOVERNMENT SHOULD DO, OR ANY CHANGE IN CURRENT ARRANGEMENTS -- INCLUDING FINANCIAL ONES -- THAT SHOULD BE MADE TO FACILITATE THE FURTHER DIVERSIFICATION OF INDUSTRY.

THE PROPOSED COMMITTEE, WITH STRONG UNOFFICIAL PARTICIPATION, WILL BE UNDER THE CHAIRMANSHIP OF THE FINANCIAL SECRETARY.

HOWEVER, SIR MURRAY SAID, HE WAS VERY IMPRESSED BY THE SUCCESS OF THE SPECIAL COMMITTEE ON LAND PRODUCTION IN EVOLVING CLEAR NEW THINKING ABOUT AN OLD AND WELL KNOWN PROBLEM.

IN ADDITION TO LAND PRODUCTION, SIR MURRAY SAID THE GOVERNMENT, THE TRADE DEVELOPMENT COUNCIL AND THE HONG KONG GENERAL CHAMBER OF COMMERCE WERE COLLABORATING TO PROMOTE THE INTRODUCTION INTO HONG KONG OF NEW TYPES OF INDUSTRY FROM OVERSEAS.

+THE RAPID EXPANSION OF SECONDARY EDUCATION THE TECHNICAL INSTITUTES AND POLYTECHNIC, ALL CONTRIBUTE TO ENSURING THAT EXPANSION OF NEW INDUSTRY WILL NOT BE INHIBITED BY LACK OF SUITABLE EDUCATED PERSONNEL,+ HE SAID.

+INDEED ONE MIGHT SAY THAT ONE OF THE MANY OBJECTIVES OF THE FISCAL SYSTEM OF HONG KONG IS TO RETAIN AND ATTRACT CAPITAL FROM BOTH LOCAL AND OVERSEAS INVESTORS+.

----- 0 -----

/17

FOUR COUNTRY PARKS TO BE DESIGNATED EACH YEAR

* * * * *

THE GOVERNMENT PLANS TO DESIGNATE 16 MORE COUNTRY PARKS - FOUR EACH YEAR - BRINGING THE TOTAL TO ABOUT 20 IN THE NEXT FOUR YEARS COVERING VIRTUALLY ALL THE OPEN COUNTRYSIDE EACH WITH ITS OWN MANAGEMENT BUILDINGS AND STAFF, THE GOVERNOR, SIR MURRAY MACLEHOSE SAID TODAY.

SPEAKING AT THE OPENING OF THE NEW LEGISLATIVE COUNCIL SESSION, SIR MURRAY SAID, +WE MUST KEEP A CLOSE EYE ON THIS PROGRAMME TO ENSURE THAT SPEED IS MAINTAINED AND THAT ARRANGEMENTS ARE NOT ONLY ADEQUATE TO DEAL WITH THE VERY LARGE NUMBERS OF THE PUBLIC TO BE EXPECTED, BUT SHOW THE IMAGINATION AND ORIGINALITY THAT THE LOCATION OF THESE PARKS REQUIRES.+

HE DESCRIBED THE GROWING USE OF THE COUNTRYSIDE AS ANOTHER IMPORTANT SOURCE OF RECREATION.

ON THE PROVISION OF LEISURE, HE SAID THIS WAS A COMPARATIVELY NEW CONCEPT FOR GOVERNMENT ACTIVITY IN HONG KONG, BUT WITH THE AFFLUENCE AND MORE HOLIDAYS, THE NEED FOR IT HAD GROWN WITH REMARKABLE SPEED.

TURNING TO YOUTH AND RECREATION ACTIVITIES, SIR MURRAY SAID IT WAS PARTICULARLY IMPORTANT TO ORGANISE ACTIVITIES FOR YOUNG PEOPLE BECAUSE HALF OF OUR POPULATION IS UNDER 25 AND 1.47 MILLION ARE BETWEEN THE AGES OF SIX AND 21.

+WE ESTIMATE THAT ABOUT ONE THIRD OF ALL YOUNG PEOPLE IN THE AGE GROUP OF SIX TO 21 ARE TAKING PART IN SOME FORM OF ORGANISED YOUTH OR RECREATIONAL ACTIVITY, OTHER THAN SCHOOL ACTIVITIES.

+AND OF COURSE, THERE ARE VERY MANY OTHERS WHO DO SO ON A LESS REGULAR BASIS,+ SIR MURRAY SAID.

ON CULTURAL ACTIVITIES, HE SAID THE GOVERNMENT AND THE URBAN COUNCIL WERE ENCOURAGING AND PROMOTING THIS NEW AND VERY HEALTHY TREND.

+MUSCULAR ACTIVITY IS NOT FOR EVERYONE OR FOR ANYONE ALL THE TIME, AND THE SPEED WITH WHICH RECREATIONAL ACTIVITIES HAVE DEVELOPED IN RECENT YEARS HAS BEEN PARALLELED BY A SURGE OF INTEREST IN THE ARTS.

HE SAID THE MAJOR LACK WAS OF SUITABLE AUDITORIA, HOWEVER, HE POINTED OUT THAT THOSE OF SIMILAR SIZE TO THE CITY HALL WOULD BE COMPLETED IN TSUEN WAN, TUEN MUN AND SHATIN BY 1979, 1980/81 AND 1982/83 RESPECTIVELY, AND A LARGE CONCERT HALL AND THEATRE WOULD BE COMPLETED IN THE TSIM SHA TSUI CULTURAL COMPLEX BY 1981/82.

/+WE ALL

WEDNESDAY, OCTOBER 5, 1977

- 19 -

+WE ALL HOPE THAT THE NEW ARTS CENTRE WHICH WAS CONCEIVED IN THE SPIRIT OF THIS SURGE OF INTEREST IN THE ARTS IN HONG KONG, WILL PROVIDE A NEW FOCUS AND FURTHER STIMULUS TO IT,+ SIR MURRAY ADDED.

ON POLLUTION OF THE ENVIRONMENT, SIR MURRAY SAID COMPREHENSIVE PROPOSALS MADE BY THE ADVISORY COMMITTEE ON ENVIRONMENTAL POLLUTION AFTER IT HAD STUDIED THE CONSULTANT'S REPORT WOULD BE PUT FORWARD FOR THE PROVISION OF LEGISLATIVE CONTROLS OVER AIR, WATER AND NOISE POLLUTION AND THE DISPOSAL OF SOLID WASTE WITH ASSESSMENTS OF RESOURCES REQUIRED TO IMPLEMENT THEM.

----- 0 -----

/20

PROBE ON INSIDER TRADING AND FURTHER CONTROLS ON DEPOSIT -
TAKING COMPANIES PROPOSED
* * * * *

TWO MAJOR ITEMS OF FINANCIAL LEGISLATION - ONE TO SET UP A STANDING TRIBUNAL TO INVESTIGATE ALLEGED INSIDER TRADING AND THE OTHER TO EXTEND TO REGISTERED DEPOSIT-TAKING COMPANIES SOME OF THE OBLIGATIONS AT PRESENT IMPOSED ON BANKS - ARE PROPOSED FOR THIS SESSION OF THE LEGISLATIVE COUNCIL, THE GOVERNOR, SIR MURRAY MACLEHOSE SAID.

IN HIS OPENING ADDRESS TO THE LEGISLATIVE COUNCIL TODAY, SIR MURRAY SAID, +THE GOVERNMENT HAS NOW REACHED A CONCLUSION ON WHAT STEPS IT SHOULD TAKE TO PROTECT INVESTORS IN THE DIFFICULT AREA OF INSIDER DEALINGS.

+THE EXECUTIVE COUNCIL HAS NOW ADVISED THAT A STANDING TRIBUNAL BE FORMED TO INVESTIGATE CASES OF ALLEGED INSIDER DEALING. THE COMMISSIONER FOR SECURITIES WILL BE CHARGED WITH THE TASK OF ESTABLISHING A PRIMA FACIE CASE AND IT WOULD BE THE RESPONSIBILITY OF THE FINANCIAL SECRETARY ON THE ADVICE OF THE SECURITIES COMMISSION TO DECIDE WHETHER OR NOT TO REFER SUCH CASES TO THE TRIBUNAL.

+ONCE THE TRIBUNAL HAS COMPLETED ITS INVESTIGATION - WHICH WOULD NORMALLY BE HELD IN PRIVATE - IT WOULD BE REQUIRED TO PUBLISH ITS FINDINGS,+ SIR MURRAY SAID.

HE NOTED THAT THE ESTABLISHMENT OF SUCH A STANDING TRIBUNAL WILL REQUIRE AMENDMENTS TO THE SECURITIES ORDINANCE AND SAID, +I HOPE THAT THIS PROPOSAL WILL COMMEND ITSELF TO HONOURABLE MEMBERS AS A FIRST STEP.

+IN SUCH A DIFFICULT FIELD THERE IS A GOOD CASE FOR STARTING WITH A BODY WHICH WILL HAVE POWERS TO INVESTIGATE AND POWER AND OBLIGATION TO PRONOUNCE ON PROFESSIONAL STANDARDS BUT NOT POWER TO PUNISH DIRECTLY, BUT ONLY INDIRECTLY THROUGH THE AUTHORITATIVE GUIDANCE IT WILL GIVE TO PROFESSIONAL AND PUBLIC OPINION.

+IN THE LIGHT OF EXPERIENCE OF THE WORKINGS OF THE TRIBUNAL AND OF HOW EFFECTIVE IT PROVES, IT WILL BE EASIER TO CONSIDER WHETHER MORE STRINGENT MEASURES ARE OR ARE NOT NECESSARY OR PRACTICABLE,+ SIR MURRAY SAID.

ON THE FURTHER CONTROL OF DEPOSIT-TAKING COMPANIES, HE SAID, +SUBJECT TO THE ADVICE OF THE EXECUTIVE COUNCIL PROPOSALS WILL BE INTRODUCED TO EXTEND TO REGISTERED DEPOSIT-TAKING COMPANIES SOME OF THE OBLIGATIONS AT PRESENT IMPOSED ONLY ON BANKS.

+THIS WILL WIDEN THE EXTENT OF SUPERVISION OVER THEM AND THUS ENABLE THE GOVERNMENT TO MEET ITS OBLIGATIONS TO PROTECT SMALL DEPOSITORS, AND ALSO ENSURE THAT THE GOVERNMENT HAS THE POWER TO ENSURE THAT THE FINANCIAL SYSTEM ADEQUATELY SERVES THE NEEDS OF HONG KONG.

+IT IS NOT PROPOSED TO REMOVE THE PROHIBITION ON DEPOSIT-TAKING COMPANIES OFFERING A RETAIL BANKING SERVICE,+ SIR MURRAY ADDED.

HOME OWNERSHIP FLATS FOR SALE EARLY NEXT YEAR ON FAVOURABLE TERMS
* * * * *

APPLICATIONS FOR FLATS IN THE FIRST SIX ESTATES OF THE HOME OWNERSHIP SCHEME WILL BE INVITED FROM MEMBERS OF THE PUBLIC EARLY NEXT YEAR UNDER VERY FAVOURABLE TERMS COMPARED TO THOSE IN THE OPEN MARKET.

THIS WAS ANNOUNCED BY THE GOVERNOR, SIR MURRAY MACLEHOSE, IN HIS OPENING ADDRESS TO THE LEGISLATIVE COUNCIL TODAY.

SIR MURRAY SAID THE FLATS, VARYING IN SIZE BETWEEN 400 AND 600 SQ. FT., WOULD BE SOLD TO ELIGIBLE BUYERS AT PRICES BELOW THOSE PREVAILING IN THE OPEN MARKET.

+ON THE STRENGTH OF A GOVERNMENT PARTIAL GUARANTEE AGAINST DEFAULT, SPECIAL MORTGAGE ARRANGEMENTS HAVE BEEN NEGOTIATED WITH LEADING BANKS WHICH WILL PROVIDE FOR A STANDARD REPAYMENT PERIOD OF 15 YEARS, INTEREST RATES OF BETWEEN 7-1/2 AND 9 PER CENT PER ANNUM AND A MINIMUM DOWN PAYMENT OF 10 PER CENT OF THE SALE PRICE,+ HE SAID.

+INITIALLY, ELIGIBLE HOUSEHOLDS WILL BE THOSE EARNING UP TO \$3,500 A MONTH, AND PUBLIC HOUSING TENANTS WHO ARE WILLING TO SURRENDER THEIR EXISTING TENANCIES IRRESPECTIVE OF INCOME,+ HE ADDED.

OTHER RULES OF ELIGIBILITY AND DISQUALIFICATION WOULD BE ANNOUNCED SHORTLY.

SIR MURRAY SAID THAT UNDER THE HOME OWNERSHIP SCHEME, IT IS PROPOSED TO BUILD 42,000 FLATS FOR SALE OVER THE NEXT NINE YEARS AND THE PROGRAMME ENVISAGES THE COMPLETION OF 8,500 IN 1979/80, AND BETWEEN 5,000 AND 6,000 IN EACH OF THE SUCCESSIVE YEARS TO 1985/86.

THE GOVERNOR ALSO DISCLOSED THAT NEGOTIATIONS ARE WELL IN HAND WITH REAL ESTATE DEVELOPERS FOR AN EXPERIMENTAL PRIVATE SECTOR PARTICIPATION SCHEME, AND HE COMMENDED THE FINANCIAL SECRETARY AND THE WORKING PARTY FOR HAVING TAKEN THE HOME OWNERSHIP SCHEME TO THIS ADVANCED STAGE.

HE WAS CONFIDENT THAT THE SCHEME WOULD BE A SUCCESS AND MEET A NEED FELT BY MANY FOR THE SENSE OF SECURITY THAT HOME OWNERSHIP CONFERS.

ON PUBLIC HOUSING, SIR MURRAY SAID +THE HOUSING PROGRAMME IS NOW IN TOP GEAR.+

HE SAID 47 SITE FORMATION, PILING AND BUILDING CONTRACTS WOULD BE LET THIS FINANCIAL YEAR - THREE TIMES THE NUMBER OF LAST YEAR - AND THE RATE OF COMPLETION OF FLATS INCLUDING THOSE UNDER THE HOME OWNERSHIP SCHEME WOULD RISE FROM 14,000 THIS YEAR TO 20,000 NEXT YEAR, AND TO OVER 40,000 IN 1979/80 WITH CAPACITY FOR ABOUT 250,000 PEOPLE.

+THIS IS THE ANNUAL FIGURE ON WHICH I HAVE LONG HAD MY EYE. IT IS ONLY AT THIS SORT OF LEVEL THAT WE CAN MAKE THE DECISIVE AND RAPID INROADS INTO THE HOUSING PROBLEM FOR WHICH WE HAVE WORKED AND WAITED SO LONG.

+ABOUT FIVE OR SIX YEARS OF THIS RATE OF COMPLETION SHOULD BREAK THE BACK OF THE PROBLEM AS WE HAVE KNOWN IT,+ HE SAID.

+SITES HAVE, THEREFORE, BEEN ALLOCATED, AND EVERY STEP FOR EACH ESTATE IN THE LONG PROCESS FROM SITE CLEARANCE TO BUILDING COMPLETION HAS BEEN PLANNED AND TIMED SO THAT THIS LEVEL OF OUTPUT CAN BE MAINTAINED AT LEAST UNTIL 1984/85, AND SO THAT ANY SLIPPAGE IN THE PROGRAMME CAN BE DETECTED EARLY AND RECTIFIED,+ HE ADDED.

SIR MURRAY GAVE AN ASSURANCE TO PUBLIC HOUSING TENANTS AND THE PUBLIC THAT THE HOUSING AUTHORITY ACCEPTS ITS OBLIGATION TO PROVIDE DECENT HOUSING FOR LOW INCOME GROUPS AT RENTS THEY CAN AFFORD.

+IN THE URBAN AREAS THIS IS POSSIBLE BECAUSE THE AUTHORITY HAS UNDER ITS CONTROL A LARGE STOCK OF FLATS OF VARYING SIZES, QUALITY AND RENTALS,+ HE SAID.

+THROUGH MUTUAL EXCHANGE AND TRANSFER SCHEMES IT IS NOW POSSIBLE FOR PUBLIC HOUSING TENANTS TO MOVE MUCH MORE FREELY THAN BEFORE TO DISTRICTS AND FLATS OF THEIR OWN CHOICE AND FOR THE AUTHORITY TO OFFER A MUCH WIDER RANGE OF FLATS TO NEW TENANTS.

+IN THE NEW TOWNS, WHERE PUBLIC HOUSING ESTATES CONSIST ALMOST ENTIRELY OF NEW IMPROVED TYPES, THE GOVERNMENT AND THE AUTHORITY REALISE THERE MUST BE A RANGE OF ACCOMMODATION AND RENTS THAT WILL CATER FOR ALL LOW INCOME HOUSEHOLDS ABOVE THE PUBLIC ASSISTANCE LEVEL, WITHOUT PLACING EXCESSIVE BURDENS ON TAXPAYERS,+ HE SAID.

UNDER THE RECENTLY APPROVED NEW FINANCIAL ARRANGEMENTS FOR THE HOUSING AUTHORITY, SIR MURRAY SAID, THE AUTHORITY'S OUTSTANDING DEBTS TO THE GOVERNMENT WERE CONVERTED INTO A STRAIGHT GOVERNMENT CONTRIBUTION ASSESSED CONSERVATIVELY AT MORE THAN \$5,000 MILLION.

+IN FUTURE, FOR THE RENTED HOUSING PROGRAMME, LAND WILL BE PROVIDED TO THE AUTHORITY FREE OF PREMIUM, AND DRAWINGS FROM THE DEVELOPMENT LOAN FUND FOR NEW CONSTRUCTION WILL BE REPAYED OVER 40 YEARS INTEREST FREE.

+ON THE OTHER HAND, THE GRANTS PAID BY THE GOVERNMENT TO COVER THE RECURRENT DEFICITS ON GROUP B ESTATES HAVE BEEN WITHDRAWN,+ HE SAID.

+THE MAIN OBJECT OF THESE ARRANGEMENTS IS TO ENABLE THE AUTHORITY TO EXERCISE GREATER FLEXIBILITY OVER RENTS PARTICULARLY IN THE NEW ESTATES.+

WEDNESDAY, OCTOBER 5, 1977

- 23 -

MORE LABOUR LAWS WILL BE INTRODUCED

* * * * *

THE GOVERNOR, SIR MURRAY MACLEHOSE, REVEALED IN HIS OPENING ADDRESS TO THE LEGISLATIVE COUNCIL TODAY THAT THE GOVERNMENT WILL INTRODUCE SOME MORE LABOUR LEGISLATION IN THE COMING SESSION.

SIR MURRAY SAID AMENDMENTS TO THE WORKMEN'S COMPENSATION ORDINANCE WOULD BE INTRODUCED TO REQUIRE EMPLOYERS TO MEET SUCH FEES AS ARE CHARGED FOR MEDICAL ATTENTION TO PERSONS INJURED IN THE COURSE OF EMPLOYMENT= TO REQUIRE THEM TO MEET THE COST OF REPAIR AND REPLACEMENT OF PROTHESIS AND SURGICAL APPLIANCES= TO PLACE A SURCHARGE ON DELAYED PAYMENT OF WORKMEN'S COMPENSATION AND TO EXTEND THE TIME LIMIT FOR APPLICATION.

IN ADDITION, SIR MURRAY SAID, +CONSULTATION IS TAKING PLACE WITH THE LABOUR ADVISORY BOARD AND WITH BOTH SIDES OF INDUSTRY ON WHETHER THE WAGE CEILING IN THE EMPLOYMENT ORDINANCE SHOULD BE RAISED OR REMOVED TO EXTEND PROTECTION TO MORE NON-MANUAL EMPLOYEES.+

HE ALSO EXPECTED THAT A DRAFT BILL ON ARRANGEMENTS PROPOSED LAST YEAR TO COMPENSATE WORKERS SUFFERING FROM SILICOSIS AND ASBESTOSIS WILL BE INTRODUCED SHORTLY.

SIR MURRAY DESCRIBED THE NEW LEGISLATION TO BE INTRODUCED AS A +FURTHER SMALLER BUT USEFUL PACKAGE+.

+IN RECENT YEARS WE HAVE BEEN MAKING VERY RAPID PROGRESS IN WIDENING THE SCOPE OF OUR LABOUR LEGISLATION BOTH IN THE SOCIAL AND TECHNICAL FIELDS.

BUT IT HAS BECOME APPARENT, HE SAID, THAT THE PACE OF THE LEGISLATION HAS OTRUN THE ADMINISTRATIVE AND ENFORCEMENT CAPACITY OF THE LABOUR DEPARTMENT.

+THE STAFF OF THE DEPARTMENT ARE OF HIGH CALIBRE, BUT THERE ARE TOO FEW OF THEM. IT IS THEREFORE IMPORTANT THAT IN THE COMING YEAR THE DEPARTMENT SHOULD CONSOLIDATE AND BUILD UP ITS RESOURCES.+

- - - - - 0 - - - - -

/24

CREATION OF DISTRICT ADVISORY BOARDS IN N.T.

* * * * *

THE GOVERNMENT WILL SOON SET UP ADVISORY BOARDS IN ALL NEW TERRITORIES DISTRICTS TO ADVISE ON MATTERS AFFECTING THE WELL-BEING OF THE INHABITANTS OF THE DISTRICT, THE GOVERNOR, SIR MURRAY MACLEHOSE, SAID IN HIS OPENING ADDRESS TO THE LEGISLATIVE COUNCIL TODAY.

THE BOARDS, UNDER THE CHAIRMANSHIP OF THE TOWN MANAGER OR DISTRICT OFFICER, AS THE CASE MAY BE, WILL INCLUDE BOTH OFFICIALS AND UNOFFICIALS. THEY WILL ADVISE THE GOVERNMENT ON MATTERS SUCH AS THE LOCAL IMPACT OF TERRITORY-WIDE POLICIES OF CENTRAL DEPARTMENTS, THE DEVELOPMENT OF LOCAL AMENITIES AND RECREATION, AND THE USE IN THE DISTRICT OF FUNDS AVAILABLE UNDER THE LOCAL PUBLIC WORKS VOTE.

THE NUCLEUS OF UNOFFICIAL MEMBERSHIP WILL BE THE CHAIRMEN OF LOCAL RURAL COMMITTEES, WHERE APPROPRIATE, ADDITIONAL MEMBERS WILL BE APPOINTED FROM OTHER ORGANISATIONS MAKING A MAJOR CONTRIBUTION WHETHER OF LONG STANDING, SUCH AS ARTS AND SPORTS ASSOCIATIONS, OR NEW, SUCH AS THE MUTUAL AID COMMITTEES AND AREA COMMITTEES.

+I ENVISAGE THE SIZE OF THE BOARDS, AND OF THE MEMBERSHIP DRAWN FROM OUTSIDE THE TRADITIONAL RANKS OF RURAL AND VILLAGE COMMITTEES, VARYING CONSIDERABLY ACCORDING TO THE DEGREE OF DEVELOPMENT IN THE DISTRICT AND THE PROPORTION OF NEW RESIDENTS TO THOSE OF LONG STANDING.

+I ALSO WISH TO EMPHASISE THE DISTINCTION BETWEEN THE CREATION OF ADVISORY AND CONSULTATIVE MACHINERY AT DISTRICT LEVEL AND THE CENTRAL STATUTORY ADVISORY ROLE OF THE HEUNG YEE KUK.

+THE KUK IS RESPONSIBLE FOR ADVISING THE GOVERNMENT ON THE OVERALL EFFECT OF THE VARIOUS PROGRAMMES AND POLICIES IN THE NEW TERRITORIES BUT QUITE NATURALLY ITS PRINCIPAL RESPONSIBILITY AND CONCERN IS THE IMPACT OF THE DEVELOPMENT PROGRAMMES ON THE INDIGENOUS RESIDENTS, PARTICULARLY WHERE THESE PROGRAMMES AFFECT LAND AND PROPERTY,+ SIR MURRAY SAID.

SIR MURRAY NOTED THAT THE DEVELOPMENT PROGRAMMES WOULD CONTINUE TO BE FUNDED AND DIRECTED BY CENTRAL GOVERNMENT DEPARTMENTS, BUT HE ENVISAGED ARRANGEMENTS BEING MADE SO THAT WHAT WAS PROPOSED FOR EACH DISTRICT EACH YEAR WAS EXPLAINED AND DISCUSSED WITH DISTRICT BOARDS BEFORE ESTIMATES WERE FINALISED. THE BOARDS WOULD ALSO BE PROVIDED WITH FUNDS TO ENABLE THEM TO PROMOTE AND SUPPORT LOCAL ACTIVITIES, AND MAKE MINOR ENVIRONMENTAL IMPROVEMENTS, IN ADDITION TO THE CENTRAL GOVERNMENT PROGRAMMES.

WITH REGARD TO THE STANDARD OF AMENITIES IN THE URBANISED AREAS IN THE NEW TERRITORIES, SIR MURRAY SAID, +IT SHOULD BE COMPARABLE TO THE OLD URBAN AREAS OF HONG KONG.

WEDNESDAY, OCTOBER 5, 1977

- 25 -

+VIGOROUS ACTION IS BEING TAKEN TO RECTIFY THE FORMER SITUATION PARTICULARLY WITH REGARD TO SCHOOLS, MEDICAL FACILITIES, RECREATION AND CULTURAL OPPORTUNITIES.

+I ATTACH GREAT IMPORTANCE TO THE CONSTRUCTION OF TOWN HALLS OR AUDITORIA IN THE NEW TOWNS AS A FOCUS FOR LOCAL INTEREST AND ACTIVITY,+ HE SAID.

SIR MURRAY POINTED OUT THAT PLANS FOR THESE HAD NOW BEEN BROUGHT FORWARD. ONE WAS UNDER CONSTRUCTION, WITH THE AID OF THE ROYAL HONG KONG JOCKEY CLUB, AT TSUEN WAN, AND OTHERS WOULD BE COMPLETED IN TUEN MUN AND SHATIN BY 1981 AND 1982 RESPECTIVELY.

THE GOVERNOR STRESSED THAT CLAIMS OF SMALLER TOWNS WOULD NOT BE NEGLECTED.

-----0-----

/26

WEDNESDAY, OCTOBER 5, 1977

- 26 -

MORE HOSPITALS, CLINICS ON THE WAY

* * * * *

A SERIES OF MAJOR MEDICAL PROJECTS WHICH WILL PROVIDE AN ADDITIONAL 3,900 HOSPITAL BEDS AND MEDICAL TRAINING FACILITIES ARE TO BE COMPLETED IN THE NEXT FEW YEARS, THE GOVERNOR SIR MURRAY MACLEHOSE SAID TODAY.

THESE INCLUDE A 1,300-BED PSYCHIATRIC WING AT PRINCESS MARGARET HOSPITAL BY 1980, A NEW DENTAL CENTRE DESIGNED TO PROVIDE TRAINING FOR DENTAL NURSES NEXT YEAR, AND A SCHOOL DENTAL CARE SERVICE WHICH WOULD BECOME OPERATIONAL IN 1980 WHEN THE SUPPLY OF TRAINED STAFF COMES ON STREAM.

THE GOVERNOR SAID SITE FORMATION WORK HAD ALSO STARTED FOR A 1,400-BED TEACHING HOSPITAL AT SHA TIN, AND AT TUEN MUN PREPARATORY WORK ON ANOTHER MAJOR HOSPITAL OF 1,200 BEDS WAS ABOUT TO BEGIN. THESE PROJECTS WILL BE COMPLETED BY 1982 AND 1983 RESPECTIVELY, HE SAID.

IN ADDITION, EIGHT NEW CLINICS AND POLYCLINICS WILL BE COMPLETED -- SHATIN GENERAL CLINIC IN 1979, TUEN MUN POLYCLINIC STAGE I, NGAU TAU KOK AND LEI MUK SHU BY 1980, EAST KOWLOON BY 1981, SHA TIN POLYCLINIC BY 1982 AND HUNG HOM AND SHAM SHUI PO BY 1983.

SIR MURRAY SAID ALL THESE PROJECTS WOULD REQUIRE ADDITIONAL TRAINED STAFF, AND +PROGRESS IS BEING MAINTAINED IN PLANNING THE NEW MEDICAL SCHOOL AT THE CHINESE UNIVERSITY AND THE DENTAL SCHOOL AT THE UNIVERSITY OF HONG KONG.+

A THIRD GOVERNMENT NURSES TRAINING SCHOOL, HE ADDED, WOULD ALSO BE OPENED IN 1982/83.

IN ADDITION, +A HEALTH SERVICES DIVISION IS BEING ESTABLISHED AT THE POLYTECHNIC TO PROVIDE COURSES TO TRAIN PARAMEDICAL PERSONNEL, INCLUDING PHYSIOTHERAPISTS, OCCUPATIONAL THERAPISTS, MEDICAL LABORATORY TECHNICIANS AND RADIOGRAPHERS. THE FIRST OF THESE COURSES WILL BEGIN IN 1978,+ HE SAID.

LOOKING BACK OVER THE YEAR, THE GOVERNOR NOTED THAT THE MEASURES TAKEN BY THE MEDICAL AND HEALTH DEPARTMENT TO IMPROVE SERVICES FOR THE PUBLIC WERE MEETING THEIR OBJECTIVES, AND THERE WERE ENCOURAGING RESULTS OF THE REORGANISATION OF SERVICES ON A REGIONAL BASIS INTRODUCED IN APRIL.

+PRESSURE ON THE TWO MAJOR REGIONAL HOSPITALS, THE QUEEN MARY AND THE QUEEN ELIZABETH, HAS BEEN REDUCED. CAMP BEDS IN THESE TWO HOSPITALS HAVE AT LAST BEEN VIRTUALLY ELIMINATED, AND BED OCCUPANCY IN THE VARIOUS DISTRICT HOSPITALS, ESPECIALLY THOSE IN THE SUBVENTED SECTOR, HAS INCREASED SIGNIFICANTLY,+ SIR MURRAY SAID. +THIS IS PRECISELY WHAT WAS INTENDED.+

/PRINCESS

WEDNESDAY, OCTOBER 5, 1977

- 27 -

PRINCESS MARGARET HOSPITAL, HONG KONG'S FOURTH MAJOR REGIONAL HOSPITAL, WAS NOW IN FULL OPERATION AND THE AVERAGE BED OCCUPANCY HAD REACHED A VERY SATISFACTORY 85 PER CENT, HE SAID.

THE GOVERNOR NOTED THAT DEMAND FOR OUT-PATIENT TREATMENT CONTINUES TO INCREASE BUT SAID THE NEW POLYCLINICS AT SOUTH KWAI CHUNG AND EAST KOWLOON WOULD HELP AS WOULD THE NEW ASSESSMENT CLINIC AT ARRAN STREET WHICH WILL OPEN THIS MONTH.

+IT IS A WELCOME INNOVATION OF THE NEW DIRECTOR THAT ADDITIONAL SESSIONS AT EIGHT CLINICS ARE NOW OPERATING ON WEEK-DAY EVENINGS AND AT SIX CLINICS ON SUNDAYS AND PUBLIC HOLIDAYS,+ HE SAID.

THE GOVERNOR SAID NEARLY 2,500 CASES WERE DEALT WITH BY COMMUNITY NURSES DURING THE FIRST FIVE MONTHS OF THE SUBVENTED SCHEME INTRODUCED DURING THE YEAR TO EVALUATE THE EFFECTIVENESS OF THE COMMUNITY NURSING SERVICE.

----- 0 -----

/28

WEDNESDAY, OCTOBER 5, 1977

- 28 -

PUBLIC SUPPORT VITAL IN FIGHT AGAINST CRIME

THE GOVERNOR, SIR MURRAY MACLEHOSE TODAY COMMENDED THE COMMUNITY FOR ITS EFFORTS IN THE FIGHT AGAINST CRIME AND STRESSED THAT THEIR CONTINUED SUPPORT WAS ESSENTIAL FOR SUCCESS.

+THE RESPONSE OF THE PUBLIC HAS BEEN MAGNIFICENT, IS AN ESSENTIAL ELEMENT IN THE SUCCESS ACHIEVED, AND MUST BE MAINTAINED AND STRENGTHENED,+ SIR MURRAY SAID IN HIS ADDRESS TO THE OPENING SESSION OF THE LEGISLATIVE COUNCIL.

+IN A FIGHT AGAINST CRIME IN WHICH LAST YEAR EIGHT PER CENT OF ARRESTS WERE EFFECTED BY CITIZENS, NO ONE CAN DOUBT THE SINCERITY AND DETERMINATION OF PUBLIC PARTICIPATION,+ HE ADDED.

SIR MURRAY RECALLED THAT BETWEEN 1964 AND 1974 GENERAL CRIME INCREASED THREE-AND-A-HALF TIMES WHILE VIOLENT CRIME ROSE NINEFOLD, CAUSING THE POPULATION GREAT ANXIETY AND UNDERMINING ITS CONFIDENCE IN THE GOVERNMENT AND POLICE FORCE.

+BUT THE RADICAL STEPS INITIATED IN 1973 GRADUALLY TOOK EFFECT, AND SINCE 1974 UP TO JULY THIS YEAR VIOLENT CRIME HAS DROPPED BY 30 PER CENT AND KEY CRIME BY ABOUT 13 PER CENT,+ HE SAID.

THERE HAD ALSO BEEN A STEADY IMPROVEMENT IN DETECTION RATES AND IN NUMBERS OF PROSECUTION.

+IT IS ALSO SATISFACTORY THAT THE PROPORTION OF OFFENDERS UNDER 21 HAS DROPPED FROM 39 PER CENT IN 1973 TO 30 PER CENT AND OF THOSE UNDER 16 FROM 12 PER CENT TO EIGHT PER CENT,+ HE SAID.

+THE EVIDENT RELIEF OF THE POPULATION THAT WE APPEAR TO BE TURNING THIS CORNER TELLS EVEN MORE THAN THE STATISTICS.+

HOWEVER, SIR MURRAY SAID CRIME WAS STILL UNACCEPTABLY HIGH AND HE URGED THE PUBLIC NOT TO RELAX ITS EFFORTS.

THE RESPONSE OF THE ROYAL HONG KONG POLICE FORCE, HE SAID, HAD ALSO BEEN REMARKABLE, AS ALL WHO KNEW THE FORCE WERE CONFIDENT IT WOULD BE.

THE FACTS, HE SAID, SPOKE FOR THEMSELVES :-

* SINCE 1973 THE EFFECTIVE STRENGTH OF THE FORCE HAS BEEN INCREASED BY 36 PER CENT TO 20,013, INCLUDING CIVILIANS, AND THE NEW INTAKE IS OF CONSISTENTLY HIGH QUALITY.

/• THE CID

WEDNESDAY, OCTOBER 5, 1977

- 29 -

- * THE CID HAS BEEN SUBSTANTIALLY REORGANISED AND REINFORCED AT ALL LEVELS AND THERE HAS BEEN A MARKED IMPROVEMENT IN ITS TECHNICAL SUPPORT. BUT THERE IS ROOM FOR FURTHER EXPANSION AND INCREASE IN ESTABLISHMENT.
- * AS PART OF THE POLICY OF STRENGTHENING POLICE PRESENCE ON THE GROUND AND IN HIGH-RISE BUILDINGS 72 NEIGHBOURHOOD POLICE UNITS AND POLICE REPORTING CENTRES HAVE BEEN ESTABLISHED.
- * REACTION-TIME, AND ALSO ABILITY TO CONTROL AND SUPERVISE THE WORK OF MEN ON DUTY, HAVE BEEN GREATLY IMPROVED THROUGH THE BEAT RADIO SYSTEM COVERING HONG KONG ISLAND, KOWLOON AND TSUEN WAN/KWAI CHUNG AND GRADUALLY TO BE EXTENDED.
- * RELATIONS WITH THE PUBLIC HAVE BEEN GRADUALLY IMPROVED THROUGH EDUCATION OF THE FORCE, THE REVISION OF PROCEDURES, THE ESTABLISHMENT OF POLICE COMMUNITY RELATIONS OFFICERS AND THE HIGHLY SUCCESSFUL JUNIOR POLICE CALL.

+THESE DRASTIC CHANGES IN NUMBERS, DEPLOYMENT, PROFESSIONAL TECHNIQUES AND TRADITIONAL ATTITUDES TO THE PUBLIC, HAVE ALL BEEN ADOPTED WITH GREAT SPEED, AT A TIME WHEN THE FORCE WAS UNDERGOING THE PROCESS OF WEEDING OUT THE CORRUPT,+ SIR MURRAY SAID.

THE NECESSITY FOR THIS PROCESS, HE SAID, WAS ACCEPTED BY ALL HONEST POLICEMEN BUT IT SHOULD NOT BE FORGOTTEN HOW UNPLEASANT AND DISRUPTIVE THE PROCESS COULD BE FOR THEM.

+ALL HONOUR TO THE FORCE FOR THE WAY IN WHICH IT HAS SO GREATLY IMPROVED ITS PROFESSIONAL PERFORMANCE AND ITS PUBLIC IMAGE, WHILE ALL THIS WAS GOING ON,+ SIR MURRAY SAID.

THAT IT WAS ABLE TO DO SO, HE ADDED, IS A TRIBUTE TO THE LEADERSHIP OF THE COMMISSIONER AND HIS OFFICERS, TO THE RESPONSIBILITY OF THE FORCE AS A WHOLE, AND TO THE QUALITY AND MOTIVATION OF THE LARGE INTAKE OF NEW YOUNG BLOOD INTO THE CONSTABULARY AND INSPECTORATE.

THE GOVERNOR ALSO WELCOMED THE COMMISSIONER'S INITIATIVE AND UMELCO'S RESPONSE THAT HAS RESULTED IN THE CLOSE ASSOCIATION OF UMELCO'S STANDING GROUP WITH THE HANDLING BY POLICE OF COMPLAINTS AGAINST THE FORCE.

+THE ADDITION TO PRESENT PROCEDURES OF SCRUTINY AND ADVICE FROM EXPERIENCED AND INDEPENDENT SENIOR MEMBERS OF THE COMMUNITY WILL INCREASE THE CONFIDENCE OF THE PUBLIC, AND I AM SURE WILL BE OF BENEFIT TO THE COMMISSIONER AND THE FORCE AS A WHOLE,+ SIR MURRAY SAID.

- - - - - 0 - - - - -

/30

WEDNESDAY, OCTOBER 5, 1977

- 30 -

NO LET UP IN WAR ON CORRUPT
* * * * *

THE GOVERNOR, SIR MURRAY MACLEHOSE TODAY EMPHASISED THAT THE PRESSURE ON ALL FORMS OF CORRUPTION WILL BE MAINTAINED INEXORABLY, DESPITE THE ENCOURAGING PROGRESS ALREADY MADE.

+CORRUPTION GENERALLY AND SYNDICATED CORRUPTION IN PARTICULAR MAY NO LONGER BE THE SERIOUS PROBLEM IT WAS BEFORE THE ADVENT OF ICAC, BUT I HAVE NOT THE SLIGHTEST DOUBT THAT IF CRIMINALS ONCE BELIEVED THAT THE HEAT WAS OFF WE WOULD SOON BE RIGHT BACK WHERE WE STARTED,+ HE SAID.

SIR MURRAY TOLD THE OPENING SESSION OF THE LEGISLATIVE COUNCIL THAT THE MAJOR TARGET OF THE ICAC'S OPERATIONS DEPARTMENT AT PRESENT WAS SYNDICATED CORRUPTION WITHIN THE PUBLIC SERVICE.

HE SAID HE WAS IMPRESSED WITH THE SUCCESS OF ICAC WHICH HAD ALREADY SECURED THE REMOVAL OF MANY OF THE CORRUPT IN THESE SYNDICATES, AND HAD DISTURBED THE ACTIVITIES OF OTHERS. SOME HAD CEASED OPERATIONS ALTOGETHER, WHILE OTHER WERE AT LEAST DORMANT.

+IN FACT THE COMMISSIONER BELIEVES THAT AT PRESENT THERE ARE NO MAJOR CORRUPTION SYNDICATES IN ACTIVE OPERATION,+ SIR MURRAY SAID.

+NEVERTHELESS, THE EXISTENCE WITHIN THE PUBLIC SERVICE OF PERSONS WHO PROFITED FROM THEM IS UNACCEPTABLE, AND THEY MUST BE TRACKED DOWN AND DEALT WITH,+ HE STRESSED.

THE GOVERNOR SAID IT WAS PARTICULARLY SIGNIFICANT AND SATISFACTORY THAT THE COMMISSIONER IN HIS ANNUAL REPORT LISTED AS ONE OF THE THREE FACTORS WHICH HAVE ENSURED SUCCESS THE COOPERATION OF THE POLICE FORCE.

REFERRING TO THE CONCERN EXPRESSED BY SOME PEOPLE AT WHAT THEY CALLED THE OPERATIONS DEPARTMENT'S METHODS OF INVESTIGATION, SIR MURRAY SAID THAT THE OPERATION OF ANY LAW ENFORCEMENT AGENCY NEEDS TO BE SUPERVISED PUNCTILLIOUSLY AND CONSTANTLY TO ENSURE THAT METHODS OF INVESTIGATION ARE BEYOND REPROACH.

+I KNOW THAT THE COMMISSIONER AND DIRECTOR OF OPERATIONS FULLY ACCEPT THIS SINCE THEY ARE CONVINCED THAT THE CREDIBILITY AND ACCEPTABILITY OF THE COMMISSION COULD BE UNDERMINED IF PRACTICES AND PROCEDURES WERE NOT OF THE HIGHEST POSSIBLE STANDARD,+ HE SAID.

SIR MURRAY SAID ICAC HAD BEEN BRILLIANTLY LED BY MR. JACK CATER AND HAD BEEN VERY WELL SUPPORTED BY THE PUBLIC.

+IT HAS ESTABLISHED THE TOTAL COMMITMENT OF THE GOVERNMENT TO FIGHTING CORRUPTION AND CHANGED MUCH IN HONG KONG THAT MANY THOUGHT WAS UNCHANGEABLE,+ HE SAID.

+IT STILL HAS MORE TO DO, BUT I HAVE NO DOUBT THAT IT WILL DO IT WITH SUCCESS,+ HE ADDED.

- - - - 0 - - - -

/31

HK WINNING STRUGGLE AGAINST DRUG ADDICTION

* * * * *

THE TOTAL NUMBER OF DRUG ADDICTS THAT RECEIVED COMPULSORY AND VOLUNTARY TREATMENT ROSE FROM 6,000 A DAY IN 1973 TO OVER 14,000 NOW WHILE THE NUMBER OF YOUNG ADDICTS HAD DECLINED, THE GOVERNOR, SIR MURRAY MACLEHOSE SAID TODAY IN HIS OPENING ADDRESS TO THE LEGISLATIVE COUNCIL.

THE PERCENTAGE OF ADDICTS UNDER 21 IN PRISONS DEPARTMENT DRUG ADDICTION TREATMENT CENTRES ALSO FELL BETWEEN 1969 AND 1976 FROM 25 TO 8.6 PER CENT, AND AT THE VOLUNTARY TREATMENT CENTRE AT SHEK KU CHAU, THE PERCENTAGE UNDER 19 DECREASED FROM 13 TO FOUR PER CENT OVER THE SAME PERIOD, HE SAID.

THE FIGHT AGAINST DRUG ADDICTION, IN FACT, WAS MAKING PROGRESS ON ALL ITS FRONTS -- INTERNATIONAL CO-OPERATION, LOCAL INTERDICTION AND SEIZURE AND THE REMOVAL OF DEMAND BY TREATMENT, REHABILITATION AND PREVENTIVE EDUCATION, SIR MURRAY POINTED OUT.

HE ADDED THAT THE YARDSTICKS WERE SOMEWHAT UNCERTAIN, BUT THE FACT THAT HEROIN PRICES WERE AT ITS ALL TIME HIGH AND THAT THE NUMBER OF ADDICTS UNDER COMPULSORY TREATMENT SUPERVISION AND AFTER-CARE WERE INCREASING INDICATED THE TREND.

IN JANUARY LAST YEAR THE WHOLESALE PRICE OF HEROIN WAS \$19,000 A KILO, IN DECEMBER LAST YEAR IT WAS \$37,000 AND THIS AUGUST IT WAS \$56,000, HE SAID.

SIR MURRAY PRAISED THE ACTION COMMITTEE AGAINST NARCOTICS, THE SOCIETY FOR THE AID AND REHABILITATION OF DRUG ADDICTS, THE VOLUNTARY AGENCIES, THE NARCOTICS BUREAU OF THE POLICE, THE CUSTOMS AND EXCISE SERVICE AND THE MEDICAL AND PRISONS DEPARTMENTS ON THIS TREND.

+AND I HAVE NO DOUBT IT HAS BEEN MATERIALLY ASSISTED BY THE ACTIVITIES OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION,+ HE SAID.

SIR MURRAY CONTINUED: +WHILE WE ARE ENTITLED TO BELIEVE WE ARE NOW DOING THE RIGHT THINGS IN THE RIGHT WAY, WE CANNOT BE SURE WHETHER OUR ACTIVITIES ARE YET ON A SCALE COMMENSURATE WITH THE PROBLEM.

+THE COMPLETION BY MID-1978 OF A LARGE COMPUTERISED CENTRAL REGISTRY OF DRUG ADDICTS SHOULD SHED NEW AND AUTHORITATIVE LIGHT ON THE ADEQUACY OF OUR POLICIES AND PROGRAMMES.+

TURNING TO PRISONS MATTERS, SIR MURRAY SAID A GENERAL MANAGER IS TO BE APPOINTED TO LEAD A NEW PRISONS INDUSTRY DIVISION FOLLOWING ON A CONSULTANT'S STUDY ON PRISON INDUSTRIES.

/HE SAID

WEDNESDAY, OCTOBER 5, 1977

- 32 -

HE SAID HE WAS SURE THAT WITH PROPER ORGANISATION, SUPERVISION AND CONTROL, THE PRISONS DEPARTMENT COULD MAKE A MUCH LARGER CONTRIBUTION TO GOVERNMENT SUPPLIES.

SIR MURRAY ALSO REVEALED THAT THE HOUSING OF THE PRISON POPULATION WOULD IMPROVE FURTHER THIS YEAR. THE LAI CHI KOK RECEPTION AND LAI KING HILL TRAINING CENTRE WILL OPEN IN DECEMBER AND EARLY NEXT YEAR RESPECTIVELY, AND THE DETENTION CENTRE AT SHA TSUI HAS BEEN EXPANDED. THE DRUG ADDICTION TREATMENT CENTRE AT HEI LING CHAU IS BEING EXPANDED BECAUSE THE CHATHAM ROAD CENTRE WILL BE CLOSED NEXT YEAR AND THE VICTORIA PRISON IS EXPECTED TO FOLLOW WITHIN A FEW YEARS.

- - - - 0 - - - -

NOTE TO EDITORS:

SECURITIES COMMISSIONER TO GIVE PRESS CONFERENCE TOMORROW
* * * * *

THE COMMISSIONER FOR SECURITIES, MR. UISDEIN MCINNES, WILL GIVE A PRESS CONFERENCE AT 3 P.M. TOMORROW (THURSDAY) IN HIS OFFICE AT ROOM 2404 CONNAUGHT CENTRE, CONNAUGHT ROAD CENTRAL.

MR. MCINNES WILL TALK ABOUT +INSIDER DEALING AND THE ESTABLISHMENT OF A TRIBUNAL+.

YOU ARE CORDIALLY INVITED TO SEND YOUR REPRESENTATIVES TO ATTEND THE CONFERENCE. T.V. CAMERAMEN ARE ADVISED TO ARRIVE EARLY SO THAT THEY HAVE AMPLE TIME TO SET UP THEIR EQUIPMENT.

- - - - 0 - - - -

/33

PUBLIC ACCOUNTS COMMITTEE WILL BE SET UP SOON
* * * * *

THE GOVERNOR, SIR MURRAY MACLEHOSE SAID TODAY THE FORMALITIES FOR THE ESTABLISHMENT OF A PUBLIC ACCOUNTS COMMITTEE PROPOSED BY THE FINANCIAL SECRETARY IN HIS BUDGET SPEECH EARLY THIS YEAR, WILL BE COMPLETED EARLY IN THIS LEGISLATIVE COUNCIL SESSION.

SIR MURRAY SAID THIS WILL ENABLE THE NEW PROCEDURES TO BE INTRODUCED BY THE TIME THE DIRECTOR OF AUDIT SUBMITS HIS REPORT FOR THE FINANCIAL YEAR 1977/78.

HE DESCRIBED THIS DEVELOPMENT AS A SIGNIFICANT STEP FORWARD IN STRENGTHENING THE FACILITIES AT THE DISPOSAL OF THE LEGISLATIVE COUNCIL TO ENQUIRE INTO THE FINANCIAL ACTIVITIES OF THE GOVERNMENT.

- - - - 0 - - - -

DEVELOPMENTS PLANNED FOR MONETARY AFFAIRS BRANCH
* * * * *

TWO FURTHER DEVELOPMENTS ARE PLANNED FOR THE MONETARY AFFAIRS BRANCH TO CENTRALISE AND CONCENTRATE CONTROL AND ADMINISTRATION OF THE GOVERNMENT'S FINANCIAL AFFAIRS, THE GOVERNOR, SIR MURRAY MACLEHOSE SAID TODAY.

THE FIRST IS THE TRANSFER TO THE MONETARY AFFAIRS BRANCH OF TREASURY FUNCTIONS CONNECTED WITH THE SUPPLY OF NOTES AND COINS TO THE BANKING SYSTEM, HE SAID.

+THE OTHER WILL RESULT IN THE EXCHANGE FUND TAKING OVER HONG KONG DOLLAR ASSETS OF THE GENERAL ACCOUNT, OTHER THAN THOSE REQUIRED FOR DAY TO DAY BUSINESS.

+THE EXCHANGE FUND WILL THEN EFFECTIVELY BECOME BANKER TO THE GOVERNMENT,+ HE SAID.

SIR MURRAY POINTED OUT THAT WHEN THESE MOVES HAVE BEEN COMPLETED ALL OF WHAT MAY BE DESCRIBED AS THE CENTRAL BANKING FUNCTIONS PRESENTLY CARRIED OUT BY THE GOVERNMENT AND ALSO THE CONTROL AND MANAGEMENT OF ALL THE GOVERNMENT'S FINANCIAL ASSETS, WILL HAVE BEEN LOCATED IN THE MONETARY AFFAIRS BRANCH UNDER THE DIRECTION OF THE SECRETARY FOR MONETARY AFFAIRS WHO IS RESPONSIBLE TO THE FINANCIAL SECRETARY.

- - - - 0 - - - -

GOVERNOR PREDICTS LARGER SURPLUS

* * * * *

THE GOVERNOR, SIR MURRAY MACLEHOSE, PREDICTED TODAY THAT SUBJECT TO RESERVATION HONG KONG WOULD END UP WITH A SLIGHTLY LARGER SURPLUS THAN THAT FORECAST BY THE FINANCIAL SECRETARY.

SIR MURRAY WAS COMMENTING ON HONG KONG'S STATE OF PUBLIC FINANCES IN HIS OPENING ADDRESS TO THE LEGISLATIVE COUNCIL.

HE SAID THAT THIS YEAR'S TOTAL EXPENDITURE WOULD BE ABOUT \$100 MILLION HIGHER THAN THE ORIGINAL ESTIMATE OF \$8,245 MILLION.

+ON RECURRENT ACCOUNT THIS PROJECTION ALLOWS FOR ADDITIONAL EXPENDITURE ON THE PUBLIC SERVICE AS A RESULT OF THE 1977 SALARIES REVISION, AND SOME OTHER PLUSSES AND MINUSES. ON CAPITAL ACCOUNT THERE IS NO REASON TO BELIEVE THAT THE ESTIMATE WILL REQUIRE SIGNIFICANT REVISION,+ HE SAID.

HOWEVER, SUBJECT TO ALL THE RESERVATIONS THAT MUST BE MADE AT THIS EARLY STAGE OF THE FINANCIAL YEAR,+ WE SHALL PROBABLY FINISH UP WITH A SLIGHTLY LARGER SURPLUS THAN PREDICTED BY THE FINANCIAL SECRETARY.+

- - - - 0 - - - -

GOVERNOR WELCOMES NEW LEGCO MEMBERS

* * * * *

THE ADDITION OF A DISTINGUISHED ACADEMIC AND A NEW TERRITORIES PERSONALITY AND LAWYER TO THE LEGISLATIVE COUNCIL CONTINUES THE GOVERNMENT'S POLICY OF BROADENING THE PROFESSIONAL AND SOCIAL BACKGROUND FROM WHICH MEMBERS OF THE COUNCIL ARE ABLE TO SPEAK, THE GOVERNOR, SIR MURRAY MACLEHOSE SAID TODAY.

SIR MURRAY WAS WELCOMING AT THE OPENING SESSION OF THE LEGISLATIVE COUNCIL TWO NEW UNOFFICIAL MEMBERS, DR. RAYSON HUANG AND MR. CHARLES YEUNG, AND ONE OFFICIAL MEMBER, MR. JOHN WALDEN, DIRECTOR OF HOME AFFAIRS.

THE GOVERNOR SAID THE NUMBER OF UNOFFICIAL MEMBERS HAD INCREASED FROM 13 IN 1971 TO 24 NOW AND THE OVERALL SIZE OF THE COUNCIL FROM 26 TO 45.

+THIS REFLECTS THE STEADILY INCREASING BURDEN THAT THE COUNCIL IN GENERAL, AND ITS UNOFFICIAL MEMBERS IN PARTICULAR, CARRIES AND THE MULTIPLICITY OF TASKS THAT UNOFFICIAL MEMBERS PERFORM TO THE GREAT BENEFIT OF THE PUBLIC INTEREST,+ HE SAID.

+IF, AS I SHOULD EXPECT, THE WORKLOAD OF UNOFFICIALS INCREASES WE SHOULD NOT EXCLUDE THE POSSIBILITY OF SOME FURTHER ADDITIONS TO THE COUNCIL IN DUE COURSE,+ HE ADDED.

- - - - 0 - - - -

WEDNESDAY, OCTOBER 5, 1977

- 35 -

MORE MAC'S FORMED
* * * *

ABOUT HALF OF THE 600 NEW MUTUAL AID COMMITTEES PLANNED FOR THIS FINANCIAL YEAR HAVE ALREADY BEEN FORMED, THE GOVERNOR, SIR MURRAY MACLEHOSE TOLD THE LEGISLATIVE COUNCIL TODAY.

+AND TO ORGANISE, ADVISE AND SUPPORT THEM, STAFF OF THE HOME AFFAIRS DEPARTMENT HAS BEEN INCREASED BY 12 LIAISON OFFICERS AND SOME 60 COMMUNITY ORGANISERS,+ HE SAID.

SIR MURRAY NOTED THAT THERE WERE NOW OVER 2,500 MAC'S ACTIVELY INVOLVED IN FURTHERING THE INTERESTS OF SOME TWO MILLION RESIDENTS, AND HAVE BEEN WORKING CLOSELY WITH THE HOME AFFAIRS DEPARTMENT AND THE NEW TERRITORIES ADMINISTRATION.

SIR MURRAY SAID THE MAC'S, DISTRICT AND AREA COMMITTEES AND KAIFONG ASSOCIATIONS HAVE PLAYED VITAL ROLES IN THE ENFORCEMENT OF LAW AND ORDER IN RECENT YEARS.

+BUT THEY HAVE DONE MUCH MORE THAN HELP TO TURN THE TABLES ON CRIME AND LITTER,+ HE SAID.

+THEY ARE NEIGHBOURHOOD ASSOCIATIONS WHICH ARE ACTIVE OVER INCREASINGLY WIDE FIELDS- THEY ARE MAJOR POINTS OF CONTACT AND REFERENCE FOR THE GOVERNMENT, THEY ARE A SIGNIFICANT DEVELOPMENT IN OUR SOCIETY, BOTH FOR THE PRACTICAL RESULTS THEY ACHIEVE, AND FOR THE OPPORTUNITY THEY OFFER TO MANY PEOPLE TO PARTICIPATE IN NEIGHBOURHOOD AFFAIRS IN A WAY NOT OPEN TO THEM PREVIOUSLY.

+THEY MUST THEREFORE BE BOTH HELPED AND USED,+ SIR MURRAY SAID.

- - - - 0 - - - -