

**Address by  
H.E. The Governor  
Sir Murray MacLehose,  
G.B.E., K.C.M.G., K.C.V.O.,  
at the opening session  
of the Legislative Council  
10th October, 1979  
(extract on Housing)**

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## **MAJOR GOVERNMENT PROGRAMMES**

**117** Now, against the background of the economic situation and budgetary I have described, I will report briefly on how we progressed with some of our major programmes. I will start with Housing.

### **Housing**

**118** Last year I forecast the production of Government housing would rise from 18 000 flats last year to 45 000 this year and could thereafter be maintained at a level between 40 000 and 45 000 until the mid-80s. I did so in the mistaken belief that domestic demand, and in particular domestic demand affecting the construction industry, would shortly ease. As you know it did not do so and still has not done so. In the knowledge of hindsight I am doubtful if, for purely technical and administrative reasons, the target of 45 000 could ever have been achieved. But it became clear that the attempt even to approach it would only be at the expense of intolerable strain on the whole construction industry, which is expected to produce additionally 30 000 flats for the private sector as well as catering for a whole range of massive public and private works.

**119** Against this background, and the review of public sector expenditure generally, your Government decided on a lower target of 35 000 units a year for rented and home ownership accommodation. This is still about double last year and an extraordinarily high level of production, and when coupled with the 30 000 units in the private sector, should make steady in-roads into this chronic problem of housing shortage. In the connection it is encouraging that 70% of new flats purchased in the private sector are for owner-occupiers. Nevertheless given the dimensions of the need for housing, its aggravation by immigration, and the acute personal, economic and administrative problems that will exist until it is met, I would be reluctant to accept the present balance between private and public sector building as permanent, at any rate at present prices. In the short term it may be acceptable -we are in situation in which virtually all new housing is beneficial but we should ponder the social and economic implications of the high prices charged for private sector housing being

built into the budgets of an ever widening section of our population. Similarly we must weigh the public advantage of the demands on the construction industry generally of public works on the one hand and private construction on the other.

**120** There is nothing immutable about the figure of 35 000: in different economic circumstances it should be possible to improve on it. But short of the most imperative of economic situations we must not allow ourselves to drop below it.

**121** So the housing programme continues to be of prime importance, and in the review of public sector expenditure it was rightly given very high priority. Since I last spoke to you the need for public housing has been shown to be greater rather than less than was first calculated. It is now clear that we must roll forward the housing programme after 1985, probably at about present levels. Investigation of additional sites to take the programme to the end of the 80s is being undertaken.

**122** The public housing programme is designed to assist the lower income group, that is the majority of the population. But it has become apparent that families in the income band immediately above the limit of \$5 000 per month for the Home Ownership Scheme, are experiencing real difficulties at the moment. The projected figures suggest that the supply of flats of 800-1 200 square feet will remain limited and that this problem will therefore continue for some time. Although priority must continue to be given to those who need help most, Government should not ignore the position of this relatively small group. I have therefore ordered a review, in the context of our housing policy as a whole, of the position of this group. I realize that economic constraints and our existing priorities and commitments may not permit a complete solution, but certainly the problem deserves careful immediate consideration.

**123** It is not only from the lower or middle income bracket that pressure for housing is coming. An acute shortage of high-class housing has developed as a result of the expansion of our financial and commercial sectors, and to some extent in response to expectations created by new economic policies in China. While there can be no quick solution to this problem, special measures are being taken to put land on the market suitable for building to meet this demand. We are also considering by new construction and more intensive development of Government property how to reduce the demands on privately owned accommodation made by the Government for its own employees; so pressure on the building industry will continue from many sides and I hope it will gear itself to the demand it can expect.

### **New Territories-Development**

**124** Much of this new public and private housing is and will be in the New Territories. A few years ago the pace of this development was accelerated wherever possible, now we have to slow down the pace because of the capacity restraints within which we have to work. This means not that we have abandoned any projects, but only that we have to accept later completion of some of them. But a visit to Sha Tin or Tuen Mun will dispel any fear that the construction of these new communities, with their prospect of such an improved quality of life, has lost its momentum.

**125** To give some examples, in Sha Tin work is in full swing on the teaching hospital and polyclinic which will provide comprehensive medical facilities by 1982, while in Tuen Mun the planning layout for the town center has been completed and the land sales which will lead to an integrated commercial and residential center covering some 16 hectares and which will be associated with a town park of some 12 hectares will begin early next year. To make up for past deficiencies, in Tsuen Wan three secondary schools have been completed this year and five are under construction. In Tsuen Wan also, a splendid new town hall, which will add an entirely new dimension not only to the life of Tsuen Wan but to the whole of Hong Kong, will be opened early next year.

**126** The Housing Authority currently has 35 contracts let for estates in the New Territories alone for the production of some 57 000 flats over two-and-a-half years. Over the same period the private sector is expected to completed a further 28 000 flats in the New Territories. Surely this is progress.

**127** None of the housing, amenities, schools and landscaped surroundings would be of any value without employment. And the new towns are not intended as dormitories. So the progress of industry in the New Territories is vital. Up to 30 September 748 000 square metres of factory accommodation has been completed this year and approximately 50 000 square metres of industrial land have been sold. In addition to the continuing development of these light industrial areas, Stage I of the Tai Po Industrial Estate has been completed on schedule, 20 factory sites have been let and four more expected to be let soon, and the first factory will open in the Spring. Stage II of the Estate should be completed by the end of next year. In the west, at Yuen Long, an Industrial Estate will provide 72 hectares of industrial sites by mid-1982, with the first phase due for completion early in 1980. These special industrial areas are bound to have a substantial effect on the future development and prosperity of the northern New Territories.