



# DAILY INFORMATION BULLETIN

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THURSDAY, JULY 4, 1991

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MEMORANDUM OF UNDERSTANDING ON NEW AIRPORT

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SIR PERCY CRADOCK, FOREIGN AFFAIRS ADVISER TO THE PRIME MINISTER, VISITED CHINA FROM 27 JUNE TO 1 JULY AS THE PRIME MINISTER'S REPRESENTATIVE AND HELD A SERIES OF MEETINGS WITH CHINESE LEADERS AND SENIOR OFFICIALS ON INTENSIFYING CO-OPERATION OVER HONG KONG, AND PARTICULARLY ON THE QUESTION OF THE CONSTRUCTION OF THE NEW AIRPORT IN HONG KONG.

DURING THE VISIT, SIR PERCY CRADOCK WAS RECEIVED BY GENERAL SECRETARY JIANG ZEMIN AND PREMIER LI PENG AND BY STATE COUNSELLOR AND FOREIGN MINISTER QIAN QICHEN. THE ATMOSPHERE OF THE MEETINGS WAS FRIENDLY AND CORDIAL.

DURING SIR PERCY CRADOCK'S STAY IN PEKING, HE HAD THOROUGH DISCUSSIONS WITH MR LU PING, THE DIRECTOR OF THE HONG KONG AND MACAO OFFICE UNDER THE STATE COUNCIL AND OTHER CHINESE OFFICIALS ON THE QUESTION OF THE CONSTRUCTION OF THE NEW AIRPORT IN HONG KONG. THESE MEETINGS WERE THE CULMINATION OF THE INTENSIVE DISCUSSIONS ON THE SAME SUBJECT WHICH THE TWO SIDES HAD CONDUCTED FOR THE LAST FEW MONTHS. AS A RESULT OF THESE DISCUSSIONS AGREEMENT HAS BEEN REACHED ON THE HONG KONG AIRPORT PROJECT. THE TWO SIDES INITIALLED A MEMORANDUM OF UNDERSTANDING CONCERNING THE CONSTRUCTION OF THE NEW AIRPORT IN HONG KONG AND RELATED QUESTIONS, WHICH WILL COME INTO EFFECT ON SIGNATURE BY HEADS OF GOVERNMENT.

THIS UNDERSTANDING PROVIDES A FIRM BASIS FOR THE BUILDING OF A NEW MODERN AIRPORT TO SERVE THE EXPANDING NEEDS OF HONG KONG NOW AND IN THE FUTURE. THE MEMORANDUM EMBODIES THE WISH OF THE BRITISH AND CHINESE GOVERNMENTS TO DEEPEN THEIR CO-OPERATION OVER HONG KONG ON THE BASIS OF THE JOINT DECLARATION AND THE CONFIDENCE OF BOTH GOVERNMENTS IN THE FUTURE OF HONG KONG AS AN INTERNATIONAL ECONOMIC, FINANCIAL AND TRADING CENTRE.

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FULL TEXT OF MEMORANDUM  
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MEMORANDUM OF UNDERSTANDING  
CONCERNING THE CONSTRUCTION OF THE NEW AIRPORT  
IN HONG KONG AND RELATED QUESTIONS

After friendly discussions in Beijing between representatives of the Government of the United Kingdom of Great Britain and Northern Ireland and representatives of the Government of the People's Republic of China from 27 - 30 June 1991, the two Governments, bearing in mind

- the urgent need for a new airport in Hong Kong in order to ensure and develop its prosperity and stability,
- the need for the airport project to be cost-effective and not to impose a financial burden on the Government of the Hong Kong Special Administrative Region of the People's Republic of China after 30 June 1997, and
- the need for practical and workable arrangements to allow work connected with the new airport to be carried out speedily and efficiently,

have reached the following understandings:

A. Between now and 30 June 1997 the Hong Kong Government will complete the Airport Core Programme projects listed in the Annex to this Memorandum of Understanding to the maximum extent possible. The Hong Kong Government will be responsible for the construction of projects covered by this Memorandum up to 30 June 1997.

/B. The .....

B. The Chinese Government will support the construction of the new airport and related projects. It will indicate clearly to interested potential investors in accordance with the principles enshrined in this Memorandum that obligations related to the airport projects entered into or guaranteed by the Hong Kong Government will continue to be valid and be recognised and protected by the Hong Kong Special Administrative Region Government from 1 July 1997. The Chinese Government have accepted that the Bank of China will play an appropriate part, for example in the syndication of loans for the airport projects, and that Chinese construction firms may compete in the normal way for projects connected with the airport.

C. On important matters relating to the airport project that straddle 30 June 1997, the Chinese and British Governments will carry out consultations in a spirit of cooperation and in accordance with the Sino-British Joint Declaration. An Airport Committee will be constituted for this purpose under the auspices of the Sino-British Joint Liaison Group, with membership drawn equally from both sides. Its tasks will be as follows:

(i) The British side will consult the Chinese side within the Airport Committee before the Hong Kong Government grants major airport-related franchises or contracts straddling 30 June 1997 or guarantees airport-related debt straddling 30 June 1997. The Chinese side will adopt a positive attitude to such grants, contracts and guarantees. Up to one month after the British side provide details of the proposals will be allowed for discussion between the two sides in each case. Any decision will give full weight to the Chinese Government's views. The governing criteria in the case of a decision on a franchise will be the profitability and efficiency of that franchise;

(ii) The British side will consult the Chinese side within the Airport Committee before the Hong Kong Government proceeds with any major airport project other than those in the Annex to this Memorandum and any of the current Airport Core Programme projects in the Annex for which the bulk of government expenditure will fall after 30 June 1997. Such projects will only be initiated if the two sides have reached a common view concerning them.

- D. The Chinese Government will adopt a positive attitude to necessary and reasonable borrowing by the Hong Kong Government to be repaid after 30 June 1997. If the total amount of debt to be repaid after 30 June 1997 will not exceed HK Dollars 5 billion, the Hong Kong Government will be free to borrow as necessary while informing the Chinese Government. If the total amount of such debt will exceed HK Dollars 5 billion such borrowing will only proceed if a common view has been reached concerning the proposal.
- E. On the basis of the above understanding the Hong Kong Government will plan its finances with the firm objective that the fiscal reserves on 30 June 1997 to be left for the use of the Hong Kong Special Administrative Region Government will not be less than HK Dollars 25 billion.
- F. In order to facilitate the construction of the new airport in Hong Kong there will be established an Airport Authority and a Consultative Committee.
- (i) The Airport Authority Ordinance will be modelled as far as possible on the Mass Transit Railway Corporation Ordinance. The Hong Kong Government will retain power to direct the Authority and responsibility for key areas of policy up to 30 June 1997. The Hong Kong Government will be willing to consider and take into account views of the Chinese side when the Hong Kong Government is drawing up the draft Bill on the Authority.
- (ii) The Hong Kong Government is willing to appoint a Hong Kong based individual from the Bank of China Group to sit as a full member on the board of the Airport Authority. This member will have equal rights with the other members. The Chinese side will no doubt give the Hong Kong Government some suggestions as to who this member should be.
- (iii) The Hong Kong Government will set up a Consultative Committee on the new airport and related projects. The Committee may discuss any relevant matter but will have no decision-making power. It should not delay the progress of the projects.

(iv) The Hong Kong Government will inform the Chinese side of the members of the Airport Authority and Consultative Committee whom it is proposed to appoint, and will be willing to listen to any views that the Chinese side might have, before deciding on the appointments. The Hong Kong Government is willing to consider the appointment of a vice-Chairman of the Airport Authority about two years after its establishment.

G. Both Governments wish to intensify consultation and cooperation over Hong Kong issues in the approach to 30 June 1997. As part of this intensified consultation, the British Foreign Secretary and the Chinese Minister for Foreign Affairs will meet twice a year to discuss matters of mutual concern and the Director of the Hong Kong and Macau Office under the State Council and the Governor of Hong Kong will also hold regular meetings.

This Memorandum of Understanding will come into operation on signature by Heads of Government.

The foregoing record represents the understanding reached between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China upon the matters referred to therein.

Signed in duplicate at \_\_\_\_\_ on \_\_\_\_\_ in the  
English and Chinese languages, both texts having equal validity.

For the Government of the  
United Kingdom of Great Britain  
and Northern Ireland

For the Government of the  
People's Republic of China

ANNEX

AIRPORT CORE PROGRAMME PROJECTS

The Airport (first runway and associated facilities)

North Lantau Expressway

West Kowloon Reclamation

West Kowloon Expressway

Western Harbour Crossing

Route 3 (part)

Airport Railway

That part of the Central and Wanchai Reclamation that relates to the Airport Railway

Lantau Fixed Crossing (including rail portion and Route 3 interchange)

Tung Chung Development Phase I

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GOVERNOR GIVES PRESS CONFERENCE

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THE FOLLOWING IS A TRANSCRIPT OF THE PRESS CONFERENCE GIVEN BY THE GOVERNOR, SIR DAVID WILSON, TODAY (THURSDAY):

GOVERNOR: THANK YOU ALL FIRST OF ALL FOR COMING ALONG AT RATHER SHORT NOTICE THIS AFTERNOON. I WANTED TO HAVE AN OPPORTUNITY TO TALK TO YOU ABOUT THE AGREEMENT ON THE AIRPORT AS SOON AS POSSIBLE. PERHAPS I SHOULD START BY SAYING THAT EARLIER THIS WEEK I WAS IN THE UNFORTUNATE POSITION THAT I HAD TO SAY TO THE PRESS THAT I HAD NO NEW STATEMENT TO MAKE; I AM GLAD THAT TODAY I HAVE GOT A CHANCE TO MAKE A NEW STATEMENT.

BEFORE I DEAL WITH ANY QUESTIONS LET ME JUST GIVE SOME OF THE BACKGROUND AND PICK OUT ONE OR TWO OF THE POINTS WHICH SEEM TO ME TO BE IMPORTANT. THE BACKGROUND, THE AIRPORT, IT'S BEEN AROUND WITH US FOR A LONG TIME, THIS QUESTION OF WHETHER TO BUILD A NEW AIRPORT, IT'S NOT JUST A RECENT MATTER. WAY BACK IN THE LATE 1970'S, EARLY 1980'S, HONG KONG WAS PLANNING FOR A NEW AIRPORT AND IT WAS ONLY IN 1983, BECAUSE OF VERY DIFFICULT FINANCIAL CIRCUMSTANCES AT THAT TIME, AN UNCERTAIN POLITICAL SITUATION, THAT THE AIRPORT PROJECT WAS THEN POSTPONED. AND IT WAS PICKED UP AGAIN IN 1986, LOOKED AT VERY THOROUGHLY INDEED FROM THEN ONWARDS - AND YOU WILL REMEMBER THAT BACK IN OCTOBER OF 1988, IN MY ANNUAL ADDRESS TO THE LEGISLATIVE COUNCIL, I SAID THAT WE WOULD BE TAKING A DECISION ON WHETHER TO GO AHEAD WITH A NEW AIRPORT BY THE END OF THE FOLLOWING YEAR. AND INDEED THAT WAS WHAT WE DID, IN THE LEGCO ADDRESS OF OCTOBER 1989 I SAID THAT WE HAD CONCLUDED THAT IT WAS RIGHT TO GO AHEAD WITH A NEW AIRPORT AT CHEK LAP KOK AND WE HAVE BEEN DOING A GREAT DEAL OF WORK ON THE MATTER SINCE THEN.

ANOTHER BACKGROUND POINT IS THAT IT'S LONG BEEN APPARENT THAT UNLESS WE HAD SOME DEGREE OF CHINESE POSITIVE ATTITUDE TOWARDS THE PROJECT, WE WERE GOING TO HAVE DIFFICULTY WITH THE SORT OF PRIVATE SECTOR INVESTMENT AND INVOLVEMENT THAT WE NEED, IF THIS IS GOING TO BE AN ECONOMIC PROJECT FROM THE POINT OF VIEW OF THE HONG KONG TAXPAYERS. SO WE NEEDED THAT SORT OF POSITIVE ATTITUDE. AND IN ORDER TO TRY TO ACHIEVE THAT AGAINST THE BACKGROUND OF SOME INITIAL CRITICISM FROM CHINA, WE HAVE HAD VERY DETAILED CLOSE DISCUSSIONS OVER A PERIOD NOW OF SOMETHING LIKE NINE MONTHS, SINCE OCTOBER OF LAST YEAR. THOSE DISCUSSIONS HAVE INVOLVED DIFFERENT GROUPS OF PEOPLE; THERE HAVE BEEN GROUPS OF HONG KONG EXPERTS ALONE, THERE HAVE BEEN JOINT GROUPS BETWEEN THE UK AND HONG KONG. THE FOREIGN SECRETARY, MR DOUGLAS HURD, HIMSELF WAS INVOLVED; I HAVE BEEN INVOLVED MYSELF ON A NUMBER OF OCCASIONS; AND THEN IN THIS FINAL LAP IT HAS INVOLVED SIR PERCY CRADOCK, THE FOREIGN POLICY ADVISER TO THE PRIME MINISTER. BUT THERE IS ONE IMPORTANT POINT IN ALL OF THIS, THROUGHOUT THAT WHOLE PROCESS, WHOEVER THE PEOPLE INVOLVED HAVE BEEN, THAT THE HONG KONG GOVERNMENT AND THE EXECUTIVE COUNCIL HAVE BEEN VERY CLOSELY INVOLVED, VERY CLOSELY CONSULTED IN THAT WHOLE PROCESS.

/WE HAVE .....

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WE HAVE NOW GOT THIS NEW AGREEMENT IN THE FORM OF A MEMORANDUM OF UNDERSTANDING, WHICH HAS NOW BEEN INITIALLED; IT IS DUE TO BE SIGNED BY THE TWO HEADS OF GOVERNMENT, THE TWO PRIME MINISTERS, AT A TIME WHEN MR JOHN MAJOR VISITS CHINA. HE HASN'T YET GIVEN A PRECISE DATE FOR THAT VISIT BUT HE HAS SAID, OR IS SAYING ABOUT NOW IN LONDON, THAT HE HOPES TO ACCEPT PRIME MINISTER LI PENG'S INVITATION TO VISIT CHINA SOON, AND HE WILL OF COURSE BE VISITING HONG KONG AT THE SAME TIME, BUT NO DATE PRECISELY FOR THAT YET.

YOU'VE HAD, I HOPE, A CHANCE NOW - AN HOUR OR SO - TO READ THE TEXT OF THIS MEMORANDUM OF UNDERSTANDING AND I WILL BE HAPPY TO ANSWER QUESTIONS ON THAT OR ANY OTHER MATTERS -- SORRY, JUST LET ME GO ON ONE MOMENT BEFORE YOU PUT YOUR HANDS UP -- COULD I JUST TAKE OUT ONE OR TWO POINTS WHICH TO MY MIND ARE VERY IMPORTANT IN THIS. FIRST OF ALL IT IS CLEAR SUPPORT FROM CHINA FOR THE AIRPORT PROJECT. NEXT THERE IS THE CHINESE UNDERTAKING TO GIVE THE RIGHT SORT OF ASSURANCES TO INVESTORS AND POTENTIAL INVESTORS. THEN THERE IS ACCEPTANCE OF THE KEY ELEMENTS OF THIS PROJECT - WHAT WE SOMETIMES CALL THE 'AIRPORT CORE PROGRAMME' OR THE 'ACP' IN THIS WAY WE ALWAYS SEEM TO USE INITIALS.

THEN THERE ARE WHAT I WOULD CALL SENSIBLE ARRANGEMENTS ON GOVERNMENT BORROWING, ON GOVERNMENT GUARANTEED DEBT AND ON MAJOR FRANCHISES AND MAJOR CONTRACTS WHICH SPAN 1997. THE AGREEMENT ALSO DEALS WITH CHINESE CONCERNS - I WOULD SAY THEY ARE MORE WIDE THAN CHINESE CONCERNS BECAUSE THEY ARE OURS TOO - ABOUT THE STATE OF THE FISCAL RESERVES IN 1997. WITH THE OBJECTIVE LAID DOWN OF AIMING OUR FINANCIAL POLICIES SO THAT THERE ARE AT LEAST \$25 BILLION IN THE FISCAL RESERVES IN 1997.

AND AS A FOOTNOTE ON THAT POINT I SHOULD ADD OF COURSE THAT THAT WON'T BE THE ONLY RESERVE THAT HONG KONG HAS IN JULY 1997 BECAUSE THERE WILL BE THE LAND FUND, WHATEVER IT HAS REACHED BY THAT POINT - IT IS ALREADY OVER HK\$20 BILLION, IT WILL CLEARLY BE MUCH MORE BY 1997 - AND THERE IS THE EXCHANGE FUND WHICH IS ALSO VERY HEALTHY.

AND IT IS WORTH REMEMBERING TOO, I THINK, THAT THE NEW AIRPORT PROJECT WILL GIVE THE FUTURE SAR THE TREMENDOUS ADVANTAGE OF LAND SALES IN KAI TAK, THE WEST KOWLOON RECLAMATION AND ALL THE DEVELOPMENT THAT WILL BE POSSIBLE ON NORTH LANTAU.

THEN THE AGREEMENT MAKES PROVISION FOR AN AIRPORT AUTHORITY, WHICH OF COURSE WAS IN THE PROCESS OF BEING SET UP ANYHOW, WITH ON IT SOMEBODY LOCALLY WORKING IN THE BANK OF CHINA GROUP HERE, WHO I WILL BE PREPARED TO PUT ON TO THE AIRPORT AUTHORITY. AND THERE IS A CONSULTATIVE COMMITTEE WHICH WILL ACT AS A SOUNDING-BOARD FOR WIDER PUBLIC OPINION. IT WILL BE A CHANCE FOR PEOPLE TO GIVE THEIR VIEWS ON THE PROJECT BUT IT IS NOT A DECISION TAKING BODY, AND IT IS LAID DOWN THAT IT IS NOT TO BE A DELAY-CAUSING BODY EITHER.

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SO IN SUM, WHAT WE HAVE GOT IS AN AGREEMENT WHICH I BELIEVE ENABLES US TO GO AHEAD WITH THIS PROJECT WITH THE CONFIDENCE AND THE CERTAINTY THAT WE'VE BEEN LOOKING FOR. I REMAIN CONVINCED, AS I ALWAYS HAVE BEEN, THAT THIS PROJECT, A NEW AIRPORT, IS SOMETHING WHICH IS OF ENORMOUS IMPORTANCE TO THE FUTURE DEVELOPMENT OF HONG KONG, ENABLING US TO EXPAND THE ECONOMY OF HONG KONG, ENABLING US TO COMPETE IN A HIGHLY COMPETITIVE WORLD OF SOUTH-EAST ASIA, AND ENABLING US TO PAY THE RIGHT SORT OF ROLE - WHAT MOST OF US I THINK WOULD SEE AS THE RIGHT SORT OF ROLE - IN THE DEVELOPMENT OF SOUTHERN CHINA AS WELL.

NOW, IF I COULD TAKE ANY QUESTIONS.

BERNARD FONG (SCMP): SIR, WHEN YOU ANNOUNCED THE AIRPORT PROJECT TWO YEARS AGO YOU SUGGESTED THAT HONG KONG SHOULD HAVE THE AUTONOMY TO MAKE MAJOR DECISIONS BUT I THINK THAT TO SOME OF US THE AGREEMENT REACHED IN BEIJING RECENTLY SEEMS TO BE A CAPITULATION OR RETRENCHMENT OF THAT AUTONOMY THAT YOU WERE SEEKING TWO YEARS AGO. COULD YOU EXPOUND ON THAT PLEASE?

THE GOVERNOR: WHAT'S IMPORTANT IN THIS IS IT ENABLES US TO GET AHEAD WITH THIS PROJECT AND PRECISELY DO THAT, TAKE THE SORT OF DECISIONS THAT WE HAVE TO TAKE AND TAKE THEM QUICKLY. THE WHOLE OF THE AIRPORT CORE PROJECT, THE AIRPORT CORE PROGRAMME IS THERE, IT'S ACCEPTED THAT THAT WILL GO AHEAD, WE GET AHEAD WITH THE AIRPORT CORE PROGRAMME. THERE ARE, I THINK, SENSIBLE ARRANGEMENTS FOR ADDITIONAL MATTERS, POINTS WHICH ARE NOT IN THE AIRPORT CORE PROGRAMME, SAY, FOR INSTANCE A VERY OBVIOUS ONE, IF WE THOUGHT IT RIGHT TO START BUILDING A SECOND RUNWAY BEFORE 1997, ARRANGEMENTS OF THAT WOULD THEN BE AGREED, AND ARRANGEMENTS FOR DISCUSSION OF THINGS LIKE FRANCHISES THAT SPAN 1997, I THINK THOSE ARE SENSIBLE ARRANGEMENTS.

ADRIAN BROWN (TVAM): WHEN WAS AGREEMENT FINALLY REACHED AND WHAT WAS YOUR INITIAL RESPONSE WHEN YOU LEARNED THAT?

THE GOVERNOR: THE AGREEMENT WAS FINALLY REACHED AND INITIALLED ON 30 JUNE. BEFORE THAT OF COURSE I HAD SEEN WHAT WAS COMING AS A DRAFT FORM AND I WAS EXTREMELY PLEASED WHEN I SAW WHAT WAS COMING OUT. I HAVE BEEN HOPING FOR AN AGREEMENT WHICH WOULD GIVE US THE ABILITY TO GO AHEAD WITH THIS PROJECT AND NOW WE'VE GOT IT.

ADRIAN BROWN (TVAM): ONE OTHER POINT. WAS CHINA'S AGREEMENT CONDITIONAL ON MR MAJOR SAYING HE WOULD GO TO PEKING TO MEET LI PENG? DID THAT HELP SMOOTH THINGS ALONG?

THE GOVERNOR: I DON'T KNOW WHETHER THAT HELPED TO SMOOTH IT ALONG, IT CAME OUT AS PART OF THE DISCUSSIONS THAT THERE WAS AN INVITATION FROM PRIME MINISTER LI PENG TO MR. JOHN MAJOR TO GO TO CHINA; WHAT SORT OF PSYCHOLOGICAL EFFECT THAT HAD ON DISCUSSIONS I DON'T KNOW.

ADRIAN BROWN (TVAM): BUT DID IT HELP DO YOU THINK?

/THE GOVERNOR .....

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THE GOVERNOR: I HOPE IT HELPED. I AM VERY PLEASED THAT MR MAJOR IS WILLING TO GO TO CHINA, NOT JUST TO SIGN THIS AGREEMENT; CLEARLY HE IS GOING TO TALK ABOUT MUCH WIDER THINGS THAN HONG KONG'S AIRPORT AND I THINK MUCH WIDER THINGS THAN JUST HONG KONG AND I AM PLEASED MYSELF THAT IT MEANS HE WILL BE COMING TO HONG KONG AS WELL.

REGGIE RATHOUR (RTHK): WHAT WERE THE MAJOR OBSTACLES IN REACHING THIS AGREEMENT? WHAT LED TO THIS DEADLOCK IN THE PAST FEW MONTHS?

THE GOVERNOR: I PREFER AS A GENERAL POINT TO LOOK FORWARD RATHER THAN BACKWARDS. WE SPENT A LOT OF TIME LOOKING AT THINGS THAT WERE PROBLEMS UP TO NOW AND I THINK MANY OF THEM ARE VERY WELL KNOWN. THE MAIN CONCERN THAT I HAVE HAD ALL ALONG, I THINK THAT WE'VE HAD FROM HERE, IS THAT IF WE WERE GOING TO HAVE AN AGREEMENT IT SHOULD ENABLE US TO GET AHEAD WITH THE PROJECT, TAKE THE SORT OF DECISIONS THAT WE NEEDED TO AND TAKE THEM QUICKLY. THAT WAS THE KEY POINT FROM OUR POINT OF VIEW, WE WANTED TO KNOW THAT WE HAD THE AUTHORITY AND THE ABILITY TO GET AHEAD WITH THE AGREEMENT. NOW, I WON'T GO AND LIST ALL THE THINGS WHERE WE ORIGINALLY HAD DISAGREEMENTS AND WHICH WE'VE NOW MANAGED TO SOLVE BECAUSE THAT WOULD BE TURNING WHAT I THINK IS A POSITIVE PIECE OF NEWS INTO LOOKING AT ALL THE DIFFERENT PROBLEMS THAT ONE HAD HAD TO FACE ON THE WAY TO GETTING THERE.

REGGIE RATHOUR (RTHK): BUT SURELY YOU CAN TELL US WHAT WAS THE MAJOR PROBLEM, THE MAJOR OBSTACLE.

THE GOVERNOR: ONE OF THE MAJOR PROBLEMS WAS TO GET EXACTLY THAT SORT OF AGREEMENT THAT I HAVE DESCRIBED; THAT GAVE US THE CONFIDENCE TO GET AHEAD WITH THIS SORT OF PROJECT. IF WE WERE GOING TO, IF WE ARE GOING TO LAUNCH HONG KONG ON A MASSIVE PROJECT OF THIS SIZE THEN WE NEED TO HAVE THE CONFIDENCE THAT WE CAN TAKE THE DECISIONS, TAKE THEM QUICKLY AND GET AHEAD WITH IT.

REGGIE RATHOUR (RTHK): SO DO YOU THINK WITH THIS AGREEMENT YOU HAVE ACHIEVED THAT DEGREE OF CONFIDENCE THAT YOU WANTED IN THE FIRST PLACE?

THE GOVERNOR: YES.

NGOK SHAN-SHAN (WEN WEI PO): HOW IS THE HONG KONG GOVERNMENT GOING TO IMPLEMENT THE MEMORANDUM REACHED BY THE BRITISH AND THE CHINESE GOVERNMENTS?

THE GOVERNOR: I AM SORRY I MISSED A BIT OF THAT. HOW IS THE HONG KONG GOVERNMENT GOING TO IMPLEMENT---

NGOK SHAN-SHAN (WEN WEI PO): -- THE MEMORANDUM, THIS MEMORANDUM REACHED.

/THE GOVERNOR .....

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THE GOVERNOR: THAT'S A DIFFICULT QUESTION TO ANSWER. HOW ARE WE GOING TO IMPLEMENT IT. WE WILL SIMPLY IMPLEMENT IT AS IT IS WRITTEN DOWN THERE. WE WILL OF COURSE FULLY IMPLEMENT WHAT IS IN THE MEMORANDUM. WHAT IT DOES IS GIVE US THE ABILITY NOW TO GET AHEAD WITH THE PROJECT WHICH WE'VE BEEN WANTING TO DO ALL ALONG, BUT OF COURSE WE WILL FULLY IMPLEMENT THE MEMORANDUM.

CATHERINE LEUNG (BUSINESS TIMES): THE AGREEMENT STATES THAT THE BRITISH GOVERNMENT WILL CONSULT THE CHINESE ON MATTERS STRADDLING 1997. DOES THAT MEAN THAT CHINA WILL NOT HAVE VETO POWERS OVER THOSE ISSUES?

THE GOVERNOR: IT'S THE POINT OF CONSULTATION I THINK, I REMEMBER IT CAME UP WHEN THE BRITISH FOREIGN SECRETARY WAS HERE. WE DON'T HAVE A PROBLEM ABOUT CONSULTATION, IT'S CLEARLY SOMETHING THAT IS VERY NECESSARY. ON THE VETO POWERS THE CHINESE FOREIGN MINISTER HIMSELF, I REMEMBER QUITE RECENTLY, MADE THE POINT THAT CHINA IS NOT SEEKING, I THINK HE PUT IT, IS NOT SEEKING JOINT ADMINISTRATION, IS NOT SEEKING A CONDOMINIUM, IT'S NOT SEEKING A VETO. SO HE MADE THAT VERY CLEAR AND THE WAY IN WHICH THIS AGREEMENT IS REACHED I THINK FOLLOWS WHAT THE CHINESE FOREIGN MINISTER SAID.

DANNY GILLINGS (SUNDAY POST): COULD YOU SAY SOMETHING ABOUT HONG KONG'S PARTICIPATION OR THE LACK OF IT IN THE FINAL STAGE OF THE NEGOTIATING PROCESS? WERE YOU CONSULTED ABOUT SIR PERCY CRADOCK'S VISIT? HAS THE EXECUTIVE COUNCIL SEEN THE TEXT OF THIS ACCORD YET?

THE GOVERNOR: I WOULD MAKE THE POINT AS A GENERAL ONE. I DON'T EVER GO INTO DETAILS OF WHAT THE EXECUTIVE COUNCIL DOES, BUT THE GENERAL POINT I MADE RIGHT AT THE BEGINNING IS THAT WHOEVER HAVE BEEN THE ACTUAL PLAYERS AT ANY STAGE AT THIS PARTICULAR PROCESS, HONG KONG GOVERNMENT AND EXCO, THE EXECUTIVE COUNCIL, HAVE BEEN VERY FULLY INVOLVED, VERY FULLY CONSULTED AND YES, INDEED, I DID KNOW BEFORE SIR PERCY CRADOCK WENT TO PEKING.

DANNY GILLINGS (SUNDAY POST): WERE YOU ADVISED ASSUMING THERE IS NO DIRECT HONG KONG'S PARTICIPATION IN THE FINAL STAGES IN THE NEGOTIATION PROCESS?

THE GOVERNOR: I THINK YOU KNOW WHO WAS IN PEKING AND IN THE FINAL STAGES IT WAS SIR PERCY CRADOCK AND THE NEW BRITISH AMBASSADOR IN PEKING, SIR ROBIN MCLAREN. THERE WAS NO INDIVIDUAL PERSON FROM HONG KONG THERE BUT WE WERE VERY FULLY INVOLVED WITH WHAT WENT ON.

HUGO GURDON (DAILY TELEGRAPH): THE STICKING POINT SEEMED TO BE FOR A LONG TIME THE PRINCIPLE OF SOVEREIGNTY RATHER THAN THE DETAILS. IF THIS IS AN ACCEPTABLE AGREEMENT, WHY DID IT SEEM UNACCEPTABLE IN TERMS OF THIS POINT, THE PRINCIPLE OF SOVEREIGNTY; WHY DID IT TAKE SO LONG TO ACHIEVE?

THE GOVERNOR: IT IS VERY DIFFICULT TO SAY WHY IT TOOK SO LONG TO ACHIEVE BUT IT DOES SOMETIMES TAKE A LONG TIME TO GET TO A PRACTICAL COMMON SENSE ANSWER.

/HUGO GURDON (DAILY TELEGRAPH): .....

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HUGO GURDON (DAILY TELEGRAPH): DOES IT SATISFY THAT PRINCIPLE OF SOVEREIGNTY?

THE GOVERNOR: I DON'T SEE ANY PROBLEM WITH IT FROM THE POINT OF VIEW OF SOVEREIGNTY ON EITHER SIDE. I MEAN IT SOMETIMES DOES. PEOPLE TOOK A LONG TIME TO INVENT THE WHEEL I THINK, BUT IT DOES SOMETIMES TAKE AN AWFUL LONG TIME TO GET TO THE RIGHT SORT OF CONCLUSION.

FANNY WONG (SCMP): TWO QUESTIONS PLEASE. FIRST I WOULD LIKE TO DRAW YOUR ATTENTION TO CLAUSES (C) AND (D) IN THE MEMORANDUM.

BASICALLY IT JUST SAYS THAT ALMOST ALL THE KEY ASPECTS OF THE PADS PROJECT, THE GRANTING OF CONTRACTS, AND THE FRANCHISES AND THE GOVERNMENT BORROWINGS; YOU HAVE TO CONSULT THE CHINESE BEFORE IT CAN GO AHEAD UNDER THE AIRPORT, SO-CALLED AIRPORT COMMITTEE UNDER THE JLG AND WE ALL KNOW THAT THE OPERATION OF JLG IS THAT THE CHINESE SIDE AND APPROVAL IS NEEDED BEFORE ANY ISSUE IS ACCEPTED. SO NO WONDER CHINA WILL HAVE THE FINAL SAY ON THIS PROJECT. IS IT TRUE TO SAY THAT, IN THAT CASE, THE HIGH DEGREE OF AUTONOMY AS PROMISED IN THE JOINT DECLARATION IS NOTHING BUT AN EMPTY PROMISE? ALSO A SECOND QUESTION THAT TIME AND AGAIN YOU AND EXECUTIVE COUNCIL MEMBERS HAVE STRESSED THE NEED OF THE MAINTENANCE OF THE LINE OF AUTHORITY OF THE HONG KONG GOVERNMENT. IN THIS MEMORANDUM THERE IS NO REFERENCE TO THIS MAINTENANCE OF THE LINE OF AUTHORITY OF THE HONG KONG GOVERNMENT. DON'T YOU THINK THAT, GIVEN THAT THE BRITISH GOVERNMENT ON BEHALF OF HONG KONG HAS ACCEPTED SUCH A BAD DEAL FOR HONG KONG, DON'T YOU THINK THAT THE TOP LEADERS IN THIS GOVERNMENT TOGETHER WITH THE EXECUTIVE COUNCIL SHOULD RESIGN?

THE GOVERNOR: OH, DEAR, I DON'T THINK I ACCEPT THE PREMISES OF ANY PARTS OF THAT QUESTION AT ALL. LET ME TRY TO PICK UP SOME POINTS.

LOUISE TAM (COMMERCIAL RADIO): WHAT WAS THE QUESTION SIR DAVID?

THE GOVERNOR: YOU DIDN'T HEAR THE QUESTION. IT WAS A VERY VERY LONG QUESTION.

LOUISE TAM (COMMERCIAL RADIO): IT WAS LIKE A STATEMENT. WAS IT A QUESTION OR A STATEMENT? I COULDN'T HEAR IT.

/THE GOVERNOR .....

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THE GOVERNOR: LET ME TRY TO ANSWER SOME OF THE IMPORTANT POINTS OUT OF THAT QUESTION. AUTONOMY FOR HONG KONG, THE HIGH DEGREE OF AUTONOMY IS SOMETHING WHICH I BELIEVE IS VERY IMPORTANT INDEED. IT'S WRITTEN DOWN VERY CLEARLY IN THE JOINT DECLARATION. IT'S THERE IN BLACK AND WHITE. IT'S VERY IMPORTANT THAT THAT SHOULD GO ON. THE PROVISIONS THAT ARE HERE IN, YOU ARE REFERRING TO (C)(I) I THINK. THE DEALING WITH MAJOR CONTRACTS, MAJOR FRANCHISES AND GOVERNMENT GUARANTEED DEBT WHICH STRADDLE 1997, I SEE AS VERY SENSIBLE, PRACTICAL ARRANGEMENTS. YOU WILL SEE WHAT IS WRITTEN DOWN THERE. IT'S VERY CAREFULLY WRITTEN DOWN, THAT THERE WILL BE CONSULTATION ON THESE THINGS. CHINA SAYS THAT THEY WILL TAKE A POSITIVE ATTITUDE. THERE IS A TIME LIMIT; AND I THINK THAT IS A VERY IMPORTANT POINT BECAUSE ONE SHOULDN'T, ONE MUSN'T GET HELD UP ON ALL THESE PROJECTS. THERE IS A TIME LIMIT OF A MONTH FOR THAT AND THAT ANY DECISION WILL GIVE FULL WEIGHT TO THE CHINESE GOVERNMENT'S VIEWS. I THINK IT'S ALL VERY CAREFULLY WRITTEN AND IT ALSO SAYS WHAT THE GOVERNING CRITERIA WILL BE. I DON'T THINK THIS UNDERMINES THE HIGH DEGREE OF AUTONOMY OF THE S.A.R. AT ALL.

FANNY WONG (SCMP): BUT DON'T YOU AGREE THAT IN THE BUSINESS OF THE JLG, FOR ANYTHING THAT YOU DISCUSS IN THE JLG WILL REQUIRE THE CHINESE APPROVAL BEFORE YOU CAN ACTUALLY GO AHEAD WITH THOSE THINGS?

THE GOVERNOR: THE JLG IS A BODY FOR DISCUSSING MATTERS. I MEAN IT DOESN'T ACTUALLY SPECIFICALLY LAY DOWN ANYWHERE IN THE JLG DOCUMENTS, IF I REMEMBER RIGHT, THAT YOU HAVE TO HAVE A COMMON VIEW ON ANYTHING. THERE ARE PROVISIONS IN THAT PARTICULAR ANNEX OF THE JOINT DECLARATION OF WHAT HAPPENS IF THERE IS DISAGREEMENT BETWEEN TWO SIDES; BUT HERE WE HAVE SOMETHING REALLY VERY CLEARLY LAID DOWN ON HOW TO DEAL WITH WHAT IS A VERY OBVIOUS PROBLEM, ISN'T IT? WHAT DO YOU DO ABOUT MAJOR FRANCHISES WHICH STRADDLE 1997? HOW CAN THE FRANCHISEE HAVE, IF THAT'S THE RIGHT TERM, HOW CAN THE PERSON GETTING THE FRANCHISE HAVE THE CONFIDENCE THAT THE FRANCHISE IS GOING TO GO ON BEYOND 1997, WHICH IS CRUCIAL TO HIM OR THAT ORGANISATION AS AN INVESTOR, AND HERE I THINK IS A SENSIBLE PRAGMATIC WAY OF DEALING WITH THAT PROBLEM.

FANNY WONG (SCMP): SO IT IS NO DIFFERENT FROM JOINT RULE IN THAT CASE.

THE GOVERNOR: I DON'T SEE THIS AS BEING JOINT RULE IN THE SLIGHTEST AND I'VE JUST QUOTED THE CHINESE FOREIGN MINISTER ON SAYING THAT'S NOT WHAT CHINA IS SEEKING.

FANNY WONG (SCMP): WHAT ABOUT MY SECOND QUESTION? CAN YOU JUST GIVE ME A BRIEF REPLY?

THE GOVERNOR: I AM VERY SORRY, COULD YOU REPEAT WHAT YOUR SECOND QUESTION WAS?

/FANNY WONG (SCMP): .....

FANNY WONG (SCMP): GIVEN THAT THE BRITISH GOVERNMENT ON BEHALF OF HONG KONG HAS ACCEPTED SUCH A BAD DEAL FOR HONG KONG AND GIVEN THAT TIME AND AGAIN YOU AND MEMBERS OF THE EXECUTIVE COUNCIL HAVE STRESSED THE NEED FOR THE MAINTENANCE OF THE LINE OF AUTHORITY BY THE HONG KONG GOVERNMENT, DON'T YOU THINK THAT IT'S RIGHT FOR YOU - I MEAN TOP LEADERS IN THIS GOVERNMENT RESPONSIBLE FOR PADS - AND EXCO MEMBERS TO RESIGN?

THE GOVERNOR: THE ANSWER IS 'NO', I DO NOT THINK THIS IS A BAD DEAL. I THINK THIS IS A GOOD DEAL FOR HONG KONG, THIS IS THE SORT OF ARRANGEMENT THAT WE'VE BEEN SEEKING OVER MANY MONTHS OF SOMETIMES VERY DIFFICULT DISCUSSION AND I AM PLEASED TO SEE THIS PARTICULAR RESULT.

JOHN ELLIOTT (FINANCIAL TIMES): THROUGHOUT MOST OF LAST YEAR, YOUR GOVERNMENT WAS RESISTING APPROACHES FROM CHINA TO DISCUSS AND CONSULT ON THE AIRPORT AND GIVEN THE SORT OF DEAL THEY'VE BEEN GIVEN THIS WEEK. DO YOU REGRET THAT APPROACH? DO YOU THINK THAT THE AIRPORT COULD HAVE GONE AHEAD EARLIER AND MORE COMFORTABLY IF YOU HADN'T RESISTED THOSE APPROACHES? AND SECONDLY, SURELY IT IS JOINT-GOVERNMENT, IF YOU ARE GOING TO BE HELD UP WHEN YOU TALK TO HIM ABOUT ALL THESE DIFFERENT PROJECTS AND FRANCHISES; THAT SURELY WILL BECOME JOINT-GOVERNMENT AS YOU APPROACH 1997.

GOVERNOR: I DON'T THINK THIS HOLDS US UP AT ALL, I THINK ONE OF THE IMPORTANT THINGS ABOUT THIS - IT ENABLES US TO GET AHEAD AND TO GET AHEAD WITH THE SORT OF SPEED THAT IS NECESSARY, BECAUSE WE HAVE ALL THE KEY BITS OF THE AIRPORT PROJECT WHICH ARE THERE, ACCEPTED BY BOTH SIDES AS BEING ESSENTIAL FOR THE AIRPORT AND TO GET AHEAD WITH IT, AND THOSE DON'T REQUIRE FURTHER CONSULTATION. THERE IS A PROVISION, AND THIS WILL APPLY LATER DOWN THE ROAD, TO WHAT YOU DO ABOUT MAJOR FRANCHISES, MAJOR CONTRACTS, IF THEY STRADDLE 1997, ALSO A PROVISION FOR DEALING WITH THOSE QUICKLY. SO I DON'T SEE THAT'S EITHER JOINT-GOVERNMENT, JOINT-ADMINISTRATION, OR THAT IT IS GOING TO HOLD US UP. THE FIRST PART OF YOUR QUESTION - AND THE WORLD IS FULL OF 20/20 HINDSIGHT EXPERTS: IF ONLY YOU HADN'T STARTED FROM HERE YOU MIGHT BE IN A DIFFERENT POSITION. WE HIT PROBLEMS ON THIS AIRPORT PROJECT WHICH WE HAD NOT, FRANKLY, EXPECTED. WE HAVEN'T EXPECTED TO GET A CRITICAL STANCE FROM CHINA. IT IS QUITE CLEAR THAT WHEN THAT HAPPENED, AS I WAS SAYING EARLIER, THAT IT CREATED A SITUATION WHERE IF WE DIDN'T GET A MORE POSITIVE VIEW FROM CHINA, IT WAS GOING TO AFFECT THE ATTITUDE OF PRIVATE SECTOR INVESTORS AND THEREFORE THE WHOLE FRAMEWORK FOR THE PROJECT. AND WE HAVE, AS A RESULT OF THAT, BEEN IN VERY CLOSE, DETAILED DISCUSSION - CONSULTATION IF YOU LIKE - WITH CHINA OVER MANY MONTHS NOW. IT HAS TAKEN US MANY MONTHS OF HARD WORK TO GET TO THE POINT WE'VE NOW GOT, A GOOD AGREEMENT TO GO AHEAD.

JOHN ELLIOTT (FINANCIAL TIMES): BUT THE INFERENCE OF THE WHOLE AGREEMENT, AND WITH THE PARAGRAPH AT THE END IS, THAT ALL THE THINGS IN HERE, WILL ALSO APPLY TO OTHER MAJOR DECISIONS WHICH STRADDLE 1997. COULD YOU ELABORATE ON WHAT RIGHT CHINA WILL HAVE AS A SPIN-OFF FROM THIS AGREEMENT TO GET THAT SORT OF CONSULTATION AND THAT SORT OF NEAR AGREEMENT, VETO POWER, ON OTHER ISSUES, AND SURELY THIS DOES BECOME JOINT-GOVERNMENT?

/GOVERNOR: .....

GOVERNOR: THERE IS NO VETO POWER WRITTEN INTO THIS PARTICULAR AGREEMENT. THIS PARTICULAR AGREEMENT ALSO RELATES SPECIFICALLY TO THE AIRPORT; I THINK THAT IS PUT THERE IN THE HEADING TO IT AND ALL THE DETAIL OF IT. THE ONE POINT, I SUPPOSE, WHICH IS NOT STRICTLY AIRPORT ALONE IS DIRECT GOVERNMENT DEBT, BECAUSE CLEARLY THAT IS NOT SPECIFICALLY AIRPORT-RELATED. IT DOESN'T DEAL WITH WIDER QUESTIONS. WE DO, I THINK, HAVE A LOT OF WIDER QUESTIONS THAT WE HAVE GOT TO DEAL WITH NOW. WE'VE NOT JUST GOT THE AIRPORT AS A MAJOR PROJECT, WE'VE GOT OTHER THINGS WHERE WE WILL HAVE TO HAVE THE RIGHT SORT OF DISCUSSIONS AND CONSULTATIONS WITH CHINA, AND WE WILL HAVE TO WORK OUT HOW TO DO THESE, HERE WE HAVE ONE VERY BIG PROJECT, A SENSIBLE AND PRAGMATIC WAY OF DEALING WITH THAT PROJECT. IF WE GET AHEAD WITH THIS AND IT WORKS SUCCESSFULLY, THEN THIS IS A BASIS FOR CO-OPERATION WHICH HELPS ON OTHER THINGS.

CLAUDIA MO (AFP): AFTER READING THE MEMORANDUM, I AM SURE MANY PEOPLE MAY CONCLUDE, OR WILL CONCLUDE, THAT THE BRITISH HAVE BOWED TO PRESSURE FROM CHINA. I MEAN PROVISIONS LIKE: "ANY DECISION WILL GIVE FULL WEIGHT TO THE CHINESE GOVERNMENT'S VIEWS", MANY PEOPLE WILL FIND THAT OFF-PUTTING. DO YOU THINK THAT IS BAD FOR CONFIDENCE?

GOVERNOR: I WOULD HAVE THOUGHT THAT THIS AGREEMENT WOULD BE VERY GOOD FOR CONFIDENCE, CERTAINLY IT OUGHT TO BE VERY GOOD FOR CONFIDENCE BECAUSE HERE IS A MAJOR PROJECT FOR THE LONG-TERM BENEFIT OF HONG KONG WHERE WE HAVE BEEN STALLED FOR SOME TIME, AND WE WERE CLOSE TO A SITUATION IN WHICH, AS I SAID WHEN I WAS IN LONDON - WHEN I CAME BACK - IF WE COULDN'T GET THE RIGHT SORT OF AGREEMENT, A WORKABLE, PRACTICAL AGREEMENT, THE PROJECT WAS GOING TO SLIP. WE ARE NOW OUT OF THAT SITUATION. WE HAVE WHAT I SEE AS A GOOD WORKABLE AGREEMENT WHICH ENABLES US TO GET AHEAD. I THINK THAT IS GOOD FOR CONFIDENCE.

WILSON WONG (TVB NEWS): THREE SHORT QUESTIONS. NUMBER ONE, ARE WE BEHIND SCHEDULE --

GOVERNOR: COULD I TAKE THEM SEPARATELY? IT IS SO MUCH EASIER IF I TAKE THEM SEPARATELY.

WILSON WONG: -- THE FIRST ONE, NUMBER ONE, ARE WE BEHIND SCHEDULE OF JANUARY 1, 1997 - SIX MONTHS - ACCORDING TO THIS MEMORANDUM, SIX MONTHS BEHIND?

GOVERNOR: WE'RE NOT SIX MONTHS BEHIND. WE'VE HAD SOME SLIGHT SLIPPAGE, AS I SAID TO THE LAST QUESTION, TO CLAUDIA MO'S QUESTION, THAT IF WE DIDN'T GET THE RIGHT SORT OF AGREEMENT THERE WAS GOING TO BE SOME SLIPPAGE. OUR ORIGINAL SCHEDULE FOR VARIOUS THINGS, AS I THINK EVERYBODY KNOWS, WE HAD BEEN PLANNING TO GO OUT TO TENDER ON THE TSING MA BRIDGE, THE LANTAU FIXED CROSSING, BY THE END OF JUNE. WELL WE HAVEN'T QUITE MADE THAT SO THERE IS SOME VERY SLIGHT SLIPPAGE THERE. WE WILL NOW BE LOOKING AT THE OVERALL PROGRAMME TO SEE WHAT IS BEST, BECAUSE YOU HAVE GOT TO BALANCE BETWEEN TRYING TO GET AHEAD AS QUICKLY AS POSSIBLE BECAUSE WE NEED THE NEW AIRPORT AS QUICKLY AS WE CAN, AND DOING IT AS ECONOMICALLY AS POSSIBLE. YOU CAN SOMETIMES ACHIEVE SPEED, BUT AT A COST, AND SO WE HAVE TO BALANCE THOSE OUT AND TRY TO GET THE RIGHT SORT OF TIMETABLE. QUESTION TWO?

/WILSON WONG: .....

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WILSON WONG: THE CORE PROJECTS, IN THIS ANNEX, THIS PROJECT WILL BE DECIDED BY THE AIRPORT COMMITTEE - EACH BY WHICH IN THE COMING YEARS?

GOVERNOR: NO, THOSE CORE PROJECTS DON'T GET DECIDED BY THE AIRPORT COMMITTEE. THOSE CORE PROJECTS ARE AGREED AS BEING PROJECTS ASSOCIATED WITH THE AIRPORT WHICH SHOULD GO AHEAD WITHOUT FURTHER DISCUSSION.

WILSON WONG: SO CHEK LAP KOK IS THE AGREED SITE FOR THE NEW AIRPORT?

GOVERNOR: I THINK IF YOU PUT IT - WHAT IS THE CHINESE ATTITUDE - THEY WOULD SAY THAT THAT IS A DECISION FOR THE HONG KONG GOVERNMENT. BUT THOSE AIRPORT CORE PROJECTS QUITE CLEARLY RELATE TO ONE PARTICULAR SITE.

WILSON WONG: SO THE FINAL ONE IS THAT, DO YOU FEEL EASY THAT THE FINAL PART OF THE NEGOTIATIONS WERE HELD BETWEEN ONLY THE BRITISH SIDE AND THE CHINESE SIDE WITHOUT ANY INPUT FROM HONG KONG, AND THE AGREEMENT WAS REACHED - DO YOU FEEL EASY?

GOVERNOR: WHAT IS IMPORTANT TO ME IS - IF I PUT IT LIKE THIS - IT IS THE MESSAGE NOT THE MESSENGER, AND IT IS WHAT IS INITIALLED AND NOT WHO HOLDS THE PEN DOING IT. I SAID EARLIER THAT WE WERE VERY CLOSELY INVOLVED IN THE WHOLE PROCESS, SO I HAVE NO HESITATIONS ABOUT THAT AT ALL.

WILSON WONG: SO YOU DON'T THINK THE PRESENT ADMINISTRATION IN FUTURE WILL BE IN ANY WAY UNDERMINED BY THE MEMORANDUM?

GOVERNOR: NO, I DON'T, NO.

HUMPHREY HAWKSLEY (BBC): SIR DAVID, LOOKING BACK OVER THE PAST NINE MONTHS, AND INDEED YOUR WHOLE CAREER IN DEALING WITH CHINA, WHAT LESSONS WOULD YOU THINK YOU HAVE LEARNT ABOUT NEGOTIATING WITH CHINA?

GOVERNOR: MAYBE WHEN I'VE GOT THE ANSWER TO THAT I SHALL WRITE A BOOK ON IT - SEVERAL PEOPLE HAVE. BEFORE I WRITE THE BOOK - AND I DON'T WANT TO LOSE THE COPYRIGHT ON IT - I THINK ONE NEEDS A LOT OF PATIENCE; VERY, VERY CAREFUL EXPLANATION OF WHAT IS INVOLVED; AND I MEAN IT IS A GOOD QUESTION IN A WAY BECAUSE WE'VE GOT TO LEARN THAT PARTICULAR LESSON OVER THE NEXT SIX YEARS BECAUSE WE'VE NOT JUST GOT THE AIRPORT PROJECT IN THE NEXT SIX YEARS. WE'VE GOT A LOT OF OTHER THINGS THAT WE HAVE GOT TO ESTABLISH A PATTERN OF CO-OPERATION ON. AND I HOPE THAT NOW WE CAN EXPAND WAYS OF DEALING WITH CHINA - CO-OPERATION, MORE CONTACTS WITH CHINA - OVER THE NEXT SIX YEARS; WE NEED TO DO THAT.

HUMPHREY HAWKSLEY: WHAT ABOUT THE MISTRUST THAT A LOT OF YOUR OFFICIALS AND PEOPLE IN THE HONG KONG GOVERNMENT HAVE SPOKEN ABOUT OVER THE PAST FEW MONTHS, HOW DO YOU GET RID OF THE MISTRUST BETWEEN BRITAIN AND CHINA?

/GOVERNOR: .....

GOVERNOR: I REMEMBER WHEN I WAS TALKING TO THE FOREIGN CORRESPONDENTS CLUB RECENTLY, SAYING THAT I THOUGHT ONE OF OUR PROBLEMS WAS THAT; IT WAS MISTRUST AND MYTHOLOGY ON BOTH SIDES, I MEAN WE BOTH HAVE MYTHS ABOUT THE OTHER WHICH CREATE GREAT DIFFICULTIES - A HUGE HURDLE TO GET OVER. I THINK, AGAIN, ONE NEEDS PATIENCE, CONSISTENT EFFORT TO TRY TO ESTABLISH BETTER CONTACT, THAT WE HAVE TO EXPLAIN VERY CAREFULLY THE SORT OF THINGS WE ARE DOING, THE SORT OF SOCIETY HONG KONG IS, THE WAY IT OPERATES. SOMETIMES TO US IT IS SELF-EVIDENT, YOU KNOW YOU FACE A PROBLEM AND IT IS QUITE OBVIOUS WHAT THE SOLUTION IS, IT'S QUITE OBVIOUS YOU'VE GOT TO TAKE A DECISION NEXT WEEK. THOSE THINGS DON'T LOOK SO OBVIOUS IN PEKING. SIMILARLY, I THINK ON THE CHINESE SIDE, IF THEY ARE GOING TO MAKE THE SUCCESS OF THE FUTURE OF HONG KONG, WHICH I AM SURE THEY WANT TO, THEY HAVE GOT TO DO A LOT OF THAT PATIENCE LEARNING AND UNDERSTANDING; MORE PEOPLE COMING HERE AND UNDERSTANDING HOW THIS VERY UNIQUE SOCIETY OPERATES BECAUSE WE ARE NOT LIKE THE REST OF CHINA.

HUMPHREY HAWKSLEY: WHAT IS THE NEXT PROBLEM?

GOVERNOR: OH DEAR, I DON'T KNOW WHAT THE NEXT PROBLEM IS.

KEVIN LAU (HK ECONOMIC JOURNAL): SIR DAVID, COULD YOU ASSUME US THERE IS NO SECRET DEAL OR UNDISCLOSED TERMS AND CONDITIONS, APART FROM WHAT IS STATED IN THIS MEMORANDUM, BETWEEN THE TWO SIDES?

GOVERNOR: YES, I CAN.

KEVIN LAU: WILL THIS MEMORANDUM BE THE MODEL FOR RESOLVING OTHER ISSUES WHICH STRADDLE 1997 IN THE COMING SIX YEARS?

GOVERNOR: THAT I DON'T KNOW. THERE MAY BE BITS OF THIS - THE WAY IN WHICH CONSULTATION IS TO OPERATE - THE QUICK RESPONSES THAT ARE REQUIRED - DECISIONS WHEN THEY ARE TAKEN HERE TAKE ACCOUNT OF CHINESE VIEWS; THOSE SORT OF THINGS MAY ACT AS A MODEL FOR OTHER MAJOR MATTERS WHICH STRADDLE 1997. BUT I WOULD DOUBT VERY MUCH MYSELF WHETHER WE WOULD GO THROUGH A WHOLE SERIES OF MEMORANDA ON DIFFERENT ITEMS, THAT WOULD BE A VERY TIME-CONSUMING BUSINESS.

KEVIN LAU: DO YOU THINK THIS AN EXTENSION OF THE JOINT-DECLARATION OF 1984?

GOVERNOR: AN EXTENSION OF THE JOINT-DECLARATION? NO, I DON'T THINK IT'S AN EXTENSION OF THE JOINT-DECLARATION, IT FITS WITHIN WHAT IS IN THE JOINT-DECLARATION.

MEGHAN COX (CHRISTIAN SCIENCE MONITOR RADIO): CAN YOU TELL US WHAT CAUSED THE BREAKTHROUGH? WHO GAVE-WAY ON WHAT ISSUES AT THE LAST MINUTE TO MAKE THIS HAPPEN ?

/GOVERNOR: .....

GOVERNOR: WELL, I THINK BOTH SIDES REALISED THAT UNLESS WE WERE GOING TO GET AN AGREEMENT ON THIS, THE AIRPORT PROJECT WAS GOING TO SLIP, AND THAT THERE WAS A NEED TO TRY TO GET A SENSIBLE AGREEMENT. I'M NOT GOING TO LIST WHAT THE FINAL SORT OF POINTS AT ISSUE WERE, BUT I THINK THERE WAS A COMMON UNDERSTANDING THAT HONG KONG DOES NEED THIS NEW AIRPORT PROJECT AND WE NEEDED A SENSIBLE ARRANGEMENT TO GET AHEAD WITH IT.

MEGHAN COX: BUT ISN'T IT MORE IN HONG KONG'S AND BRITAIN'S INTERESTS TO GET THE AIRPORT GOING THAN IT WAS IN CHINA'S?

GOVERNOR: IT DEPENDS HOW YOU CONCEIVE OF CHINA'S INTERESTS. I MEAN I, MYSELF, WOULD SAY THAT IT IS VERY MUCH IN CHINA'S INTERESTS THAT THIS AIRPORT SHOULD GO AHEAD. IF CHINA WANTS TO SEE A PROSPEROUS HONG KONG AFTER 1997, WHICH I'M SURE IT DOES, AND IF THE DEVELOPMENT OF SOUTHERN CHINA IS SOMETHING OF IMPORTANCE TO THE CHINESE LEADERSHIP, AND I AM SURE IT IS, THEN THIS AIRPORT IS SOMETHING THAT'S VERY IMPORTANT TO CHINA AS WELL AS TO US. THE BENEFIT, I MEAN THE REAL BENEFIT OF THIS, COMES TO THE POST-1997 HONG KONG.

OSWALD KWAN (ORIENTAL DAILY NEWS): ITEM (E) OF THE MEMORANDUM 25 BILLION IS THE LEVEL OF THE FISCAL RESERVES HAS BEEN MENTIONED, AND SO WOULD THERE BE ANY CHANNEL, SAY SUBMITTING A FINANCIAL REPORT REGULARLY TO THE PRC GOVERNMENT, TO ENSURE THE CHINESE GOVERNMENT THAT OUR FISCAL RESERVES WILL NOT GO BELOW THAT LEVEL?

GOVERNOR: NO, THERE IS NOTHING LIKE THAT PLANNED IN THE MEMORANDUM, NO.

STEVE GLAIN (ASIAN WALL STREET JOURNAL): I HAVE TWO QUESTIONS, DO YOU WANT THEM ONE AT A TIME, OR?

GOVERNOR: UNLESS THEY ARE CLOSELY LINKED AND SIMPLE, YES.

STEVE GLAIN: OKAY, I'LL GIVE THEM TO YOU ONE AT A TIME. NOW THAT AN AGREEMENT HAS BEEN INITIALLED, ARE YOU AT LIBERTY TO SAY WHEN THE FIXED-CROSSING PROJECT WILL BE PUT OUT TO TENDER?

GOVERNOR: THE FIXED-BRIDGE? DO YOU MEAN THE TSING MA BRIDGE?

STEVE GLAIN: WHEN WILL THAT BE PUT OUT TO TENDER?

GOVERNOR: WE WILL BE GOING AHEAD WITH THAT AS SOON AS WE CAN. FOR THAT WE NEED FIRST OF ALL TO GO TO THE FINANCE COMMITTEE OF THE LEGISLATIVE COUNCIL, AND THE PLAN IS TO DO THAT I THINK WITHIN THE NEXT COUPLE OF WEEKS OR SO.

STEVE GLAIN: AND FORGIVE ME IF THIS HAS ALREADY BEEN ASKED BUT YOU MENTIONED TODAY THAT YOU HAD NO PROBLEM WITH CONSULTATION WITH CHINA. IF THAT IS THE CASE, WHY DIDN'T YOU TAKE THIS UP WITH THEM BEFORE YOU MADE THE ANNOUNCEMENT IN NOVEMBER OF 1989?

/GOVERNOR: .....

GOVERNOR: WHEN WE FIRST ANNOUNCED THIS IN OCTOBER OF 1989, WE HAD BRIEFED THE CHINESE BEFORE THAT. AT THAT PARTICULAR TIME WE HAD NO REASON TO BELIEVE THAT IT WAS GOING TO CREATE ANY PROBLEMS. IT HAS SINCE BECOME CLEAR - I SAID THIS IN ANSWER TO AN EARLIER QUESTION - THAT CHINESE CRITICISM OF THE PROJECT WAS GOING TO AFFECT THE WAY IN WHICH THE PRIVATE SECTOR WOULD OR WOULD NOT INVEST IN THE PROJECT OR THE SORT OF PREMIUM, IF YOU CAN PUT IT LIKE THAT, THE PREMIUM THAT THEY MIGHT PUT ON THEIR INVESTMENT IF THERE WAS UNCERTAINTY, AND THAT IS WHY IT HAS BEEN SO NECESSARY TO GET A POSITIVE ATTITUDE FROM CHINA.

STEVE GLAIN: SO THEY WERE BRIEFED ON THE MAGNITUDE AND THE PROXIMITY OF THE PROJECT BEFORE YOU MADE YOUR ANNOUNCEMENT?

GOVERNOR: THEY WERE BRIEFED ON WHAT WE WERE DOING IN DEVELOPING THE PROJECT. IT'S NOT JUST A QUESTION OF BRIEFING CHINA - I DON'T KNOW IF YOU WERE HERE AT THAT PARTICULAR TIME - BUT IT WAS MASSIVELY COVERED IN THE PRESS HERE FROM 1988 ONWARDS, WHAT WE WERE DOING, AND AS I SAY, WE HAD NO REASON TO BELIEVE THAT THIS WAS GOING TO CAUSE ANY PARTICULAR PROBLEMS.

LOUISA TAM (COMMERCIAL RADIO): SIR DAVID, WE ALL KNOW THE MAIN STUMBLING BLOCK HAS ALWAYS BEEN THAT CHINA WANTS TO HAVE A SAY ON ALL MATTERS THAT GO BEYOND 1997, BUT IF WE READ PAGE 4, PARAGRAPH (G), IT LOOKS LIKE THAT THERE HAS ALREADY BEEN A COMPROMISE BY THE UK GOVERNMENT TO GO AND INFORM THE CHINESE GOVERNMENT TWICE A YEAR ON MATTERS OF MUTUAL CONCERN. DOES THAT MEAN DURING THOSE MEETINGS THE UK GOVERNMENT WILL HAVE TO GET APPROVAL ON ALL THOSE MATTERS THAT GO BEYOND 1997? HAS THERE BEEN A COMPROMISE ON THAT, THAT CHINA WILL HAVE A SAY ON ALL MATTERS THAT GO BEYOND 1997?

GOVERNOR: NO. I MEAN ALL THAT HAS BEEN AGREED IS HERE ON THAT PIECE OF PAPER IN FRONT OF YOU, NOTHING IN ADDITION TO THAT AT ALL. THE IDEA OF MEETING TWICE A YEAR WAS IN FACT PUT FORWARD BY THE BRITISH FOREIGN SECRETARY, MR DOUGLAS HURD, WHEN HE VISITED CHINA EARLIER THIS YEAR, AS A WAY OF TRYING TO MAKE SURE THAT CO-OPERATION WAS INTENSIFIED DURING THIS PERIOD AS WE GO UP TO 1997, AND THAT THERE WAS A WAY OF DEALING WITH ISSUES AT A HIGH LEVEL IF THAT SEEMED TO BE NECESSARY. AND IN A SIMILAR SORT OF WAY, THE PROVISION THAT I SHOULD MEET REGULARLY WITH MR LU PING, IS SO THAT WE CAN TRY TO IRON-OUT ANY DIFFICULTIES, NOT JUST ON THE AIRPORT, AND ALSO HAVE A MEANS OF DISCUSSING THINGS ON A MORE REGULAR BASIS THAN PERHAPS WE HAVE HAD UP TO NOW.

LOUISA TAM: SO YOU CAN PROMISE AT THIS POINT THAT DURING THOSE MEETINGS TWICE A YEAR, THERE WON'T BE ANY SECRET DEALS OR ANYTHING THAT WILL GIVE CHINA A SAY IN ALL MATTERS THAT GO BEYOND 1997?

GOVERNOR: WHAT I CAN TELL YOU ABSOLUTELY IS THAT ALL THAT HAS BEEN AGREED IS HERE IN THIS MEMORANDUM OF UNDERSTANDING WHICH YOU HAVE GOT IN FRONT OF YOU, NOTHING ELSE HAS BEEN AGREED TO THAT. I CAN'T TELL YOU, OBVIOUSLY, WHAT IS GOING TO HAPPEN IN EVERY MEETING BETWEEN HERE AND 1997.

/CHRISTINA CHOW (RTHK): .....

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CHRISTINA CHOW (RTHK): SIR DAVID, ALTHOUGH YOU SAY THAT THE MEMORANDUM DOESN'T GIVE ANY VETO POWER TO THE CHINESE SIDE, BUT THE MEMORANDUM DOES SAY THAT ANY DECISION WILL GIVE FULL WEIGHT TO THE CHINESE GOVERNMENT'S VIEWS. WHAT HAPPENS IF THE AIRPORT COMMITTEE CANNOT REACH AN AGREEMENT WITHIN ONE MONTH'S TIME ON THE GRANTING OF CONTRACTS AND GUARANTEES, ETC?

GOVERNOR: WELL I HOPE THAT IT ALWAYS WILL, I MEAN I WOULD LIKE TO LOOK ON THE POSITIVE NOT THE NEGATIVE SIDE, THAT IT ALWAYS WILL MANAGE TO REACH AN AGREEMENT IN THAT SHORT TIME SCALE. IF IT DOESN'T, I MEAN IT'S WHAT IS WRITTEN DOWN IN THAT MEMORANDUM, THAT ANY DECISION TAKEN WILL GIVE FULL WEIGHT TO THE VIEWS OF THE CHINESE SIDE. AND THEN THERE IS THE NEXT SENTENCE AFTER THAT ABOUT WHAT IS IMPORTANT IN A FRANCHISE.

CHRISTINA CHOW: DOES IT MEAN THAT THE CHINESE HAVE THE FINAL SAY IN THIS MATTER THEN?

GOVERNOR: AS I SAID EARLIER, THERE IS NO VETO WRITTEN INTO THIS.

MICHELLE CHAN (MING PAO): SIR DAVID, WHEN THE HONG KONG GOVERNMENT FIRST PUT FORWARD THIS AIRPORT PROJECT, THE GOVERNMENT INTENDED NOT TO CONSULT THE CHINESE GOVERNMENT, BUT UNTIL THE CHINESE GOVERNMENT VOICED OUT THEIR DISAGREEMENT - AND THEN WE ENCOUNTERED A LOT OF DIFFICULTIES IN THE NEGOTIATIONS BETWEEN THE TWO SIDES. AND SO DO YOU CLAIM THAT THE HONG KONG GOVERNMENT HAVE COMMITTED SOME MISTAKES IN THE PROCEDURES IN FORMULATING THE AIRPORT PROJECTS?

GOVERNOR: WELL AS I SAID EARLIER, YOU KNOW THE WORLD IS FULL OF 20/20 HINDSIGHT EXPERTS AND PEOPLE WHO WOULD SAY: WELL YOU SHOULD HAVE DONE IT LIKE THIS, YOU SHOULD HAVE DONE IT A DIFFERENT WAY. I MEAN HAD WE ENGAGED IN A MASSIVE CONSULTATION PROCESS BEFORE OCTOBER 1989, I AM SURE THERE WOULD HAVE BEEN SOME PEOPLE WHO WOULD HAVE SAID: YOU SHOULDN'T HAVE DONE THAT. IN OCTOBER 1989 WHEN WE TOOK THIS DECISION, THE CHINESE WERE AWARE OF WHAT WE WERE DOING. AS I'VE SAID, IT WAS WIDE PUBLIC KNOWLEDGE AND WE HAD NO REASON TO BELIEVE THAT THIS WAS GOING TO CREATE DIFFICULTIES. WE HAVE SINCE THEN FACED VERY PRACTICAL DIFFICULTIES AFFECTING THE WAY IN WHICH PRIVATE SECTOR INVESTMENT WOULD TAKE PART OR WOULDN'T TAKE PART, AND WE HAVE HAD TO TRY TO MOVE TO SOLVE THOSE DIFFICULTIES. IT HAS TAKEN A LONGISH PERIOD OF TIME AND SOME VERY DIFFICULT DISCUSSIONS TO DO IT BUT NOW WE'VE DONE IT.

KAREN CHENG (COMMERCIAL RADIO): I HAVE TWO QUESTIONS, THE FIRST ONE WILL BE: WHAT WILL BE THE FINANCIAL IMPLICATIONS SHOULD THE GOVERNMENT BUDGET - SINCE YOU HAVE TO LEAVE 250 MILLION RESERVE AFTER 1997 - WILL THERE BE ANY RESTRICTION ON GOVERNMENT SPENDING FOR THE NEXT YEARS?

/GOVERNOR: .....

GOVERNOR: WE ARE AIMING TO LEAVE 25 BILLION BUT THAT IS SOMETHING WHICH IS MANAGEABLE. ONE DOES, UNDER ANY CIRCUMSTANCES, WANT TO HAVE A SUBSTANTIAL AMOUNT OF MONEY IN THE FISCAL RESERVES IN ADDITION TO WHAT IS IN THE LAND FUND AND THE FINANCIAL EXPERTS BELIEVE THAT THIS IS MANAGEABLE AND PRUDENT. NOW OF COURSE, YOU KNOW I CAN'T SAY THAT THERE WILL BE NO RESTRICTION ON GOVERNMENT SPENDING BECAUSE GOVERNMENT SPENDING ALWAYS HAS TO BE CAREFUL, IT ALWAYS HAS TO BE RESTRICTED, THERE IS NOT A LIMITLESS SUM OF MONEY. WHEN YOU GET TO A CERTAIN POINT YOU DON'T HAVE THE ADDITIONAL MONEY TO SPEND SO YOU HAVE ALWAYS GOT TO BE CAREFUL.

KAREN CHENG: SO WILL THE COST OF THE PROJECTS, ESPECIALLY THE CORE PROJECTS, GO UP SINCE WE HAVE JUST LESS THAN SIX YEARS TO GO?

GOVERNOR: WILL THE COST OF THE CORE PROJECTS GO UP?

KAREN CHENG: YES.

GOVERNOR: I SIMPLY DON'T KNOW. THERE IS ALWAYS THE INFLATIONARY PROCESS BUT THE COST OF ANY PROJECT DEPENDS NOT JUST ON INFLATION BUT THE COMPETITIVE ENVIRONMENT. AT THE MOMENT THE CONSTRUCTION INDUSTRY IS VERY COMPETITIVE AND THE SORT OF BIDS THAT YOU GET IN FOR SOME OF THESE SORT OF PROJECTS ACTUALLY SOMETIMES TURN OUT TO BE LESS THAN ANTICIPATED, NOT MORE.

VICKY MCLAUGHLIN (REUTERS): WHAT IS THE CURRENT DOLLAR ESTIMATE FOR THE TOTAL PROJECT AND SECONDLY, WHAT PERCENTAGE OF PRIVATE SECTOR INVOLVEMENT ARE YOU LOOKING FOR?

THE GOVERNOR: I AM SORRY, I DON'T HAVE THE PRECISE FIGURE IN MY HEAD AND I DON'T WANT TO CONFUSE PEOPLE BY GIVING YET MORE FIGURES BECAUSE WHAT WE SEEM TO HAVE IS A LOT OF FIGURES BUT THE ONE FIGURE I'LL TELL YOU THAT IS NOT RIGHT WHICH HAS ALWAYS CAUSED ME CONCERN IS THAT WHEN I FIRST ANNOUNCED THIS PROJECT AND PERHAPS I WOULD CONFESS TO THAT AS NOT BEING THE BEST WAY TO DO IT, I PUT TOGETHER THE COST BOTH OF THE AIRPORT AND THE PORT DEVELOPMENT AS 127 BILLION. EVER SINCE PEOPLE HAVE BEEN SAYING 'THE AIRPORT COSTS 127 BILLION' WHICH IS INACCURATE BECAUSE THAT INCLUDES.

VICKY MCLAUGHLIN (REUTERS): WE NEVER SAID THAT.

THE GOVERNOR: I AM SURE REUTERS NEVER WOULD HAVE SAID THAT, SOME OTHER LESSER AGENCIES HAVE SAID THAT. I AM SORRY, YOU HAD ANOTHER POINT.

VICKY MCLAUGHLIN (REUTERS): THE LEVEL OF PRIVATE SECTOR INVOLVEMENT THAT YOU ARE LOOKING FOR, THAT YOU ARE HOPING FOR.

THE GOVERNOR: WE WOULD LIKE TO GET AS MUCH PRIVATE SECTOR INVOLVEMENT AS WE CAN GET. THE FIGURE I THINK FOR THE WHOLE - HERE I AM AGAIN, LET ME BE CAREFUL, PUTTING TOGETHER THE AIRPORT AND THE PORT WAS A 40:60 SPLIT. NOW WHAT WE WANT AS A MINIMUM FOR THE AIRPORT WAS 25 PER CENT BUT THOSE ARE NOT PRECISE FIGURES. AGAIN, LET ME BE VERY CAREFUL ABOUT THAT, THEY ARE NOT PRECISE FIGURES. WE WILL BE AIMING FOR AS MUCH PRIVATE SECTOR INVOLVEMENT AS WE CAN GET.

/VICKY MCLAUGHLIN (REUTERS): .....

VICKY MCLAUGHLIN (REUTERS): SO IN YOUR DREAMS IT WOULD BE 100 PER CENT.

THE GOVERNOR: NO IN MY DREAMS IT WOULDN'T BE A HUNDRED PERCENT BECAUSE THAT WOULD MEAN SIMPLY HANDING IT OVER TO THE PRIVATE SECTOR. UNDER CERTAIN SCENARIOS THERE IS NOTHING WRONG WITH THAT, BUT A PROJECT OF THIS SIZE COMPLEXITY HAVING TO MATCH INTO OTHER BIG GOVERNMENT PROJECTS LIKE ROADS THEN YOU'D PROBABLY NEED A DEGREE OF GOVERNMENT INVOLVEMENT.

AL REYES (ASIAWEEK MAGAZINE) : SIR DAVID, BACK TO FINANCES, IS HONG KONG IN FOR A FEW YEARS OF DEFICIT SPENDING AS WE GET UP TO 1997?

THE GOVERNOR: NO, THE ESTIMATES THAT THERE ARE, MEAN THAT AT SOME STAGES WE WILL BE DRAWING ON OUR RESERVES, BUT I THINK IT IS IMPORTANT TO LOOK AT IT AS MONEY WHICH HAS BEEN SAVED UP FOR A PARTICULAR PROJECT WHICH YOU THEN USE. NOW, SOMETIMES PEOPLE CAN PUT THAT AS DEFICIT SPENDING, AS THOUGH THAT WAS A BAD THING, BUT THAT WOULD BE REALLY THE SAME AS IF YOU PUT MONEY INTO YOUR BANK ACCOUNT TO SAVE UP FOR BUYING A NEW APARTMENT AND NEVER USED IT. YOU PUT IT THERE FOR A PARTICULAR PURPOSE AND YOU THEN USE IT. IN THE SAME WAY WE HAVE BEEN BUILDING UP OUR RESERVES AND WE WILL BE USING SOME OF THOSE RESERVES FOR THE AIRPORT PROJECT. THAT'S WHAT THEY'VE BEEN PUT THERE FOR.

AL REYES : SECOND QUESTION, WAS THERE ANY REASON WHY THE HONG KONG GOVERNMENT COULD NOT HAVE SENT A REPRESENTATIVE IN THE LAST STAGES OF THE TALKS ?

THE GOVERNOR: THAT WAS JUST THE WAY THAT IT WORKED OUT AT THE END. BUT IT DOESN'T CAUSE ME ANY PROBLEM BECAUSE, AS I SAID EARLIER, IT'S WHAT YOU GET AS A RESULT RATHER THAN WHO IS ACTUALLY DOING THE TALKING THAT'S IMPORTANT. ALSO, THE VERY CLOSE INVOLVEMENT OF HONG KONG WHICH TOOK PLACE THROUGHOUT THAT FINAL STAGE.

MAU CHI-WANG (HK ECONOMIC JOURNAL MONTHLY): I HAVE TWO QUESTIONS. MY FIRST QUESTION IS, I HAVE AN INTERESTED IN THE ROLE OF BANK OF CHINA. CAN YOU ELABORATE MORE? WHAT'S THE ROLE OF BANK OF CHINA IN THE FUTURE WHEN COMPARED WITH HONG KONG BANK AND CHARTERED BANK IN TERMS OF BALANCE OF POWER ? THIS IS MY FIRST QUESTION.

THE GOVERNOR: IN THIS AGREEMENT, LET ME DEAL WITH THE AGREEMENT FIRST. THERE ARE TWO ELEMENTS WHICH INVOLVE THE BANK OF CHINA; ONE IS THAT I HAVE SAID THAT I AM WILLING TO APPOINT ONTO THE AIRPORT AUTHORITY SOMEBODY FROM THE BANK OF CHINA GROUP EMPLOYED HERE LOCALLY IN HONG KONG, THAT'S THE BANK OF CHINA GROUP - EITHER THE BANK OF CHINA OR ONE OF THE WHAT IS SOMETIMES CALLED SISTER BANKS - AND THEN THERE IS THE PROVISION THAT THE BANK OF CHINA WILL BE WILLING TO TAKE PART IN SYNDICATING LOANS AND THAT SORT OF THING WHICH WILL GIVE I THINK A MEASURE OF CONFIDENCE TO OTHER BANKERS. YOUR BROADER QUESTION, MUCH MUCH HARDER TO ANSWER AND I DON'T THINK I CAN PRODUCE AN ANSWER FOR THAT - WE'VE GOT TWO BANKS THAT YOU ARE REFERRING TO - BANK OF CHINA, HONG KONG SHANGHAI BANK- BOTH VERY, VERY BIG IN HONG KONG, BOTH WILL I THINK GO ON PLAYING A MAJOR ROLE IN THE HONG KONG ECONOMY BUT THE ACTUAL BALANCE BETWEEN THEM, I COULDN'T GUESS AT THAT.

/MAU CHI-WANG : .....

MAU CHI-WANG : MY SECOND QUESTION. THIS AFTERNOON YOUR FACIAL EXPRESSION IS QUITE JOYFUL. DO YOU CONSIDER THIS MEMORANDUM IS ONE OF THE SUCCESS OR FAILURE OF YOUR FUTURE IN RELATION TO YOUR TERMS OF SERVICE ?

THE GOVERNOR: I THINK I RATHER LIKED THE EARLIER QUESTION. I DON'T SEE THIS IN PERSONAL TERMS AT ALL. I DO THINK THAT THIS IS A GOOD AGREEMENT FOR HONG KONG. I HAVE BEEN ANXIOUS THAT HONG KONG SHOULD GET ON WITH BUILDING AN AIRPORT SO THAT WE BUILD UP THE PLACE FOR THE LONG TERM FUTURE AND I SAID EARLIER I THINK THE BENEFITS FOR THIS ARE GOING TO COME AFTER 1997 MORE THAN BEFORE SO I HAVE BEEN KEEN THAT WE SHOULD GO AHEAD, I AM PLEASED THAT WE ARE NOW ABLE. WE'VE GOT A SENSIBLE, PRACTICAL AGREEMENT TO DO IT. IF THAT MAKES MY FACIAL EXPRESSION LOOK JOYFUL, GOOD. HAVE YOUR LAST POINT PLEASE.

MAU CHI-WANG: DO YOU CONSIDER THIS MEMORANDUM AS ONE OF EMOTIONAL SUPPORT FOR THE PRESENT ADMINISTRATION OF THE HONG KONG GOVERNMENT, ESPECIALLY IN THE SENIOR STAFF ?

THE GOVERNOR: NO, I DON'T SEE IT IN PERSONAL TERMS AT ALL. I SEE IT AS SOMETHING WHICH MATTERS FOR HONG KONG AS A WHOLE, I DON'T SEE IT AS PERSONAL AS TO HOW IT AFFECTS ME IS NOT A MATTER OF CONCERN TO ME, IT'S HOW IT AFFECTS HONG KONG.

S.Y.YUE (HK STANDARD): I HAVE A RELATIVELY SIMPLE QUESTION FOR YOU. ONE IS THE CREDIT OF APPOINTING A VICE CHAIRMAN TO THE AIRPORT AUTHORITY, WOULD IT BE A CANDIDATE THAT IS FAVOURED BY THE CHINESE SIDE ?

THE GOVERNOR: THERE IS NOTHING LAID DOWN ABOUT WHO THAT CANDIDATE SHOULD BE, NOTHING ABOUT THAT AT ALL. IT JUST HAS THE POSSIBILITY OF A VICE CHAIRMAN AT SOME POINT IN ABOUT TWO YEARS' TIME. IT MAY BE NECESSARY TO HAVE A VICE CHAIRMAN, WE DON'T ACTUALLY KNOW AT THE MOMENT AND IT MAY BE POSSIBLE THAT THE VICE CHAIRMANSHIP WILL PROVIDE FOR CONTINUITY BUT THERE'S NOTHING LAID DOWN ABOUT WHO THAT PERSON SHOULD BE.

S.Y.YUE (HK STANDARD): WHAT IS THE PURPOSE OF APPOINTING SUCH A PERSON?

THE GOVERNOR: IT JUST ALLOWS FOR A DIFFERENT STRUCTURE IN THE AIRPORT AUTHORITY. AT THE MOMENT, THE WAY THE PROVISIONAL AIRPORT AUTHORITY IS SET UP, IT DOESN'T HAVE A VICE CHAIRMAN, IT MEANS THE AIRPORT AUTHORITY CAN HAVE A VICE CHAIRMAN. PRECISELY WHAT THE VICE CHAIRMAN WILL DO, THAT REMAINS TO BE LOOKED AT.

S.Y.YUE (HK STANDARD): IT'S THE POINT THAT CHINESE SIDE HAD INSISTED ALL ALONG THAT THIS VICE CHAIRMAN SHOULD TAKE A ROLE THAT BRING IN SOME KIND OF VETO POWER FROM THE CHINESE SIDE. IS THAT THE PURPOSE OF THIS?

/THE GOVERNOR: .....

THE GOVERNOR: I DID SAY EARLIER I WASN'T GOING TO GO THROUGH POINTS WHICH HAD BEEN DIFFERENCES AND WHICH HAVE NOW BEEN RESOLVED, BUT YOU WILL SEE THAT THERE IS NOTHING WRITTEN DOWN THERE, ABSOLUTELY NOTHING ABOUT A VETO POWER OR ANY PARTICULAR ROLE FOR A VICE CHAIRMAN OR INDEED WHO THAT VICE CHAIRMAN SHOULD BE.

LAI TING-YIU (NEXT MAGAZINE): WE ARE NOW HAVING A SUB COMMITTEE UNDER THE JLG DEALING WITH THE AIRPORT PROGRAMME. IT LETS ME THINK THAT WE MAY HAVE ANOTHER SUB COMMITTEE UNDER THE JLG TO DEAL WITH HOUSING PROGRAMME, OR THE DEVELOPMENT OF THE MEDICAL SERVICE OR ANY OTHER MAJOR DEVELOPMENT PROGRAMME. DO YOU THINK IT WILL HAPPEN IN THE FUTURE, AND DO YOU AGREE THAT AIRPORT PROGRAMME IS A DOMESTIC PROGRAMME; IT'S SOMETHING CONCERNED WITH DOMESTIC AFFAIR, IT SHOULD NOT BE AN AFFAIR DEALING BETWEEN THE BRITISH AND CHINESE, THROUGH DIPLOMATIC CHANNEL ?

THE GOVERNOR: I DON'T EXPECT THERE WILL BE SUB COMMITTEES SET UP TO DEAL WITH A WHOLE RANGE OF THINGS. I SAID EARLIER THAT THE AIRPORT WAS A PARTICULAR SORT OF ANIMAL, WHICH THEREFORE NEEDED TO BE DEALT WITH IN A PARTICULAR SORT OF WAY, AND WE ALL KNOW HIT PARTICULAR DIFFICULTIES ON THE AIRPORT. SO WE'VE GOT TO FIND WAYS OF DEALING WITH THOSE AND THIS IS A SENSIBLE WAY OF DEALING WITH IT. IT DOESN'T MEAN THAT ON EVERY MAJOR AREA OF POLICY THAT THERE WILL BE ANY NEED FOR SUB COMMITTEES. AND IT'S ALSO PERHAPS IMPORTANT TO POINT OUT THAT THE JOINT LIAISON GROUP IS SPECIFICALLY LAID DOWN AS BEING AN ORGAN FOR LIAISON, IT'S NOT, THE WORDING OF THE JOINT DECLARATION, IT'S NOT AN ORGAN FOR POWER. IT'S AN ORGANISATION FOR LIAISON PURPOSES. SO YOUR OTHER POINT WAS, THAT SHOULD IT BE DEALT WITH THROUGH DIPLOMATIC CHANNELS. WHEN WE HIT THE SORT OF PROBLEMS THAT WE HAVE HIT ON THE AIRPORT, IT DID RAISE IT TO THE DIPLOMATIC LEVEL, INDEED FOR A PERIOD OF TIME THIS WAS COVERING THINGS, SPREADING OVER TO THINGS, NOT SIMPLY RELATED TO THE AIRPORT. SO, ALL EFFORTS HAD TO BE MOBILISED TO DEAL WITH THAT PARTICULAR PROBLEM AND THAT INCLUDED DEALING WITH IT ON A DIPLOMATIC LEVEL. I LOOK AT IT VERY PRAGMATICALLY, IF YOU FACE A PROBLEM, IF IT HAS GOT RAISED TO THAT SORT OF LEVEL, IF IT EXPANDS OUTWARDS BEYOND WHAT IS OUR IMMEDIATE SCOPE IN HONG KONG, THEN YOU'VE GOT TO FIND A WAY OF DEALING WITH IT AND WHAT'S IMPORTANT IS THAT IT'S DEALT WITH.

FRANKIE YIP (WAH KIU YAT PO): IS THERE A CONSENSUS IN INTERPRETING THE WORDS OF CONSULTATIONS ? EXACTLY WHAT IS THE LINE OF CONSULTATION ?

THE GOVERNOR: SORRY, WHAT IS THE LAST POINT OF YOUR QUESTION ?

FRANKIE YIP (WAH KIU YAT PO): WHAT IS THE LINE OF CONSULTATION ? LIKE BETWEEN WHO HAS THE POWER TO CONSULT WITH, WHO IS BEING CONSULTED?

THE GOVERNOR: THE IDEA OF CONSULTATION I THINK I'VE SAID EARLIER, THERE'S NO PROBLEM WITH THE IDEA OF CONSULTATION, THERE IS A POTENTIAL PROBLEM IF THAT IMPLIES SOME SORT OF A VETO POWER. I THINK THAT'S A POINT WHICH I REMEMBER THE BRITISH FOREIGN SECRETARY GOING INTO IT AT SOME LENGTH WHEN HE WAS HERE EARLIER IN THE YEAR.

/LOUIS TING (HK ECONOMIC TIMES): .....

LOUIS TING (HK ECONOMIC TIMES): IN THE MEMORANDUM THEY HAVE SAID THAT THE AIRPORT AUTHORITY ORDINANCE WILL BE MODELLED AS FAR AS POSSIBLE ON THE MASS TRANSIT RAILWAY CORPORATION ORDINANCE. WHAT IS NECESSARY FOR THAT ?

THE GOVERNOR: THAT WAS JUST TO EXPLAIN TO THE CHINESE SIDE WHAT SORT OF AN ORDINANCE IT WAS GOING TO BE, IT WILL BE VERY CLOSE TO THE MTR ORDINANCE, THAT'S THE ONLY REASON FOR IT.

LOUIS TING: WHY IS IT MODELLED AS THE MTR AND NOT ANY OTHER ORDINANCE ?

THE GOVERNOR: BECAUSE IT'S A VERY SIMILAR OPERATION TO THE MTR IF YOU THINK ABOUT IT. THE MTR BEING BUILT UNDER A BOARD AS IT WERE, SET UP SPECIALLY FOR THAT PURPOSE, THE AIRPORT AUTHORITY WILL BE VERY SIMILAR INDEED. IT'S GOT A MAJOR PROJECT TO MANAGE AND IT WILL BE SET UP IN VERY MUCH THE SAME WAY AS THE MTR WAS EVENTUALLY SET UP BECAUSE THERE WERE VARIOUS EARLY EXPERIMENTS WITH HOW TO RUN THE MTR AND EVENTUALLY THE PRESENT SYSTEM, THE MTR ORDINANCE WAS ADOPTED AND WE WILL BE DOING A SIMILAR THING WITH THE AIRPORT AUTHORITY.

LOUIS TING: SECONDLY, ABOUT THE CONSULTATIVE COMMITTEE ON THE AIRPORT. THE MEMORANDUM SAID THERE IS NO DECISION MAKING POWER AND IT SHOULD NOT DELAY THE PROGRESS OF THE PROJECT. THEN WHAT'S THE MEANING OF SETTING UP SUCH A CONSULTATIVE COMMITTEE ?

THE GOVERNOR: I WOULD CALL IT SOMETHING LIKE A SOUNDING BOARD FOR A WIDE SPREAD OF OPINION. IT WILL BE CHANCE FOR PEOPLE TO EXPRESS VIEWS ON THE AIRPORT AND PROJECTS DIRECTLY RELATED TO THE AIRPORT, BUT VERY IMPORTANT INDEED THAT THAT DOESN'T BECOME THE BODY WHICH TAKES DECISIONS, THAT'S THE AIRPORT AUTHORITY THAT TAKES DECISIONS. VERY IMPORTANT INDEED THAT THAT WHOLE PROCESS OF PEOPLE EXPRESSING THEIR VIEWS SHOULDN'T JUST BE A BREAK ON SOMETHING WHICH IS VERY IMPORTANT FOR HONG KONG AND THAT IT SHOULDN'T DELAY THE WHOLE PROCESS. IT WILL I THINK ALSO BE A VERY USEFUL WAY IN WHICH WE CAN GET OUT MORE INFORMATION ON THE AIRPORT PROJECT. THERE HAVE BEEN A LOT OF PEOPLE WHO HAVE CALLED FOR MORE INFORMATION ON THE PROJECT. IN MANY WAYS WE'VE GOT BOTH TOO MUCH AND TOO LITTLE INFORMATION, THERE'S A GREAT MASS OF DOCUMENTATION ON THE AIRPORT, BUT IT'S NOT BOILED DOWN INTO A FORM WHICH IS EASILY ABSORBED BY ORDINARY PEOPLE AND WE ARE GOING TO HAVE TO MAKE MORE EFFORT ON THAT. THE CONSULTATIVE COMMITTEE MAY WELL TURN OUT TO BE A GOOD WAY OF DISSEMINATING MORE INFORMATION ABOUT THE AIRPORT.

THANK YOU VERY MUCH.

CHAI WAN AND SHAU KEI WAN SEWERAGE MASTER PLAN STUDY

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THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD) HAS COMMISSIONED A CONSULTANCY STUDY TO ASSESS THE EXTENT OF THE POLLUTION PROBLEM RESULTING FROM IMPROPER DISCHARGE OF DOMESTIC SEWAGE AND INDUSTRIAL EFFLUENTS TO STORMWATER DRAINS AND WATER COURSES WITHIN THE CHAI WAN AND SHAU KEI WAN REGION.

THE STUDY WILL ASSESS THE INADEQUACY OF THE EXISTING SEWERAGE SYSTEM AND SCHEMES FOR REMEDIAL WORKS WILL BE FORMULATED TO ENSURE THAT ALL SEWAGE WILL BE PROPERLY COLLECTED AND DISPOSED OF IN AN ENVIRONMENTALLY ACCEPTABLE MANNER.

A SEWERAGE MASTER PLAN WILL BE ESTABLISHED AND A PRIORITISED PROGRAMME FOR PROGRESSIVE IMPLEMENTATION OF NECESSARY ENGINEERING WORKS WILL BE PREPARED TO PROVIDE FOR SHORT- AND LONG-TERM MEASURES TO REDUCE THE POLLUTION PROBLEMS IN STAGES. EMPHASIS WILL BE GIVEN TO ACHIEVING EARLY ENVIRONMENTAL IMPROVEMENTS.

THE AGREEMENT FOR THE CONSULTANCY STUDY WAS SIGNED TODAY (THURSDAY) BETWEEN THE EPD'S ACTING ASSISTANT DIRECTOR (WASTE AND WATER POLICY), MR PAUL R. HOLMES, AND THE JOINT VENTURE CONSULTANTS, MR P. PURNELL-EDWARDS, DIRECTOR OF PYPUN-HOWARD HUMPHREYS LTD AND MR A.J. MORRIS, DIRECTOR OF BALFOURS INTERNATIONAL (ASIA) CONSULTING ENGINEERS LTD.

THE STUDY, AT A COST OF \$10.34 MILLION, WILL BE CARRIED OUT IN TWO PHASES AND BE COMPLETED IN 18 MONTHS.

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GRADING OF BEACH WATER QUALITY

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THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD) TODAY (THURSDAY) ANNOUNCED GRADES ON THE BACTERIOLOGICAL WATER QUALITY OF ALL BATHING BEACHES IN HONG KONG.

THE PURPOSE OF THE GRADING SYSTEM IS TO INFORM SWIMMERS AND THE GENERAL PUBLIC ABOUT THE STATE OF BACTERIOLOGICAL POLLUTION AT VARIOUS BEACHES.

THE GRADING WILL BE ANNOUNCED BIWEEKLY DURING THE BATHING SEASON, TO COINCIDE WITH THE FREQUENCY AT WHICH BEACH WATERS ARE USUALLY SAMPLED.

THE GRADING IS BASED ON THE MOST RECENT E. COLI DATA OBTAINED BY THE EPD IN ITS ROUTINE MONITORING PROGRAMME.

AS WITH LAST YEAR, THE GRADING ALSO INCLUDES AN ESTIMATE OF THE RISK OF SUFFERING SOME MINOR SKIN OR GASTROINTESTINAL COMPLAINTS AS A RESULT OF SWIMMING AT A BEACH WHICH HAS SOME DEGREE OF POLLUTION.

/THE ESTIMATE .....

THE ESTIMATE IS BASED ON A VERY LARGE BODY OF STATISTICAL INFORMATION GATHERED IN HONG KONG IN RECENT BATHING SEASONS.

THE GRADING OF SOME BEACHES MAY VARY DURING THE SUMMER. THIS REPRESENTS A NATURAL FLUCTUATION IN THE BACTERIOLOGICAL QUALITY OF BATHING WATERS IN MOST CASES, AS RAIN AND TIDES BRING MORE OR LESS POLLUTION TO THE BEACHES.

HOWEVER, THE GRADES GIVE A GOOD GENERAL PICTURE OF THE WATER QUALITY AT BATHING BEACHES AT THE TIME OF REPORTING AND FORM THE BEST AVAILABLE FORECAST FOR THE IMMEDIATE FUTURE.

AN EPD SPOKESMAN SAID BEACHES WITH HIGHLY DEVELOPED HINTERLANDS ARE LIKELY TO BE MORE POLLUTED THAN THE GRADES SUGGEST DURING AND AFTER HEAVY RAIN.

BATHERS SHOULD AVOID SUCH BEACHES FOR TWO OR THREE DAYS AFTER A STORM, LONGER IF THE WEATHER REMAINS OVERCAST OR LESS IF THERE IS STRONG SUNSHINE.

THE SYSTEM FOR GRADING BEACH WATER QUALITY IS AS FOLLOWS:

GRADE "1" INDICATES THAT THE WATER QUALITY IS GOOD. THE E. COLI COUNT IS NO MORE THAN 24 PER 100 MILLILITRES AT EACH BEACH SO GRADED, AND THE EXPECTED RISK OF MINOR ILLNESS TO SWIMMERS IS UNDETECTABLE.

GRADE "2" INDICATES THAT THE WATER QUALITY IS FAIR. THE E. COLI COUNT IS NO MORE THAN 180 PER 100 MILLILITRES AT EACH BEACH SO GRADED, AND THE EXPECTED HEALTH RISK IS NO MORE THAN 10 CASES OF MINOR ILLNESS PER 1,000 SWIMMERS.

GRADE "3" INDICATES THAT THE WATER QUALITY IS ACCEPTABLE. THE E. COLI COUNT IS NO MORE THAN 610 PER 100 MILLILITRES AT EACH BEACH SO GRADED, AND THE EXPECTED HEALTH RISK IS NO MORE THAN 15 CASES OF MINOR ILLNESS PER 1,000 SWIMMERS.

GRADE "4" INDICATES THAT THE WATER QUALITY IS POOR. THE E. COLI COUNT IS MORE THAN 610 PER 100 MILLILITRES AT EACH BEACH SO GRADED, AND THE EXPECTED HEALTH RISK IS MORE THAN 15 CASES OF MINOR ILLNESS PER 1,000 SWIMMERS.

THE DECISION WHETHER OR NOT TO CLOSE A BEACH TO SWIMMERS IS BASED ON A JUDGEMENT OF WHAT DEGREE OF POLLUTION IS ACCEPTABLE.

NORMALLY, THE CLOSURE OF A BEACH WOULD ONLY BE CONSIDERED BY THE URBAN OR REGIONAL COUNCIL IF A "4" GRADE OCCURRED REPEATEDLY, SO THAT THE AVERAGE HEALTH RISK OVER THE BATHING SEASON EXCEEDED 15 CASES PER 1,000 SWIMMERS.

SIMILARLY, THE REOPENING OF A CLOSED BEACH WOULD ONLY BE CONSIDERED IF A "3" GRADE OR BETTER WERE CONSISTENTLY OBTAINED.

AT PRESENT, TWO BATHING BEACHES, NAMELY CASTLE PEAK AND OLD CAFETERIA, HAVE BEEN DECLARED UNSUITABLE FOR SWIMMING PURPOSES, BASED ON THE WATER QUALITY DURING PAST SEASONS. THEY ARE POLLUTED BY FAECAL WASTES AND FAIL TO ACHIEVE CONSISTENTLY THE HONG KONG STANDARDS.

THE PUBLIC ARE ADVISED NOT TO SWIM IN THE WATER AT THESE TWO BEACHES. IN ADDITION, ROCKY BAY BEACH HAS BEEN CLOSED FOR SWIMMING PURPOSES BY THE URBAN COUNCIL. THESE THREE BEACHES ARE IDENTIFIED BY AN "X" IN THE FOLLOWING LIST.

THE GRADES ON THE BACTERIOLOGICAL WATER QUALITY OF VARIOUS BEACHES IN HONG KONG AS AT TODAY ARE LISTED BELOW:

BEACH -----	PREVIOUS GRADING ----- (AS AT 20.6.91)	PRESENT GRADING ----- (AS AT 4.7.91)
HONG KONG SOUTH -----		
BIG WAVE BAY	1	2
CHUNG HOM KOK	1	2
DEEP WATER BAY	1	2
HAIRPIN	1	2
MIDDLE BAY	1	1
REPULSE BAY	1	1
SHEK O	1	2
SOUTH BAY	1	1
ST STEPHEN'S	1	2
TURTLE COVE	1	1
STANLEY MAIN	2	2
ROCKY BAY	X	X
TO TEI WAN*	1	1
TUEN MUN DISTRICT -----		
OLD CAFETERIA	X	X
NEW CAFETERIA	2	2
CASTLE PEAK	X	X
KADOORIE	3	3
BUTTERFLY	2	3
SAI KUNG DISTRICT -----		
CAMPERS	1	1
CLEAR WATER BAY 1ST BEACH	1	1
CLEAR WATER BAY 2ND BEACH	1	1
HAP MUN BAY	1	1
KIU TSUI	1	1
PAK SHA CHAU	1	1
SILVERSTRAND	1	1
TRIO (HEBE HAVEN)	1	1

/ISLANDS DISTRICT .....

ISLANDS DISTRICT

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CHEUNG SHA UPPER	1	1
CHEUNG SHA LOWER	2	2
DISCOVERY BAY*	1	1
HUNG SHING YEH	1	1
KWUN YAM WAN	1	1
TONG FUK	1	1
LO SO SHING	1	1
PUI O	2	2
SILVERMINE BAY	3	2
TUNG WAN, CHEUNG CHAU	2	2
TUNG O*	1	1

TSUEN WAN DISTRICT

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ANGLERS'	3	3
APPROACH	2	2
CASAM	2	3
GEMINI	3	3
HOI MEI WAN	3	3
LIDO	2	3
TING KAU	3	4
TUNG WAN, MA WAN	1	2

NOTE: "X" THE BEACH HAS BEEN CLOSED FOR SWIMMING PURPOSES.  
\* NON-GAZETTED BEACHES.

THE FOLLOWING BEACHES HAVE CHANGED GRADING ON THIS OCCASION:

BIG WAVE BAY, CHUNG HOM KOK, DEEP WATER BAY, HAIRPIN, SHEK O, ST STEPHEN'S AND TUNG WAN ON MA WAN, FROM "1" TO "2"; CASAM, LIDO AND BUTTERFLY, FROM "2" TO "3"; SILVERMINE BAY, FROM "3" TO "2"; AND TING KAU, FROM "3" TO "4".

THE CHANGES ARE WITHIN THE NORMAL RANGE OF FLUCTUATION OF THE BACTERIOLOGICAL WATER QUALITY OF THESE BEACHES.

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NOTE TO EDITORS:

FOR FURTHER ENQUIRIES, PLEASE CONTACT EPD'S PRINCIPAL ENVIRONMENTAL PROTECTION OFFICER (WATER POLICY), MR P.R. HOLMES, ON TEL. 835 1234.

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THURSDAY, JULY 4, 1991

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ELDERLY SERVICES UNDER CONSTANT REVIEW

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THE SOCIAL WELFARE DEPARTMENT HAS BEEN REGULARLY CONDUCTING REVIEWS ON ELDERLY SERVICES TO MEET THE CHANGING NEEDS OF THE AGEING POPULATION.

THIS WAS STATED TODAY (THURSDAY) BY THE ACTING DIRECTOR OF SOCIAL WELFARE, MRS ROSE GOODSTADT, WHEN OFFICIATING AT THE OPENING OF A VARIETY SHOW FOR 1,000 ELDERLY PEOPLE IN CENTRAL. THE SHOW WAS ORGANISED BY SHUN TAK FRATERNAL ASSOCIATION.

MRS GOODSTADT SAID THERE WAS A DIRE NEED TO UPGRADE VARIOUS ELDERLY SERVICES, BOTH IN QUALITY AND QUANTITY, TO COPE WITH THE INCREASE IN ELDERLY POPULATION.

"THE WHITE PAPER ON SOCIAL WELFARE INTO THE 90S AND BEYOND, PUBLISHED IN MARCH THIS YEAR, HAS LAID DOWN CONCRETE DIRECTION IN THE DEVELOPMENT OF ELDERLY SERVICES," SHE POINTED OUT.

THE GOVERNMENT WOULD EXPAND COMMUNITY AND RESIDENTIAL CARE SERVICES AS WELL AS RESPITE SERVICE FOR THE ELDERLY, SHE SAID.

"IN AN EFFORT TO FURTHER IMPROVE THE SERVICES, THE GOVERNMENT WILL ALSO INTRODUCE LEGISLATION TO REGULATE RESIDENTIAL CARE HOMES FOR THE ELDERLY.

"IN ADDITION, THE GOVERNMENT ENCOURAGES THE ESTABLISHMENT OF MORE SELF-FINANCING HOMES BY NON-PROFIT-MAKING ORGANISATIONS," SHE SAID.

MRS GOODSTADT ALSO PAID TRIBUTE TO SHUN TAK FRATERNAL ASSOCIATION FOR ITS ACTIVE ROLE IN ORGANISING ACTIVITIES FOR OUR SENIOR CITIZENS.

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FAN LAU FORT RESTORED

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THE FAN LAU FORT ON LANTAU ISLAND HAS REGAINED ITS ORIGINAL SPLENDOUR WITH THE RECENT COMPLETION OF A \$1.2 MILLION RESTORATION PROGRAMME.

A DISPLAY ON THE HISTORY AND ARCHITECTURE OF THE FORT HAS BEEN PUT UP ON SITE TO HELP VISITORS APPRECIATE THE VALUE OF THE MONUMENT.

LOCATED AT THE SOUTHWESTERN TIP OF LANTAU, THE FAN LAU FORT OVERLOOKING AN IMPORTANT STRATEGIC SEA PASSAGE LEADING INTO THE PEARL RIVER ESTUARY.

/THE NAME .....

THE NAME "FAN LAU" WHICH LITERALLY MEANS "DIVISION OF FLOWS" DESCRIBES THE CHANGE OF COLOUR OF THE WATERS OFF THE POINT FROM A CLEAR GREEN TO MUDDY BROWN AS THE PACIFIC CURRENTS MEET THE PEARL RIVER WATER.

THE FORT IS BELIEVED TO BE CONSTRUCTED IN THE SEVENTH YEAR OF YONG ZHENG (1729) AND WAS A MAJOR COASTAL FORTIFICATION AT THE PEARL RIVER ESTUARY. VESSELS GOING TO CANTON VIA THE PEARL RIVER WOULD USE THE FORT AS A LANDMARK.

THE FORT WAS UNDER THE COMMAND OF THE RIGHT WING OF DA PENG BATTALION. DURING THE REIGN OF JIA QING (1796-1821), THE FORT WAS GUARDED BY 48 SOLDIERS UNDER ONE LIEUTENANT. HOWEVER, THE NUMBER OF SOLDIERS WAS LATER REDUCED TO 30.

RECTANGULAR IN SHAPE, MEASURING 21 METRES BY 46 METRES, THE FORT APPEARS TO BE BUILT ON A STONE BASE. ITS WALLS ARE CONSTRUCTED WITH SEMI-DRESSED STONES AND GREY BRICKS.

IT WAS BELIEVED THAT THE FORT WAS ONCE OCCUPIED BY PIRATES. WITH THE SURRENDER OF ALL MAJOR GANGS OF PIRATES TO THE QING GOVERNMENT BY 1810, THE FORT SHOULD BE TAKEN OVER BY GOVERNMENT TROOPS AGAIN. HOWEVER, IT WAS EVENTUALLY ABANDONED AFTER THE LEASE OF THE NEW TERRITORIES TO BRITAIN IN 1898.

IN VIEW OF ITS GREAT HISTORICAL SIGNIFICANCE, THE FORT WAS DECLARED A MONUMENT IN 1981 AT THE RECOMMENDATION OF THE ANTIQUITIES ADVISORY BOARD.

INITIAL RESTORATION HAD BEEN CARRIED OUT IN 1985. THIS WAS FOLLOWED BY A LARGE-SCALE REPAIR PROJECT IN LATE LAST YEAR, WHICH ALSO INCLUDED IMPROVEMENT OF THE PHYSICAL ENVIRONMENT OF THE FORT.

THE RESTORATION PROGRAMME WAS SUPERVISED BY THE ANTIQUITIES AND MONUMENT OFFICE OF THE RECREATION AND CULTURE BRANCH AND THE ANTIQUITIES SECTION OF THE ARCHITECTURAL SERVICES DEPARTMENT.

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#### SIX DISTRICTS TO START SUMMER YOUTH PROGRAMME

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SIX DISTRICTS WILL START THEIR 1991 SUMMER YOUTH PROGRAMME THIS WEEKEND (JULY 6 AND 7) WITH CARNIVALS AND VARIETY SHOWS.

A SPOKESMAN FOR THE CITY AND NEW TERRITORIES ADMINISTRATION SAID TODAY (THURSDAY) THAT OVER 1,700 ACTIVITIES WILL BE HELD IN THE EASTERN, SHAM SHUI PO, KWUN TONG, TSUEN WAN, MONG KOK AND WAN CHAI DISTRICTS FROM THIS WEEKEND THROUGH AUGUST.

WITH THE THEME "SHARE THE FUN, SERVE THE COMMUNITY", THE SYP WILL NOT ONLY PROVIDE YOUNGSTERS, AGED SIX TO 25, WITH RECREATION BUT ALSO WITH OPPORTUNITIES TO PARTICIPATE IN COMMUNITY SERVICES.

/THESE INCLUDE .....

THESE INCLUDE VISITS, FORESTRY CAMPS, SINGING COMPETITIONS AND MANY OTHER EDUCATIONAL AND CULTURAL EVENTS.

EACH DISTRICT HAS PRODUCED ITS OWN PROGRAMME BOOKLET, FREE COPIES OF WHICH CAN BE OBTAINED FROM THE RESPECTIVE DISTRICT OFFICE.

OFFICIATING AT THE OPENING WILL BE THE DISTRICT OFFICERS, DISTRICT BOARD CHAIRMEN AND OTHER GUESTS.

THE DATES, TIMES AND VENUES OF THE OPENING CEREMONIES ARE AS FOLLOWS:

DATE/TIME	DISTRICT	VENUE
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SATURDAY (JULY 6)		
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3.30 PM	EASTERN	CHAI WAN COMMUNITY CENTRE, 230 CHAI WAN ROAD.
4 PM	SHAM SHUI PO	TUNG CHAU STREET PARK
7 PM	KWUN TONG	HONG NING ROAD PLAYGROUND
SUNDAY (JULY 7)		
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NOON	TSUEN WAN	SHA TSUI ROAD PLAYGROUND
2 PM	MONG KOK	ANCHOR STREET PLAYGROUND, TAI KOK TSUI.
4 PM	WAN CHAI	SOUTHORN PLAYGROUND

THE SYP, ORGANISED BY THE RESPECTIVE SYP CO-ORDINATING COMMITTEE IN EACH DISTRICT, IS SPONSORED BY THE ROYAL HONG KONG JOCKEY CLUB, DISTRICT BOARDS AND ORGANISATIONS IN THE PRIVATE SECTOR.

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ATTENTION NEWS EDITORS:

YOU ARE INVITED TO SEND REPRESENTATIVES TO COVER THE OPENING CEREMONIES OF THE SUMMER YOUTH PROGRAMME IN THE SIX DISTRICTS THIS WEEKEND (JULY 6 AND 7).

THURSDAY, JULY 4, 1991

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NO ABNORMALITIES DETECTED IN ARGENTINIAN CORNED BEEF  
\* \* \* \* \*

IN RESPONSE TO PRESS ENQUIRIES, A SPOKESMAN FOR THE DEPARTMENT OF HEALTH TODAY (THURSDAY) SAID:

"NO ABNORMALITIES HAVE BEEN DETECTED IN THE ARGENTINIAN CORNED BEEF SAMPLES RECENTLY TAKEN FOR EXAMINATION FOLLOWING THE RECALL OF THE PRODUCT IN THE UNITED KINGDOM BECAUSE OF POSSIBLE HEALTH RISK.

"COUNTER-CHECKING BY STAFF OF THE DEPARTMENT SHOWED THE AFFECTED PRODUCT WAS NOT FOUND IN THE LOCAL MARKET."

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HONG KONG GOVERNMENT EXCHANGE FUND  
MONEY MARKET OPERATIONS  
\* \* \* \* \*

	DATE	\$ MILLION
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CLOSING BALANCE IN THE ACCOUNT ON	3.7.91	480
EFFECT OF FORWARDS TO BE SETTLED ON	4.7.91	-99
EFFECT OF OPERATIONS THIS MORNING		+99
EFFECT OF OPERATIONS THIS AFTERNOON		NEUTRAL
TRADE WEIGHTED INDEX 114.4 *+0.0* 4.7.91		

HONG KONG GOVERNMENT EXCHANGE FUND

CLOSING YIELDS OF EXCHANGE FUND BILLS

	4.7.91	3.7.91
MATURING IN 1 WEEK	6.27 PCT	6.83 PCT
1 MONTH	6.11 PCT	6.43 PCT
3 MONTHS	6.07 PCT	6.27 PCT
6 MONTHS	6.07 PCT	6.27 PCT
12 MONTHS	6.42 PCT	6.63 PCT
TOTAL BILLS TRANSFERRED	7,530 MN	5,806 MN

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