



DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
GARDEN ROAD, 5th-8th FLOORS, MURRAY BUILDING,
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Wednesday, October 2, 1996

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Implementation of UN convention requires concerted efforts

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Successful implementation of the United Nations Convention on the Rights of the Child requires the concerted efforts of the community and the Government has been positively promoting compliance by the community at large, the Crown Solicitor, Mr Ian Wingfield, said in Geneva today (Wednesday).

Mr Wingfield is leading a Hong Kong Government team, forming part of the British delegation, to attend a two-day meeting of the UN Committee on the Rights of the Child which examines the initial report of the implementation of the Convention in Hong Kong.

The Convention, adopted by UN in 1989 and extended to Hong Kong in 1994, reaffirms that children, because of their vulnerability, need special care and attention, and protection of their rights over a broad range of areas including education and health.

In an opening statement to the first-day hearing, he highlighted the measures adopted by the Government to implement the Convention.

Mr Wingfield said health and education perhaps served as the best indicators of the general well-being of children in Hong Kong.

He said the expenditure on health programmes in the current year represented 10.8 per cent of total public expenditure, while 17.5 per cent of the total public spending was budgeted for education.

He also pointed out that Hong Kong's infant mortality rate which, at 4.7 per 1,000 births in 1995, was among the lowest in the world.

He said this was attributable to many factors, including antenatal and postnatal care services. Furthermore, a comprehensive immunisation programme offered free to all children helped protect them against childhood infectious diseases.

Turning to education, Mr Wingfield noted that compulsory full-time education for children aged six to 15, funded by the biggest budget among the government's policy areas, had ensured that over 90 per cent of Hong Kong children completed upper secondary schooling, or equivalent vocational training.

For tertiary education, first year first degree places are taken up by 18 per cent of the population of the relevant age group.

He also noted that government grants and loans were given to university students so that no one would be deprived of education for lack of means.

"As well as setting out our achievements, we have also indicated in the Report a number of areas where new initiatives are in the course of implementation or under active consideration.

"It is our aim to improve the physical and mental well-being of our children and to promote the measures which serve those aims," Mr Wingfield said.

End

Secretaries to explain policy commitments

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The Attorney General, policy secretaries, and the Commissioner of ICAC, will be briefing the Legislative Council and the media in the coming two weeks to explain in greater detail their policy commitments announced by the Governor, the Rt Hon Christopher Patten, in his Policy Address today (Wednesday).

Following is a tentative programme setting out the publicity activities relating to the Policy Commitments. Details for each of the individual press sessions will be announced prior to the event.

<u>Date/Time</u>	<u>Policy Secretary</u>
October 5 pm	Mr Dominic Wong, Secretary for Housing LegCo briefing, visit to a Housing Society estate and media session
October 7 am	Mr Rafael Hui, Secretary for Financial Services Stand-up session after LegCo briefing
October 7 am	Mr Kwong Ki-chi, Secretary for the Treasury Stand-up session after LegCo briefing
October 7 noon	Mr Lam Woon-kwong, Secretary for the Civil Service Stand-up session after LegCo briefing
October 7 pm	Mr Peter Lai, Secretary for Security Stand-up session after LegCo briefing

- October 7
pm Mr Michael Leung, Commissioner, ICAC Press conference after LegCo briefing
- October 7
pm Mr Jeremy Mathews, Attorney General Stand-up session after LegCo briefing
- October 7
pm Mrs Katherine Fok, Secretary for Health and Welfare Press conference after LegCo Briefing
- October 8
am Mr Joseph W P Wong, Secretary for Education and Manpower Stand-up session after LegCo briefings
- October 8
pm Mr Lee Shing-see, Acting Secretary for Works LegCo briefing
- October 8
pm Mr Bowen Leung, Secretary for Planning, Environment and Lands Stand-up session after LegCo briefings
- October 9
am Mr Gordon Siu, Secretary for Transport Stand-up session after LegCo briefing
- October 9
noon Mr Stephen Ip, Secretary for Economic Services Stand-up session after LegCo briefing
- October 10
am Mr Chau Tak-hay, Secretary for Broadcasting, Culture and Sport Stand-up session after LegCo briefing
- October 10
pm Mr Michael Suen, Secretary for Home Affairs Media session after LegCo briefings
- October 10
pm Mr Nicholas Ng, Secretary for Constitutional Affairs LegCo briefing
- October 11
am Miss Denise Yue, Secretary for Trade and Industry Stand-up session after LegCo briefing
- October 15
am Mr Kwong Hon-sang, Secretary for Works Visit to Tai Lam Tunnel and Ting Kau Bridge and media session
- End

Governor's vision for HK's future positive: FS

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In response to media enquiries on the 1996 Policy Address, the Financial Secretary, Mr Donald Tsang, said today (Wednesday): "I share the Governor's positive vision for the future of Hong Kong based on the full implementation of all the promises and provisions set out in the Joint Declaration."

Mr Tsang is currently in Washington on a duty visit.

"I am very happy that the Governor has announced a series of measures to improve services to meet the ever-growing and changing needs of the community.

"I am particularly pleased to note the Governor's commitment to economic growth and to a more efficient and business-friendly administration.

"It is important for the Government to provide continued infrastructural support for our industries to move into high value-added production. We also need to encourage greater competitiveness in our service industries.

"We must above all uphold our policy of maximum support and minimum intervention," he said.

Commenting on the initiatives pertaining to the financial sector, Mr Tsang said banking and monetary stability remained the Government's highest priority.

"Of course we are also pursuing our new initiative of establishing a Mortgage Corporation by 1997," he said.

"We shall carry out to the full the policies outlined in the Governor's Policy Address, in accordance with our firm commitment to improving our service to the community."

Earlier today, Mr Tsang began the day by appearing on CNN's "Business Asia" programme and later attended the opening ceremony of the 1996 International Monetary Fund/World Bank annual meetings.

Afterwards, he had meetings with Mr Lawrence Lindsey of the Board of Governors of the Federal Reserve and Dr Stanley Fischer, First Deputy Managing Director of the International Monetary Fund.

Mr Tsang also gave a briefing to members of the Hong Kong media and attended a dinner hosted by the Hong Kong Economic and Trade Office in Washington to meet people from academia and US think tanks.

He will meet with a group of US media representatives tomorrow morning to conclude his visit to Washington before travelling to Boston and New York to complete the US leg of his visits.

End

Planning for Hong Kong's future growth

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Hong Kong must extend its strategic vision well into the 21st century taking into account both its own needs and the open door policy in China, the Chairman of the Hong Kong Housing Authority, Ms Rosanna Wong, said today (Wednesday).

Ms Wong was speaking at the opening ceremony of a roving exhibition on the Territorial Development Strategy (TDS) Review 1996 held today at the Pacific Place in Queensway.

Also officiating at today's opening ceremony were the Deputy Secretary for Planning, Environment and Lands, Mr Canice Mak and the Director of Planning, Dr Peter Pun.

"We must now find ways to address the overall land supply problems, not only in quantitative terms, but also in ensuring that there is adequate land supply at the right time and in the right location," said Ms Wong.

She pointed out that the Government had, for many years provided a framework for development, through the formulation of strategic development plans.

"In so doing, the public sector has assumed a facilitative role for the provision of necessary infrastructure and to ensure an adequate supply of serviced land in a timely and logical manner to keep up with development pressures," she said.

Ms Wong urged members of the public to express their views on the various development options recommended by the TDS Review.

"Given that many aspects of strategic development will have an impact on the community in general, it will be important to take account of the views of both individual citizens and a wide range of business, professional, academic and community groups," she noted.

Results of the TDS Review was announced in July, followed by a six-month public consultation.

Views on the review should be sent in writing to the General Registry (TDS) Review, Planning Department, Murray Building, Garden Road, Tel 2848 6247, Fax 2877 0389 by the end of December.

The exhibition at the Pacific Place is the first of 10 exhibitions to be held this month throughout the territory to let people have a better understanding of the medium and long term development strategies recommended by the TDS Review.

The exhibition will be open to public between 10 am and 8 pm daily until Saturday (October 5).

It features 32 display panels containing photographs, maps and charts with short descriptions on the recommended development strategies.

Visitors will be able to see impressive models featuring major future developments including the Airport Railway Kowloon Station, Central and Wan Chai Reclamation, Tin Shui Wai and Tsueng Kwan O new towns and Green Island Reclamation.

A bilingual documentary video and a leaflet on the TDS Review will also be shown and available.

Members of the public can also visit another TDS Review exhibition which is held concurrently at the Wo Che Estate Shopping Centre in Sha Tin until October 8 (Tuesday). It will be open to the public daily between 10 am and 8 pm.

End

Policy Address on line

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The 1996 Policy address and a comprehensive set of associated documents are available today (Wednesday), on line, on the Government's Internet homepage.

The government homepage - the Government Information Centre (GIC) - on the World Wide Web <http://www.info.gov.hk> offers visitors:

- * Policy Address
- * Policy Commitments
- * Legislative Programme
- * Progress Report
- * Hong Kong Transition: Main Point
- * Policy Address and Policy Commitments - Highlights

The material is available in both English and Chinese.

Since the launch of GIC in December last year, more than 256,000 users have visited the index page.

End

Study on TES Review commissioned

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The Environmental Protection Department today (Wednesday) commissioned a study to review the Trade Effluent Surcharge (TES) which is payable by 30 trades and industries discharging waste water into the public sewerage system.

"Since April 1, 1995, a sewage charging scheme which comprises a sewage charge and a TES has been introduced so that everyone in the community contributes directly to the operating cost of sewage services they use," acting Assistant Director of Environmental Protection, Dr Malcolm Broom, said.

The sewage charge is a general charge payable by all water consumers discharging waste water into the public sewer. It is charged at a flat rate of \$1.2 per cubic metre of water consumed.

TES is payable by 30 trades and industries which are discharging effluent at a strength higher than that of domestic sewage.

"Since the TES scheme has been introduced for more than a year, the Government undertook to conduct a thorough review of all aspects of the current scheme.

"Views and comments from various trade and industrial sectors on the current scheme collected during the past year have been included in the study brief and will be studied carefully by the consultant, who will also actively solicit views from trade associations and other interested parties," Mr Broom said.

The \$3.46 million consultancy study, scheduled for completion in five months, has been awarded to ERM-Hong Kong Ltd.

End

Parcel service to Bosnia suspended

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Parcel service to the Republic of Bosnia and Herzegovina is temporarily suspended as that country is unable to accept any parcels at this time, the Postmaster General, Mr Robert Footman, announced today (Monday).

A further announcement will be made as soon as the service is resumed.

End

Royal military policeman to be award for bravery

* * * * *

An unarmed military policeman who single-handedly captured three armed criminals is to receive one of Britain's highest awards for valour tomorrow (Thursday).

Corporal Martin Andrews spotted a man behaving suspiciously in Harbour Road, Admiralty. Having sent his colleague to report the incident at Wan Chai Police Station, Cpl Andrews gave chase.

The man, however, turned and pointed a pistol at him. When two other armed men approached, Cpl Andrews used the distraction to disarm the first man, then ordered the others to surrender. The men were handed over to the civil police.

The 25-year-old Royal military policeman from Shavington, Cheshire, who has served with the Garrison in Hong Kong since April last year, will receive the Queen's Commendation for Bravery from Commander British Forces Major General Bryan Dutton.

The citation in the commendation says Corporal Andrews: "demonstrated exceptional calmness, courage and bravery in arresting three dangerous criminals. His exemplary conduct and dedication to duty in an extremely dangerous and apparently life-threatening situation are most worthy of official recognition."

End

Hong Kong Monetary Authority money market operations

	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	2,257	0930	-97
Closing balance in the account	2,164	1000	-94
Change attributable to:		1100	-97
Money market activity	-93	1200	-97
LAF today	NIL	1500	-97
		1600	-93

LAF rate 4.00% bid/6.00% offer TWI 124.8 *+0.2* 2.10.96

Hong Kong Monetary Authority

EF bills		EF notes/MTRC				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	4.98	2 years	2808	6.00	99.96	6.11
1 month	5.05	3 years	3907	6.80	101.01	6.50
3 months	5.18	5 years	5109	7.32	101.24	7.14
6 months	5.30	7 years	7308	7.24	99.43	7.48
12 months	5.60	5 years	M503	7.35	100.15	7.44

Total turnover of EF bills and notes - \$16,698 million

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End



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SUPPLEMENT

The Governor's 1996 Policy Address

Wednesday, October 2, 1996

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Transcript of the Governor's press conference

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Following is the transcript of the Governor, the Rt Hon Christopher Patten's press conference held after his 1996 Policy Address to the Legislative Council today (Wednesday):

Governor: Almost Happy Birthday! OK, I've said enough for the last hour and a half. You've got about half an hour. If you'd like to follow the normal rules and let us have your name and organisation, even if you know that I know who you are, and I'll try to call a balance between the local correspondents and the international. Any hands, it's not obligatory.

Question (Express News): You just have one anxiety, is that all for Hong Kong?

Governor: Sorry?

Question: You just have one anxiety for Hong Kong, is that all? After 1997.

Governor: I'm not ... I think the question was 'do I just have one anxiety for Hong Kong after 1997?' I think that may be focusing on a slightly over-literary interpretation of something that I said in my speech, but I'm not quite sure which part of my speech you're referring to.

My principle concern is obviously, as is that of other people, that the governance of Hong Kong after 1997 should be entirely in line with the Joint Declaration, and that Hong Kong should continue to be a free plural society, a liberal market economy operating under the rule of law. I set out at the end of my speech some benchmarks which I was sure the world would be looking at in the years ahead and those pretty well describe the free society which Hong Kong is today and which I trust Hong Kong will remain.

Question (Martin Bell, BBC): I have a question about the effect of your speech. What difference do you think it might make, especially in Beijing, the words of the soon to be Ex-Governor?

Governor: Ex in nine months and then there will be nothing more ex.

I very much hope that Chinese officials will recognise that the way Hong Kong has been governed and the values which have underpinned the policies pursued by the Government and the reasons for Hong Kong's success, that all those things should be allowed to continue and flourish after 1997.

I hope that Chinese officials will be encouraged to develop a dialogue with pro-democracy parties and legislators. I would like them to think again, both about the establishment of a provisional legislature at all, and certainly about the establishment of any such unconstitutional body before July 1, 1997.

I would hope that they would warmly endorse what I said about the importance of standing up for Hong Kong's autonomy and I hope that they would recognise in what I said that, like the rest of the world, I have great confidence in Hong Kong, that Hong Kong can make a spectacular contribution to the continuing success of China's economic revolution but that requires leaders in Peking, above all, to trust Hong Kong which, in my judgement, is the basis for one country, two systems.

Question (Bruce Gilley, The Review): You say you won't do anything to assist the provisional legco to withstand legal challenge, yet if there was a legal challenge wouldn't that just create the destabilising atmosphere that you say you're trying to avoid?

Governor: I think it's reasonable of me to point out that the responsibility for anything which destabilises Hong Kong doesn't lie with those of us who point out just how damaging the establishment of a provisional legislature would be but lies with those who insist on going ahead and establishing a provisional legislature. You know, you can't blame the Hong Kong Government or the British Government if some Chinese officials want to throw stones through the window. We're not responsible for the breaking of the glass. If a questionable institution is established on questionable foundations, doing questionable things, then it stands to reason that it's activities are going to be questioned and that is a point which British Ministers have put very clearly to their Chinese counterparts. It's a point which the Chief Secretary put in Peking, you'll recall, when she went up there and had an important meeting with Director Lu a few months ago. You will recall, I'm sure, the speaking note which she left with the Director, which set out in terms, for example, why a provisional legislature, before July 1, leaving aside the fact that we don't think there should be one at all, why a provisional legislature before the July 1, was wholly unnecessary, as well as reprehensible and unjustifiable, to quote Malcolm Rifkind.

Question (Calvin Lee, Commercial Radio): You said that Hong Kong Government will give assistance to the Chief Executive Designate, does that include to help the provisional legislature if the CE Designate requires it, if not will it break your promise?

Governor: Well, I think I made pretty clear in my speech that unequivocal determination to assist the Chief Executive stops short of direct assistance to the provisional legislature. I said that fairly clearly in my speech. I didn't spell out in terms exactly what sort of assistance we would give the Chief Executive, since I don't think it's reasonable for us to specify in advance of their being such a person, what exactly we'll do to help. We've made all the obvious preparations. We've been preparing accommodation, we've got a pretty good idea of the sort of people who could be made available immediately to a Chief Executive from the civil service but it would be totally unreasonable of me to face a Chief Executive designate when he or she took up, as it were, that shadow role with a list of all the precise ways in which we proposed assisting. What we can do is offer a Chief Executive an a la carte menu rather than a table d'hote and some people who I'm sure were elected to that job would want more assistance in some areas than others. Some might want more extensive back-up in terms of staff than others. I don't think I can pre-ordain those matters.

Question (Eric Hill, Asian Wall Street Journal): Mr Governor, sir, you've made the point very forcefully that you had the anxiety that some persons in Hong Kong had surreptitiously sought to lobby Beijing to block, to overturn decisions by your Government. In the interests of openness and accountability, could you tell us, have people been able to do so, to block the Government's decisions and could you tell us who these individuals are who have attempted to do so and perhaps have been successful?

Governor: Well, I can think of one or two decisions and you can think of one extremely well known one in which we refused to take any decision until we were able to take the decision that we first wanted to take which was in the interests of Hong Kong. Now, you know what I'm talking about. Everybody here knows what I'm talking about. I doubt whether there was any paragraph in my speech which would have gained more nods, even if some of them, to use a word I used in my speech, were surreptitious. People know that this has happened, they know that it's extremely damaging. They also know that it would be injudicious of an always judicious Governor to say exactly who he had in mind, but everybody I'm sure has their own list of names.

Question (Daily Telegraph): Governor, you said it was your frustration that you hadn't been able to put your ideas about Hong Kong, including the future (inaudible), why did you choose not to do that but particularly during the period of disagreement between Britain and China over electoral reform?

Governor: Well, I suppose it's fair to say that eventually they were determined those views democratically because the decisions on the pace of democratic development were made in the Legislative Council, but I think what you're meaning is why we didn't call a referendum. I don't think you're suggesting that I should have run for office, attractive as that proposition would have been.

Question: Your ideas about Hong Kong?

Governor: Well I think it is reasonable to say that if you look at the opinion polls that were produced through '92,'93,'94, when this argument was at its most vigorous, we regularly were able to point to substantial majorities of public support. We have, I think we can point today to the recent survey produced by the academically extremely respectable transition project at Baptist University which has two findings which I felt particularly interesting. The first is that the Government has an approval rating of 67 per cent which on balance I'm happy to settle for and secondly, that while I think only about 7 per cent of the sample were worried that 1997 might affect their economic well-being, 57/58 per cent of the sample were worried about their civil liberties, about corruption, about their way of life. I think that is a reflection as well of the fact that we've been talking about the most important and crucial issues. I also think that it would be hard to deny that whenever there had been a reasonably fair electoral test in Hong Kong there'd been majority support for arguments in favour of a little more democracy rather than a little less. Though I think the community had always recognised that that has to be a cautious process and I think the community has always hoped for that process to be within the framework of as good as possible a relationship with China. It's sometimes been difficult to stand up for Hong Kong while retaining as good a relationship with China as one would like.

Question: (inaudible) ... the polls say one thing - we know what they say - but you said it was your frustration that you couldn't put it to the ballot. Why didn't you put it to the ballot, because constitutionally you were not restricted from doing so?

Governor: I was restricted from doing so by a very large number of considerations, some of them political, some of them constitutional. What I was actually thinking about as an elected politician - elected sometimes, defeated sometimes as well - was that it is a frustration if one is a democrat in the marrow of one's bones, that when challenged intellectually and politically you are not in a position to go out on the hustings and put your arguments to the test. I am sure anyone with my background from Europe or North America would have found the same sort of frustration: endlessly being interviewed by people who would ask whether what one was saying was really supported by people in Hong Kong and only being able to talk about opinion polls rather than real votes and real bodies.

Question: Governor, you have always said the pointers of democracy and human rights - but you have ten key elements that you have stated in your policy speech about the CE's programme; you mentioned nothing about democracy and human rights and those ten key elements, can I know the reason why?

Governor: I think I spoke generally in mentioning those key elements, about Hong Kong remaining a free society, and I think I spoke about the rule of law. But I thought that by the time I got to those ten points people would have actually given me the credit of knowing that I am in favour of accountability and representative government and democracy and adequate protection of civil liberties. Nobody is worse placed to conduct exegesis on a speech than the person who wrote it but I think that I can reasonably claim that overall, including in my advice to a chief executive, my views on what constitutes an open society are pretty clear.

Question (Apple Daily): There are only nine months before we are going to handover to China and it seems to us that you yourself do not have confidence that Hong Kong can succeed because you are leaving us with one anxiety and one frustration. So can you tell us how much chance that Hong Kong can be one country, two systems, highly autonomous can be achieved - and compare especially when you first arrived here in 1992?

Governor: You leave out what I then went on to say which is paragraph 95 and following, namely the reasons why I am confident about Hong Kong's future. I spelt out in some detail why I am confident that Hong Kong represents the wave of the future in Asia rather than as it were a throw back to the past. And overall, I was able to sketch out a record of a community which since I became Governor in 1992, since I first spoke to the Legislative Council, can point to inflation at a ten-year low, can point to crime figures which are lower than they were ten years ago, can point to substantial increases in welfare programmes - for example, a 55 per cent increase in the amount of money that we have spent in real terms on the elderly, can point to cuts in taxation, can point to continuing economic growth, can point to an exchange rate which is still at the strong end of the link with the dollar, can point to spectacular increases in its reserves, can point to all sorts of other social and educational improvements. I don't think it is a bad record and if it weren't for the constraints which Mr Hutchins drew out of me, it is not a record that I would mind going on the hustings about.

Question (HK Standard): In the benchmark - you listed out like 15 benchmarks by which Hong Kong will be judged by the world - are they your own benchmarks; are they negotiable as well? And are there any priorities by which you would?

Governor: No, they are not a subject for negotiation. They are, I hope, a reasonably intelligent indication of the sort of things which the rest of the world, and people in Hong Kong, are going to be looking at in the years ahead. They are not an exclusive list, they were merely a departing governor's view of the sort of things which the rest of the world would be looking for and looking to in Hong Kong. Some of them, of course, speak for themselves and if one goes and talks to trade negotiators in other parts of the world they want to be confident that Hong Kong is going to have retained its autonomy in commercial matters. If you go and talk to Finance Ministry officials elsewhere in the world, or bankers, they want to be sure that Hong Kong will continue to be responsible for its own exchange fund and its own reserves. Those are fairly straightforward questions.

I think it is reasonable to say that the benchmarks I set out are a reflection of the sort of questions that I get and other Hong Kong Government officials get when we are going around the world expressing our overall confidence and optimism in Hong Kong, albeit, I hope, in a rational and credible way.

Question (The Times): Governor, you laid great stress on the importance of the present LegCo and you made some unequivocal remarks about the provisional legco. Can you finally give us your view of whether the provisional legco as planned is a violation of any kind of law? But more important, in terms of your benchmarks and your hopes for Hong Kong, if the present LegCo does not ride over into 1997, do you think of that as a deadly if not a fatal handicap to the success of Hong Kong after 1997? Is it so important that it really makes you feel some despair?

Governor: I think - though I will answer the first question as sensibly as I can - I think the second question is the more interesting and difficult one. I don't think that a decision to dismantle the existing Legislative Council would represent anything other than a handicap. I very much hope that it's a bad decision and a bad policy which could be put right in a reasonable amount of time. I spelt out today some of the things that, if this does happen, the world will be looking at in terms of electoral arrangements, to judge whether they are fair and open or not. The trouble about the decision to dismantle the legislature is, as I think I expressed it pretty clearly in my speech, it does raise questions in people's minds about commitments to other aspects of Hong Kong's way of life. And I think that it also inevitably makes people worry about the rule of law, about freedom of speech and so on because of the extent to which a fairly elected legislature is at the heart of that fabric of civil society.

So my simple answer to your question is that it is certainly a handicap; I very much hope that it would not be a fatal handicap. Because all of us, repeat all of us, want to see Hong Kong succeeding, whatever the challenges, and succeeding spectacularly well in the future.

On the first question that you raised - there are two particular areas of legality or illegality which are raised by people and I will explain to you why I want to be cautious. The first is the question of the establishment of a provisional legislature at all and the extent to which many people will argue that a legislature appointed by a selection committee is difficult to see as being in compliance with Joint Declaration 49.

The second is the establishment of such a body in a quasi-constitutional way before July 1, 1997, which raises questions about JD30. Now British Ministers have made it perfectly clear that they think that the establishment of a provisional legislature before July 1 would call into question China's compliance with the Joint Declaration. I don't think there is any doubt whatsoever about that.

We also, however, hope that on that issue Chinese officials will think again. We recall that at the meeting which Mr Rifkind had with Mr Qian Qichen in the Hague in April, as we have made clear before, Mr Qian Qichen said that a provisional legislature wouldn't assume its functions before July 1, 1997, that there could only be one Legislative Council, one Governor, one Privy Council before July 1, 1997. So we still very much hope that the Chinese officials and others will abide by what Mr Qian said in the Hague. And I wouldn't want to say anything at this point which suggested that Chinese officials weren't going to do so.

I add this point which I made, I think to Mr Gilley, earlier. We have made it abundantly, prosaically, legally clear to Chinese officials why no provisional legislature is required before 30 June next year. We couldn't be clearer. We have also pointed out that if this body starts behaving like a legislature, if it starts considering appointments, if it starts considering laws, those appointments and those laws are, under the Basic Law, going to be vulnerable to legal challenge after July 1, 1997.

It is not a sort of make-up piece of rhetoric. You only have to ask some of the Legislators, particularly the Legislators who are lawyers - you only have to ask some of the lawyers who aren't Legislators in Hong Kong - about that and they will tell you. Now that is not me being destabilising, it is not me being provocative, it is my description of a situation which will exist if Chinese officials behave in a way which is not sensible.

The second question is what is the status of a provisional legislature appointed after July 1, 1997 in relation to Joint Declaration 49. And on that, before the event I will only repeat that if we were having a legal argument it would be on the grounds that Chinese officials would presumably be arguing that by election they meant election by 400 people. Now I don't think anybody believes that - except, perhaps, a distinguished former diplomat. But I don't think anybody else believes that to be the case.

I don't want, attractive as it is to headline writers, to disappear too far down illegal cul-de-sacs on all this, because I would like Chinese officials, both in the short and long term, to think again about these matters. And I repeat, this is not the British Government or the Governor being provocative, this is responding to a situation which some people have casually and recklessly put on the road as though there weren't very difficult and damaging consequences.

Question: Governor, what's the difference between the smooth transition and the successful transition and might you recognise that a successful transition is more important and necessary?

Governor: Well, I can, let me take other areas of life. One could conceive of smooth transitions which led to extremely undesirable or unsuccessful outcomes. You could have a very smooth ride to hospital and never come back. What you actually want is a ride to hospital and a ride back again.

To come directly to what I mean in the context of Hong Kong, what is a successful transition? A successful transition, which we would all like to be as smooth as possible, is one which sees Hong Kong in two, five, 10 years time, doing even better than it's doing today with a free society living under the rule of law. That's a successful transition and let me make it perfectly clear that if we don't get a successful transition, if we don't have Hong Kong in that state in five years, 10 years time, people aren't just going to criticise Chinese officials, they're going to criticise departed British officials for not having done enough to guarantee Hong Kong's well-being. That's what people should have in mind when they think about the judgement of history.

One more. We've had 40 minutes, I think. I think the person who asked me my very first question after I'd become Governor of Hong Kong. Oriental Daily.

Question (Oriental Daily): Thank you Governor. Governor if history turns back and the clock turns back to your arrival, will you still go forward with your reform, political reform, or you would like to leave your way and depart Hong Kong with your frustration and anxiety as you stated in your policy address?

Governor: I'll say two things. First of all, when we had those fairly noisy arguments in '92,'93; when we had the Hang Seng Index plummeting four or five hundred points in a morning; when we had threats made to Hong Kong's economic prospects; the development of our infrastructure; when we had dire predictions of disaster from distinguished former diplomats; when all that happened, I'm bound to say, I felt very strongly that Hong Kong would manage to weather those occasional bouts of turbulence and the truth of the matter is, we did go through those arguments because I believe that it's important to do everything possible to stand up for Hong Kong and to try to implement the Joint Declaration. We did have those arguments and look at Hong Kong today. Is Hong Kong wrecked? Is our economy in tatters? Is our social fabric torn asunder? You know what the answers to those questions are. The statistics tell what we all know about Hong Kong's quality of life. Not that there aren't problems, not that there aren't other things we have to do. But that Hong Kong has done extremely well in the last four or five years.

Secondly, people sometimes talk as though the alternative to having an occasional argument with Chinese officials was a quiet life. If I'd agreed, for example, to put in place electoral arrangements which this community believed to be unfair, who would my arguments have been with for four or five years? With the people of Hong Kong. I could have produced, I think if we'd taken the wrong decisions, political turbulence in Hong Kong, we could have produced arguments and rows and people fighting their seats in by-elections and winning by bigger majorities and chaining themselves to railings and burning tyres. I don't think that would have been good for the investment climate in Hong Kong. I don't think it would have been good for confidence in Hong Kong. I don't think it would have been good for building Hong Kong's foundations for a better and brighter future. And there's just one other, rather old fashioned thing that I feel very strongly. I think it would have been downright plain wrong, and I'm sorry if that makes me sound a shade undiplomatic. I've never been a diplomat. Nobody could confuse me with a diplomat but I do know the difference between right and wrong.

Thank you all very much indeed.

End

Promises kept, it's business as usual: Governor

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"Business as usual" was the promise when the Governor, the Rt Hon Christopher Patten, delivered his fifth and final Policy Address to the Legislative Council today (Wednesday).

He also reviewed his promises and accomplishments over the past five years.

Noting that he had told the Council last year that his 1995 address was the last he would give in the conventional form and manner, Mr Patten said his departure on July 1 next year dictated a different and "more personal" approach.

The Governor said this "rather different speech" did not mean that government was closing down or going into hibernation for nine months.

"You cannot turn government on and off like a combustion engine," he said.

"It will be business as usual, punctuated admittedly by some unique events. We still have plenty to do. And we intend to do plenty."

Mr Patten hoped that the media would give the government's Progress Report and Policy Commitments – "annual exercises in candour" – the careful study they deserved.

These documents were part of a revolution in the way Hong Kong's Government and public service did their jobs, he said: "They spell out in detail what we have been doing to modernise the way our government governs. We have tried to open up the way we do business. We have tried to blow away the cobwebs, to equip Hong Kong's Government not just for the transition, but for the new millennium."

Performance Pledges, Customer Liaison Groups, Progress Reports, Policy Commitments, the expansion of the role of the Commissioner for Administrative Complaints, the Code on Access to Information, reforms to legal aid, and his question-and-answer sessions were part of that process.

Few, if any, governments anywhere tried to be as frank about their failures as well as their successes, he said.

Mr Patten told the Legislative Council most of the aims set four years ago had been achieved or were on schedule for completion within the five-year timetable.

The quality of life for most people had improved across the board in the past five years.

Students, parents and teachers had benefited from improvements in educational standards, including 2,400 more teachers by September 1996.

The disadvantaged had benefited from steps such as the new Comprehensive Social Security Assistance scheme, introduced in 1993 and enactment of the Disability Discrimination Ordinance.

Sick people had been provided with almost 3,000 new hospital beds out of 4,200 promised. The rest would follow next year.

Housing had experienced considerable change with more flats available, far fewer temporary housing areas, and the introduction of the Sandwich Class Housing Scheme which aimed to provide new homes for 30,000 families between 1995 and 2003.

Since 1992, pollution in rivers and streams in the New Territories had been cut by 70 per cent; 80 per cent of petrol now sold was unleaded, and 50 per cent of vehicles now used catalytic converters.

The crime rate in the first eight months of 1996 was down by nine per cent compared with 1992. It was about the same as Singapore's - and much lower than the rates in London, New York, Tokyo and Toronto.

The business sector had seen the economy continue its 35 years of uninterrupted economic growth.

Measures taken to help business since 1992 included tax cuts and the building of a modern new airport to ensure air services continued to meet business demands.

The \$4.8 billion extension to the Convention and Exhibition Centre would keep Hong Kong the best conference venue of Southeast Asia.

Concluding his review of the five-year programme, Mr Patten said arrangements were made for holding three sets of elections in 1994 and 1995: "What was our aim? A simple and clear one: to put in place electoral arrangements which were open, fair and which would command the confidence and the support of the people of Hong Kong. Well, we did exactly that."

End

Governor highlights policy commitments

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The Governor, the Rt Hon Christopher Patten, highlighted his government's policy commitments when he delivered his fifth and final Policy Address to the Legislative Council today (Wednesday).

Mr Patten hoped the media would give the Policy Commitments the careful study they deserved.

These commitments include, first, preparations for the transition.

Work would continue on air services agreements, the continued application of international agreements, the localisation of laws and so on, Mr Patten said.

"We will continue to train our civil servants to upgrade their Chinese language skills, to learn more about China and China's system of government, and to see that China understands more about ours," he said.

Work will continue on building a more open and fair society.

This include improvements in the operation of the District Court and the Labour and Small Claims tribunals.

Establishment of the Legal Aid Services Council has already enhanced the independence of the legal aid services.

Other efforts will be put in to fight corruption, improve work ethics and assist victims of crime.

"We will proceed with a study on racial discrimination and provide better access to Government records and information," Mr Patten said.

Hong Kong's business infrastructure will be improved, plans supported for a fourth industrial estate and the financial and institutional arrangements for a science park would be tackled.

Further trade liberalisation will be sought at the first World Trade Organisation Ministerial Meeting and through the Asia Pacific Economic Co-operation Action Plan.

Major transport improvement works will be undertaken, increasing capacity and expanding the existing railways.

Industrial and software technology would get a boost, he said.

Services to the community will be improved with a Housing Authority charter for those in public housing. The public bus companies will draw up their own service charters.

The police complaints system will be improved and reviews instituted of the immigration clearance procedures and health care system.

Efforts to combat child abuse will be strengthened and a new support network established for the elderly.

All government secondary schools will get access to the Internet and a new Putonghua radio channel will be launched on RTHK in March next year.

Programmes to make Hong Kong a better place in which to live and work include:

- * A safety charter and new safety legislation to come.
- * Improved mediation procedures in industrial disputes and promotion of employees' rights.
- * Positive changes to the Home Ownership Scheme and Private Sector Participation Scheme flats, and an increase in the Sandwich Class Housing Scheme income limit, plus a further phase of low-interest loans under this scheme.
- * Transport improvements would include a Smart Card System for public transport, more spaces for goods vehicle parking, a trial park-and-ride scheme, possible new measures for reducing rail and road noise, and the phasing out of noisy diesel and steam hammers in built-up areas.
- * Stronger action would be taken on smoky vehicles.
- * Support for athletes would be increased through the Sports Development Board and the Hong Kong Athletes Fund.

End

Skills and stewardship keys to success

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Chinese skills and British stewardship were key components in Hong Kong's success, the Governor, the Rt Hon Christopher Patten, told the Legislative Council when he delivered his fifth and final Policy Address today (Wednesday).

He listed a combination of factors involved in the territory's success, starting with the hard work and skills of its Chinese inhabitants, and a British stewardship which had tried to adhere to political values institutionalised in the rule of law and a meritocratic, politically neutral Civil Service.

"The localisation of the public service has necessarily been speeded up since 1992, but not, I hope, at the expense of acknowledging the role that has been played and will continue to be played by expatriates," Mr Patten said.

"Hong Kong has always been an open city; open to ideas, open to people. That openness lies at the heart of Hong Kong's success."

Reflecting on the territory's history, Mr Patten said: "It is natural that the handover next June should be seen by China as a final wiping clean of the slate on which the record of the 19th century European imperial powers in China is written. That will be a moment of proper pride for Chinese men and women everywhere.

"Yet the history that fashioned Hong Kong did not end in the 19th century. For most people in Hong Kong, the history that created this city is of more recent vintage."

A devastated Hong Kong held fewer than 600,000 people at the end of the Second World War and had grown exponentially.

People came seeking better economic prospects and because they could enjoy here the peace and safety guaranteed by the rule of law, Mr Patten said: "Not rules. Not laws. But the rule of law, that vital protection against arbitrary government.

"Of the foolish remarks that one occasionally hears about Hong Kong, none is more misguided than the notion that this community does not really care about human rights.

"Many people, maybe the majority of people, in Hong Kong are here precisely because of their concern for human rights – their own human rights, and those of their family and friends.

"These are not alien concepts irrelevant for Asia and Asians. They are universal, valued as much by men and women in Asia as by their counterparts elsewhere on the planet."

On this Chinese shore, the people of Hong Kong – natives of this territory, or refugees from Guangdong, Fujian, Shanghai and elsewhere in China – had created one of the greatest cities the world has ever seen, he said.

One measure was the fact that Hong Kong's Gross Domestic Product (GDP) was calculated at HK\$7 billion in 1961. It was now HK\$1,105 billion, he said, equivalent to about 20 per cent of China's GDP.

GDP per head in 1961 stood at US\$410, Mr Patten said: "Today it is US\$23,200, even higher than Australia, Canada and – I whisper it quietly – the United Kingdom."

Hong Kong's GDP had almost doubled in real terms since the Joint Declaration was signed; fiscal reserves had increased almost six-fold; exports by almost 330 per cent in real terms; and investment by over 120 per cent.

"Since I arrived, but not because I arrived, GDP has grown by almost a quarter and the reserves by a similar proportion," Mr Patten said.

He noted that this was part of a region-wide story and that Hong Kong had been specially fortunate to share in the fruits of China's economic revolution of the 1980s.

"That has been one of the most important developments, not simply for China and Asia but for mankind," the Governor said.

Hong Kong had invested in and built factories right across southern China, then helped to manage them.

It had provided much of the people, services, and ideas – as well as much of the money - for China's peaceful revolution.

"The benefits have flowed in both directions," Mr Patten said.

"China's success is Hong Kong's opportunity. That is the case today. It will be so even more as Hong Kong takes its place as the richest, most outward-looking and most modern city in China."

End

Government to ensure a smooth transition

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The Government aims to ensure that a smooth transition is achieved through the full and faithful implementation of the Joint Declaration, the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

However, a "smooth transition" was not an end in itself, said the Governor in delivering his 1996 Policy Address.

"What we want is a successful transition, which we would also like to be as smooth as possible," he said.

Hong Kong's economic and social accomplishments would give the new Government of the Special Administrative Region the best possible start in life, he said, estimating that at the time of the handover, Hong Kong should have about \$320 billion in its reserves.

Four plenary sessions and many expert group meetings have been held by Joint Liaison Group this year during which agreement or consensus was reached on a number of important issues.

Despite various problems the Group had to face, he said, substantial if sometimes slow progress had been made. These include:

- * agreement to ensure the continued application of international rights and obligations;
- * bilateral arrangements with other countries covering matters like air services and investment promotion and protection;
- * localisation of many of the laws and the validity of a number of major contracts straddling 1997;
- * establishment of a Court of Final Appeal in Hong Kong and on the continuity of the Judiciary; and
- * the funding of the airport and on the issue of travel and identity documents.

Mr Patten said there was still a significant amount of work to complete and the time was short.

This includes the transfer of government; legal matters, for instance the conclusion of the localisation of laws programme; immigration issues; and economic issues, for example Air Services Agreements.

However, he said: "With determination and energy on both sides, I am sure we can finish most of this work."

While he would leave Hong Kong after June 30, 1997, Britain would not, said Mr Patten.

"Britain's moral and political commitment to Hong Kong will remain, inscribed in a binding international treaty spanning the next 50 years," he said.

End

"Provisional" legislature a bad idea

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It would be wrong and damaging to scrap the Legislative Council and replace it with a non-elected body, the Governor, the Rt Hon Christopher Patten, said in delivering his 1996 Policy Address today (Wednesday).

"That remains our unshakeable position," he said, stressing that a 'provisional' legislature allowed to operate before July 1, 1997, would be destabilising.

"We believe that there is no reason why this Council should not be allowed to serve the full four-year term for which it was elected."

Mr Patten said British ministers had made the Hong Kong Government's view crystal clear on the establishment of a "provisional" legislature.

"If the electoral arrangements that the previous Legislative Council endorsed are to be replaced (a bad policy, but one that we are told will not – sadly – be reversed) then will what is to be put in their place accommodate democratic views and pro-democracy legislators?" he asked.

He said the bulk of any preparatory groundwork for the establishment of the Special Administrative Region (SAR) Government would fall on the Chief Executive (Designate) and his or her team, in line with Hong Kong's well-established executive-led system.

A number of articles of the Basic Law set out clearly the procedure that needs to be adopted for the development of policy and the introduction, consideration and approval of legislation in SAR.

"Any laws that emerged from a 'provisional' legislature without being subject to this procedure would inevitably be vulnerable to subsequent legal challenge in the courts," said Mr Patten.

"A 'provisional' legislature is bad enough. The suggestion that it could operate in parallel with this Council makes a bad idea even worse. I sincerely hope that, even at this late stage, this bad idea can be thought about again.

"It is unnecessary as well as provocative and we will have nothing to do with it. We will not assist a 'provisional' legislature's establishment, its operation or its ability to withstand legal challenge," said the Governor.

Mr Patten said the argument on the electoral arrangements was rather crudely and inaccurately portrayed as an attempt to make a great democratic leap forward here in Hong Kong.

In fact, it was actually about the British Government's attempt to honour the undertakings given to the people of Hong Kong in 1984 within the terms of the Basic Law, he said, adding that the dispute was never about breaches of the Joint Declaration or the Basic Law.

"Everything we have done has been in line with the undertakings solemnly accepted by Britain and China.

"Nor can the election of this Council be seen as a midnight conversion to democracy after decades in which there was none," said the Governor.

End

Greatest possible assistance to Chief Executive (Designate)

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The Governor, the Rt Hon Christopher Patten, said today (Wednesday) that it was his obligation and his desire to give the greatest possible assistance to his successor.

"I say that without qualification, save what I have just said about a 'provisional' legislature," Mr Patten said in his 1996 Policy Address to the Legislative Council.

The Governor said he could not now specify in what precise ways the Government would help.

"My successor will have an agenda and I do not want to pre-empt that. The Civil Service will be preparing for the obvious eventualities – allocation of office space, staff and so on – and we will be in a position to help, not overwhelm but help, the Chief Executive (Designate) however that assistance is required," he said.

"The Chief Executive (Designate) will ask, and we will seek to deliver. That is as it should be and that is what the community would want and expect. Naturally, we have conveyed this assurance to the Chinese side."

Mr Patten said he wished to stress that the Government would be as unequivocal in a positive direction in the help that was given to the Chief Executive (Designate).

"It is sometimes suggested that we would give more help to a successful candidate whom we had favoured over other rivals for this onerous post.

"That is nonsense. We have no candidate. The selection is not for us. We have not, will not, and would not seek to interfere in the selection process. Whoever is the winner, our open-handed support will be the same," said the Governor.

End

Governor's vision for the future

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The Governor, the Rt Hon Christopher Patten, said today (Wednesday) that he suspected that his successor, the Chief Executive (Designate), would be increasingly preoccupied over the coming years with what he called the second of Hong Kong's transitions.

"We have been going through two transitions in recent years," Mr Patten said in describing "a vision for the future" in his 1996 Policy Address to the Legislative Council.

"The first is the transition from British to Chinese sovereignty. The second is the transition from a struggling developing economy to a great international business and financial centre – and then to what?

"What is next? Some argue, not without good cause, that Hong Kong can become the principal financial centre and commercial dynamo on this continent, the New York of Asia. It is not a fanciful notion, but we still have some way to go."

In some ways Hong Kong was playing a similar role already to that which New York played at the turn of the century when it helped to open up the rest of the North American continent and to funnel know-how and investment to it.

"Hong Kong can aim for the stars. After all, Hong Kong people have already proved so much: how it is possible with resourceful business leaders to create one of the world's most prosperous economies in a tiny territory devoid of natural resources; how to create a soundly-based, adaptable, socially-responsible market economy that still outpaces the competition; how to remain open to the world while retaining a distinct identity; how to entrench the rule of law, root out corruption, and beat crime while upholding personal rights and freedoms; how to grow from a post-war ruin to the great international city of today," he said.

He said it was no wonder so much of Asia looked to Hong Kong as a model. It was not going to stop doing so on July 1, 1997. The development of Asia would surge on and so would that of Hong Kong.

The increase in the disposable incomes of Asian workers and their families promised to be the most powerful engine of economic growth for the next generation.

Across Asia, market economics, and the hard graft of millions of people, were helping to consign shanty towns and squatter huts to history. Countries and governments were wrestling with the consequences of rapid economic change, of growing income differentials, of inadequate legal structures, of corruption, of environmental degradation.

At home, they tried to accommodate political and social aspirations to economic advance. Abroad, they saw, more and more, the perils of protectionism and the benefits of free trade.

"Against that background, we should ask, is the sort of place Hong Kong has become, the values which have shaped our community, a throwback to an outdated past in Asia, or a forerunner of what the future could be like in more and more Asian countries?" he asked.

"Step outside Hong Kong for a moment. Consider what those countries see when they look at this city. Our outstanding Civil Service, whose efficiency and professionalism have a world-class reputation.

"Our Police Force, which US law enforcers have described as the finest in Asia, and which plays a vital role, as do Hong Kong's other law enforcement agencies, in international co-operation against drugs, money-laundering and terrorism. Our independent Judiciary, enforcing the law fairly and impartially.

"Our free and energetic press, with its 58 daily newspapers and numerous other publications. Our freely and fairly elected Legislative Council. Our influential, independent role in international bodies like the WTO. Our unwavering advocacy – as a matter of convinced and unshakeable principle and practice – of free trade.

"You don't have to be as savvy as a Hong Kong entrepreneur to see the opportunities that lie ahead. Hong Kong is a bridge, a vital link between East and West and, specifically, between the West and China.

"Hong Kong represents the kind of Asia with which both West and East are comfortable. An Asia committed to open markets and open minds. An Asia committed to the rule of law and respect for human freedom. An Asia in which East and West mix so well – commercially, culturally, socially, intellectually. It offers, in that sense, a vision of the future for Asia.

"Will Hong Kong live up to these hopes? I believe passionately that it can do so and should do so, if it sticks to the formula that has served it so well until now.

"All our efforts in recent years have been designed to make sure that it can."

End

Striking the right balance on welfare

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Hong Kong can take considerable pride in the progress made in developing its programmes to assist the deprived, the disabled and the disadvantaged, the Governor, the Rt Hon Christopher Patten, said in the Legislative Council today (Wednesday).

Explaining the purpose of the welfare system in his 1996 Policy Address, Mr Patten said the benefits of Hong Kong's continuing economic growth did not flow evenly to everyone in the community.

"Nor should we expect them to do so in an enterprise culture such as ours," he said.

"Quite deliberately, our welfare system does not exist to iron out inequalities. It does not exist to redistribute income.

"Our welfare programmes have a different purpose. They exist because this community believes that we have a duty to provide a safety net to protect the vulnerable and the disadvantaged members of society, the unfortunate minority who, through no fault of their own, are left behind by the growing prosperity enjoyed by the rest of Hong Kong.

"In recent years, the community's recognition of the need to help those disadvantaged by age, disability or ill-health has been reinforced by the contrast between their plight and the rising standards of living taken for granted by Hong Kong as a whole."

Mr Patten commented that a few critics said Hong Kong was hobbling itself on the journey to an even brighter future. They argued that increased democratisation had gone hand-in-hand with galloping and unaffordable welfarism, that Hong Kong was becoming a welfare state.

He said: "It seems to me to be preposterous to claim, as some do, that to respond to the community's desire for a little more compassion is to strike at the heart of the Hong Kong success story. That to channel a little of our new wealth to help the elderly, the sick, the disabled and the disadvantaged, is to undermine our public finances and our system of government.

"This is propaganda dressed up as prudence, cant disguised as conviction. Let me, for a moment, subject the "Hong Kong is going broke through the welfare burden" thesis to a shower of cold fact:

- * Hong Kong currently spends on welfare about the same as it spends on perfume and cosmetics each year.
- * Public spending is still only about 18 per cent of GDP and will represent a lower proportion of our forecast GDP for 1997 than in the early 1980s."

Mr Patten said Hong Kong had to keep a firm grip on public spending, and it had done so over the last five years.

"And I am well aware of the need for Hong Kong to avoid the massive problems caused by spiralling welfare costs in Europe. But we are not in that position in Hong Kong, and we are not going to be.

"So let's keep our position in cool perspective. Our provision is hardly lavish; you would be hard-pressed to live it up on Hong Kong social security.

"When people attack our alleged welfarism, I suggest that you ask them which group of the elderly, the disabled, the infirm should have their welfare programmes axed.

"Ask them to be specific about which welfare services they regard as luxuries that Hong Kong's economy can ill-afford.

"And ask them, too, whether they do not recognise that one reason for Hong Kong's stability and for the moderation of our public life is that we do respond to the social needs of the community," he said.

Mr Patten said it was also argued that Hong Kong should not distract itself from its economic goals by an excessive preoccupation with the protection of its civil liberties.

He said: "But those liberties are part of the reason for our economic success. Infringe those liberties and you make Hong Kong less attractive to international business and investment, and less attractive as an open market economy.

"That's why we will complete our programme of bringing all our laws into line with the Bill of Rights and the two International Covenants on human rights. We have done about 80 per cent of the work and we will invite this Council to help us finish the job.

"We will also press the Chinese Government to recognise that its reporting obligations under the International Covenants are an integral part of its duty to apply those Covenants to Hong Kong.

"Naturally, the best way to clear up any confusion – few things would give Hong Kong a better sense of confidence in its future – would be for China itself to sign up to the two Covenants."

End

Maintaining Hong Kong's good name

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Criticism that Hong Kong's entrepreneurial spirit is being regulated to extinction, with both financial and environmental codes, is preposterous, the Governor, the Rt Hon Christopher Patten, said in the Legislative Council today (Wednesday).

"The most successful cities of the future will be clean – in both senses of the word," Mr Patten said in his 1996 Policy Address when referring to the importance of maintaining Hong Kong's good name and its competitiveness.

"I want to stress in particular our determination to see that our financial markets earn and retain an international reputation for fair dealing.

"Exposing occasional examples of shoddy behaviour, and taking firm action against them, is not a cause of embarrassment for the Government and the regulators, it is a sign of our maturity and our resolve," said Mr Patten.

The Governor said money still flowed in to Hong Kong keeping its currency at the strong end of the link with the US dollar.

People and firms continued to come here, and over the last year 582 new companies from abroad had set up shop in the territory.

"There are, it is true, worries about our costs, especially of domestic and office accommodation. We must continue to bear down on costs everywhere.

"Overall, it is worth remembering that inflation has fallen from about 12 per cent the year before I arrived to 4.9 per cent today – the lowest inflation rate recorded since 1987. That has happened with our trend growth rate remaining at five per cent," he said.

Mr Patten said it was also argued that through some inexorable process Hong Kong was losing its competitive edge.

He said: "In a way I welcome the criticism while rejecting its premise. Welcome – because it should help to keep us on our toes. Reject – because there is scant evidence that it is true.

"The international verdict on Hong Kong remains pretty good. According to the latest report from the World Economic Forum, we are the second most competitive economy in the world.

"Both the Heritage Foundation and the Canadian Fraser Institute have named Hong Kong as the freest economy in the world. Nor is it only the think-tanks which are complimentary.

"Let me quote a few statements from the International Monetary Fund's recent report on Hong Kong:

'... no adjustments to the basic policy framework are required at this stage. Indeed, the main challenge will be to resist pressures to adopt a more interventionist approach to policy making.

'... In the event, policy actions over the past year have given little reason to doubt the authorities' commitment to their underlying approach.

'... [Our] staff agrees with the basic non-interventionist thrust of fiscal policy.

'... On the unemployment front, the authorities have resisted calls for activist macroeconomic measures, focusing instead on the microeconomic aspects of the problem. The staff views this approach as appropriate.

'... the staff has been encouraged by the widely-held confidence and optimism concerning Hong Kong's prospects – both of which are well justified given the authorities' ongoing commitment to sound policies.'"

Mr Patten said most of the world's finance ministers would give their limousines for an endorsement like that.

End

Successor can count on me: Governor

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The Governor, the Rt Hon Christopher Patten, said the first Chief Executive could certainly count on his support and good wishes, both before and after July 1 next year.

Delivering his policy address at the opening of the 1996-97 Legislative Council session today (Wednesday), Mr Patten said everyone would want the Chief Executive to succeed in one of the toughest and most exhilarating jobs in the world.

"I am sure that my successor will be able to count on the support of the whole community as he or she sets about the job. The first Chief Executive can certainly count on my support and good wishes, both before and after July 1 next year.

"We in Hong Kong will want the Chief Executive to succeed because we want the transition to succeed. To succeed triumphantly.

"How could we want anything else? I want, we all want, Hong Kong to do better in the future, after 1997, than it has done in the past," he said.

The Governor said next year, when his successor took the oath of office, it would be a solemn moment, freighted with hopes and anxieties.

It would be an exciting moment, too – an especially challenging one for China.

"There is hardly a problem that China faces that will not be easier to tackle if things go well in Hong Kong. And the reverse is true.

"What is more, the future relationship between the Government in China and Hong Kong goes to the very heart of so many of the issues which are going to determine what sort of country China is in the next century, and how it plays its role in the region and the world," said the Governor.

Mr Patten said for his successor to chart the way ahead to completion of the transition, the main ingredients of any programme would include the following 10 key elements:

- * to retain the free market and attachment to liberal economics.
- * to increase competition in areas like transport and telecommunications.

- * to retain the level playing field for business and the reputation for probity in government.
- * to fight corruption in the public sector and in private business.
- * to give the Police the resources and support they need to fight crime and to retain Hong Kong's reputation as one of the safest cities in the world. And the Government must not relax for a moment the campaign launched against drugs, continuing efforts to help those whose lives have been blighted by drug abuse.
- * to retain Hong Kong's social harmony and cohesion, adjusting social policies to take account of changing needs and priorities. In particular, it will require courage and vision to shift the direction of the housing policies so as to provide decent accommodation more rapidly for those in real need while encouraging greater home ownership for those who can afford it. Housing policies that were right for the 60's, 70's and 80's look less appropriate today.
- * to carry on with efforts to make sure the same opportunities are open to people with a disability, be it in employment, or in public services such as transport.
- * to continue the heavy investment in education, training and retraining, recognising that the future prosperity will depend above all on the quality of the workforce. The Government must make sure that the skills taught and trained are those required in tomorrow's world.
- * to develop arrangements to provide more effective help to the unemployed, in particular to enable them to find the vacant jobs that require their abilities.
- * to retain the autonomy in economic and trade matters, an independence which gives Hong Kong a seat at the table in so many important international forums.

End

The world will judge HK with clear benchmarks

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The Governor, The Rt Hon Christopher Patten, hopes that the world will judge Hong Kong not by preconceptions but by the evidence of what actually happens here.

Mr Patten, in his Policy Address, said the world would want to be reassured that two systems were surviving and cohabiting in one country.

"The sensible will undoubtedly apply a number of clear benchmarks as events unfold," he said.

These benchmarks include:

- * Is Hong Kong's Civil Service still professional and meritocratic? Are its key positions filled by individuals who command the confidence of their colleagues and the community and owe their appointments only to their own abilities?
- * Is the Special Administrative Region (SAR) Government writing its own Budget on the basis of its own policies, or is it under pressure to respond to objectives dictated by Peking?
- * Is the Hong Kong Monetary Authority managing Hong Kong's Exchange Fund without outside interference?
- * Is Hong Kong behaving in a truly autonomous way in international economic organisations?
- * Is the Hong Kong legislature passing laws in response to the aspirations of the Hong Kong community and the policies of the SAR Government, or is it legislating under pressure from Peking?
- * Are Hong Kong's courts continuing to operate without interference?
- * Is the Independent Commission Against Corruption continuing to act vigorously against all forms of corruption including cases in which China's interests may be involved?
- * Is Hong Kong continuing to maintain its own network of international law enforcement liaison relationships?

- * Is the integrity of the Hong Kong/Guangdong border being maintained, including the separate border controls operated by the Hong Kong Immigration Department?
- * Is the Hong Kong press still free, with uninhibited coverage of China and of issues on which China has strong views?
- * Are new constraints being imposed on freedom of assembly? Are the annual commemorations and vigils of recent years still being allowed?
- * Are foreign journalists and media organisations in Hong Kong still free to operate without controls?
- * Is anybody being prosecuted or harassed for the peaceful expression of political, social, or religious views?
- * Are Hong Kong's legislators, at successive stages of the transition, fairly and openly elected, and truly representative of the community?
- * Are democratic politicians continuing to play an active role in Hong Kong politics, or are they being excluded or marginalised by external pressure?
- * Is the Chief Executive exercising genuine autonomy in the areas provided for in the Joint Declaration and Basic Law?

The Governor said these were the questions the world would ask.

"We all hope that the world will get reassuring answers," he said.

End

HK will take tomorrow by storm

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The Governor, the Rt Hon Christopher Patten, hopes that Hong Kong would take tomorrow by storm.

"And when it does, History will stand and cheer," Mr Patten said, when winding up his fifth and final Policy Address at the Legislative Council today (Wednesday).

Hong Kong, it seems to him, has always lived by the author, Jack London's credo:

"I would rather be ashes than dust,
"I would rather my spark should burn out in a brilliant blaze,
"Than it should be stifled in dry rot.
"I would rather be a superb meteor,
"With every atom of me in magnificent glow,
"Than a sleepy and permanent planet."

"Whatever the challenges ahead, nothing should bring this meteor crashing to earth, nothing should snuff out its glow," Mr Patten said.

Next year, when his successor takes the oath of office, it will also be a grave moment for the Governor as he leaves Hong Kong.

"Governors have lived for Hong Kong. One or two have literally died for Hong Kong. But all have found Hong Kong, in and out of office, an all-consuming interest," he said.

"Retired to our grey and green island, past Governors have watched from afar with keen-eyed interest and, doubtless, occasional frustration as Hong Kong's history has unfolded.

"I shall do the same, carrying with me one frustration, gnawed by one anxiety, comforted by one certainty."

For him the frustration, the greatest in his job, is that he has not been able to put his personal view of Hong Kong's best interests to the test which legitimises leadership in most free societies, the test of the ballot box.

"But Hong Kong has been promised that its government will develop so that that can happen one day, a day I hope I shall see and a day that I shall be delighted to put down to China's credit and to the credit of those in this territory who have stood up bravely for the people of Hong Kong," said Mr Patten.

His anxiety is: not that the community's autonomy would be usurped by Peking, but that it could be given away bit by bit by some people in Hong Kong.

"We all know that over the last couple of years we have seen decisions, taken in good faith by the Government of Hong Kong, appealed surreptitiously to Peking – decisions taken in the interests of the whole community lobbied against behind closed doors by those whose personal interests may have been adversely affected," he said.

Mr Patten said that was damaging to Hong Kong because it drew Chinese officials into matters which should fall squarely within the autonomy of the territory.

"If we in Hong Kong want our autonomy, then it needs to be defended and asserted by everyone here – by businessmen, politicians, journalists, academics and other community leaders, as well as by public servants," he said.

The truth which more than anything else gave him confidence in Hong Kong is: the qualities, the beliefs, the ideals that have made Hong Kong's present will still be here to shape Hong Kong's future, said the Governor.

End

The Governor's broadcast on Policy Address

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Following is the full script of the Governor, the Rt Hon Christopher Patten's radio and television broadcast on the 1996 Policy Address today (Wednesday):

This is the last time I'll give a policy address in Hong Kong. It's the last time any Governor will give a policy address. Next year it'll be a job for the Chief Executive. So today I had a slightly different task from the last four years. Mind you, it's very important to show that Government is keeping going, keeping working in your interests and we intend to do that right up to the wire on the 30th of June next year and then the Chief Executive will want to see that it happens after that as well. But today I had a slightly different job. Of course I wanted to review where we've got to over the last four years in implementing the comprehensive programme of change and renewal that I set in hand in 1992. That programme: on education, on training, on health, on welfare, and so on, has been doing extremely well. We'll pretty well implement everything we promised by 1997, and we've been very honest today about how much progress we are making.

Some people denounce part of that programme, what we've done to help the needy and the disadvantaged, as welfarism. Frankly I don't think that's a charge that will stick. This is a well-off society. It's a civilized society and I think we want to see those who are in need prudently helped to get back on their feet again. That's what any decent city should do and this is a decent city. It's worth remembering incidentally that Hong Kong spends on welfare rather less than it spends every year on cosmetics and perfume. Success in Hong Kong has enabled us to keep that programme going, and it has enabled us to set some new sights for the future. We've set out 400 new policy commitments which develop our programmes in environment, in transport, in law and order and so on so that this can be an even better governed city.

How do we manage to do all this? Why is Hong Kong successful? Hong Kong is successful, though it's got no natural resources, because of your hard work, because of your skill, because of your energy and all those things have combined with the rule of law, with a decent clean meritocratic politically neutral civil service, with all the freedoms that you'd associate with a civilized city, which have made Hong Kong perhaps the freest city in the whole of Asia. That's why Hong Kong has been so successful and I want to see those ingredients of success continue well into the future.

Relevant to that of course is the argument that we've had about the future of the Legislative Council. How much confidence can you place in the laws if the body which makes the laws isn't fairly elected. That's what our argument has been all about. It's been about living up to the promises that have been made to people in Hong Kong. We think the Legislative Council should continue to the end of its natural four year term. We won't have anything to do with a rubber stamp that is put in its place. I very much hope that China will think again about that. We will however cooperate and cooperate right across the board with the Chief Executive (Designate), with my successor. We will do that in as open-handed a way as possible. That's what you would have expected of us, and that's what we will certainly do.

Will Hong Kong, people ask me very often, continue to be a success story in the future? I'm sure it will. I'm sure it will provided we stand up for our values, provided we stand up for our autonomy. All around the world, people will be looking to see what happens. They'll be looking to see whether our legislature still passes laws which are in Hong Kong's interests or has laws imposed on it from elsewhere. They'll be asking whether we're still responsible for our own money, for running our own economy. They'll be asking about freedom of speech and all those other liberties in Hong Kong. They'll be watching. They'll be setting their own benchmarks. They'll be seeing what's really happening here.

We've got to stand up for those things. We've got to stand up for our own autonomy. If we do, then I'm sure that Hong Kong will have a glittering future. And as I watch it from the other side of the world, from whatever I'm doing then, I'll be the first to stand and cheer - to stand and cheer another spectacularly successful chapter in the history of a great city.

End