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THE FOLLOWING IS A TRANSCRIPT OF THE GOVERNOR'S QUESTION AND ANSWER SESSION IN THE LEGISLATIVE COUNCIL TODAY (THURSDAY):

MR PRESIDENT,

I AM GRATEFUL TO HONOURABLE MEMBERS FOR THIS OPPORTUNITY TO MAKE A STATEMENT ON MY VISIT TO BRUSSELS AND TO LONDON AND ALSO TO TAKE THIS OPPORTUNITY WHICH IS THE RESULT OF A COINCIDENCE IN THE TIMING OF ONE OF MY REGULAR VISITS TO THE COUNCIL, TO SAY A FEW BRIEF WORDS ABOUT THE TALKS WHICH HAVE STARTED IN PEKING THIS MORNING.

I VISITED BRUSSELS FROM APRIL 1 TO 2 AND WHEN I WAS THERE I HAD MEETINGS WITH THE PRESIDENT OF THE EUROPEAN COMMISSION, MONSIEUR JACQUES DELORS, THE COMMISSIONER RESPONSIBLE FOR EXTERNAL TRADE RELATIONS, SIR LEON BRITTAN, AND THE BELGIAN FOREIGN MINISTER, MR CLAES. THE EUROPEAN COMMUNITY IS OUR THIRD LARGEST TRADING PARTNER. SOME THIRTEEN PER CENT OF OUR TOTAL TRADE IS WITH COMMUNITY MEMBER STATES SO THIS WAS A USEFUL OPPORTUNITY TO DISCUSS MATTERS OF MUTUAL CONCERN WITH OUR COMMUNITY COLLEAGUES.

I VISITED LONDON FROM APRIL 2 TO 16 WHERE I HAD AN AUDIENCE WITH HER MAJESTY THE QUEEN, TWO MEETINGS AND A LUNCH WITH THE PRIME MINISTER AND MEETINGS WITH THE FOREIGN SECRETARY, THE SECRETARY OF STATE FOR DEFENCE AND A NUMBER OF OTHER MINISTERS. I HAD SEVERAL MEETINGS WITH THE MINISTER OF STATE AT THE FOREIGN AND COMMONWEALTH OFFICE, RESPONSIBLE FOR HONG KONG AFFAIRS, MR ALASTAIR GOODLAD AND I BRIEFED HIM AND OTHER OFFICIALS AND MINISTERS ON ALL THE MAJOR HONG KONG ISSUES. HONG KONG OCCUPIES A PROMINENT PLACE ON THE BRITISH GOVERNMENT'S AGENDA AND THAT GOVERNMENT CONTINUES TO STAND FOURSQUARE BEHIND THE APPROACH THAT WE HAVE BEEN TAKING.

I ALSO MET MR JACK CUNNINGHAM, THE LABOUR PARTY'S PRINCIPAL SPOKESMAN ON FOREIGN AFFAIRS WHO CONFIRMED ONCE AGAIN THE LABOUR PARTY'S SUPPORT FOR THE POLICIES WE ARE PURSUING. I ALSO GAVE SPEECHES TO THE ROYAL INSTITUTE FOR INTERNATIONAL AFFAIRS AND TO THE TORY REFORM GROUP AS WELL AS A NUMBER OF TELEVISION AND RADIO INTERVIEWS.

I WAS PLEASED THAT DURING MY VISIT TO LONDON IT WAS POSSIBLE TO ANNOUNCE THE TALKS THAT HAVE BEGUN TODAY BETWEEN BRITAIN AND CHINA ON THE ELECTORAL ARRANGEMENTS FOR 1994 AND 1995 IN HONG KONG. WE HAVE MADE CLEAR ALL ALONG THAT WE WERE READY FOR SUCH TALKS TO TAKE PLACE AT ANY TIME WITHOUT PRECONDITIONS. I AM GLAD THAT THEY ARE NOW DOING SO. WE MUST ALL HOPE THAT IT WILL BE POSSIBLE TO REACH AN UNDERSTANDING IN THESE DISCUSSIONS ON ELECTORAL ARRANGEMENTS THAT ARE OPEN, FAIR AND ACCEPTABLE TO THE PEOPLE OF HONG KONG. THAT IS OUR AIM. THERE WILL, I CAN ASSURE HONOURABLE MEMBERS, BE NO HIDDEN AGREEMENTS. AT THE END OF THE DAY, IT WILL BE FOR YOU IN THIS COUNCIL TO DECIDE ON THE LEGISLATION SETTING IN PLACE THE ELECTORAL ARRANGEMENTS FOR 1994/1995. THAT IS YOUR CONSTITUTIONAL DUTY AND IT WILL REMAIN SO.

AS I'VE ALREADY INDICATED TO HONOURABLE MEMBERS, THE CONTENTS OF THE TALKS WILL HAVE TO BE CONFIDENTIAL BUT WHILE I WILL NOT BE IN A POSITION TO EXPLAIN TO THIS COUNCIL, AFTER EACH ROUND OF NEGOTIATION, THE DETAILS OF WHAT HAS BEEN DISCUSSED, I WILL OBVIOUSLY CONTINUE TO LISTEN CLOSELY TO LEGISLATIVE COUNCILLORS' VIEWS IN ORDER TO KEEP IN TOUCH WITH THINKING IN THIS COUNCIL AND IN THE COMMUNITY.

NO-ONE SHOULD IMAGINE THAT THESE TALKS WILL BE EASY. THEY WILL NOT BE. FOR OUR PART, WE WILL TRY SINCERELY TO ACHIEVE SUCCESS IN THE TALKS, TO BRIDGE THE DIFFERENCES BETWEEN BOTH SIDES AND TO IDENTIFY THE COMMON GROUND, WHILE REMAINING TRUE TO THE BROAD UNDERTAKINGS WE HAVE GIVEN TO YOU AND TO THE PEOPLE OF HONG KONG. WE HAVE NOT TRAVELLED THIS FAR TO ABANDON THOSE UNDERTAKINGS NOW, BUT EQUALLY, WE WILL ENTER THESE DISCUSSIONS TODAY, DETERMINED TO DO OUR BEST TO BRING THEM TO A SUCCESSFUL AND TO AN HONOURABLE CONCLUSION.

PRESIDENT: WITH THE FIRST PART FOR THE QUESTIONS ON THE SUBJECT MATTERS COVERED BY THE GOVERNOR IN HIS ADDRESS AND THE SECOND PART FOR QUESTIONS ON OTHER TOPICS. I WILL ASK FOR A SHOW OF HANDS BEFORE EACH QUESTION. A MEMBER MAY ASK A SUPPLEMENTARY QUESTION FOR THE PURPOSE OF ELUCIDATION BUT THE SUPPLEMENTARY SHOULD BE A SHORT SINGLE QUESTION. SHOW OF HANDS PLEASE.

MRS SELINA CHOW: SIR, YOU SAID JUST NOW THAT YOU WOULD LISTEN CLOSELY TO THE VIEWS OF THE LEGISLATIVE COUNCIL WHILE THE TALKS ARE GOING ON. HOW DO YOU ACTUALLY PROPOSE TO DO THAT, WHAT SPECIFIC STEPS WOULD YOU TAKE TO ENSURE THAT THE VIEWS THAT YOU WILL LISTEN TO ARE NOT SELECTED TO BACK UP A CERTAIN PARTICULAR CAUSE OF THINKING?

GOVERNOR: BY MEETING LEGISLATIVE COUNCILLORS AS FREQUENTLY AS POSSIBLE AND IF THE HONOURABLE LADY AND ANY OF HER COLLEAGUES WOULD LIKE TO COME AND SEE ME, I'D BE VERY HAPPY TO SEE THEM, JUST AS I HAVE SEEN OTHER HONOURABLE MEMBERS. THE HONOURABLE MEMBER, I THINK, I'M NOT SURE WHETHER I SAY CONVENOR OR LEADER OF HIS GROUP, CAME TO SEE ME WITH SOME COLLEAGUES NOT VERY LONG AGO, WE'VE HAD A NUMBER OF MEETINGS AND I AM DELIGHTED TO MEET MEMBERS OF THE COUNCIL WHENEVER THEY WISH, WITHIN REASON.

MR MICHAEL HO (THROUGH INTERPRETER): MR PRESIDENT, I HOPE THAT THE GOVERNOR CAN TELL US THIS. HE KEEPS SAYING THAT THE CONCLUSION OF THE TALKS SHOULD BE OPEN, FAIR AND ACCEPTABLE TO HONG KONG PEOPLE. I'D LIKE TO KNOW WHAT STEPS WILL THE ADMINISTRATION TAKE TO ENSURE THAT THE FUTURE ARRANGEMENTS WOULD BE ACCEPTABLE TO HONG KONG PEOPLE AND TODAY CAN YOU TELL US FURTHER WHAT STEPS IT WILL TAKE TO CONSIDER WHETHER OR NOT TO USE A REFERENDUM AS A MEANS TO GAUGE PUBLIC OPINION TO SEE WHETHER IT'S ACCEPTABLE TO THEM?

GOVERNOR: THIS COUNCIL TOOK A VIEW ON THE USE OF REFERENDUMS YESTERDAY AND THE HONOURABLE MEMBER WILL I AM SURE KNOW, IN VIEW OF WHAT I'VE SAID CONSISTENTLY OVER THE LAST FEW MONTHS, THAT THE DECISION REACHED BY THE COUNCIL WAS NOT A DECISION WHICH I IN ANY WAY FOUND OBJECTIONABLE. I THINK THAT A REFERENDUM WOULD NOT BE APPROPRIATE IN PRESENT CIRCUMSTANCES AND IN THE CONDITIONS THAT OBTAIN IN HONG KONG. I HAVE TO SAY THAT MY VIEWS ON REFERENDUMS HAVE BEEN MUCH THE SAME IN OTHER CIRCUMSTANCES ON OTHER ISSUES IN ANOTHER JURISDICTION.

SO FAR AS THE ACCEPTABILITY OF ANY AGREEMENT IS CONCERNED, THIS LEGISLATIVE COUNCIL REPRESENTS IN VARIOUS WAYS THE COMMUNITY IN HONG KONG AND THIS COUNCIL WILL HAVE TO CONSIDER ANY AGREEMENT WHICH EMERGES FROM TALKS JUST AS THIS COUNCIL WILL HAVE TO CONSIDER ANY DISAGREEMENT WHICH RESULTS FROM UNSUCCESSFUL TALKS. I'M SURE THAT THIS COUNCIL IN DEBATING AN AGREEMENT OR A FAILURE TO AGREE WILL REFLECT THE VIEWS OF THE COMMUNITY. THE VIEWS OF THE COMMUNITY ARE REFLECTED AGAIN AND AGAIN, WHETHER ACCURATELY OR INACCURATELY I GUESS DEPENDS ON WHETHER YOU LIKE THE FINDINGS IN OPINION POLLS. I NOTICED AN EXTREMELY INTERESTING OPINION POLL IN SING TAO EARLIER THIS WEEK, ONE OF THE MANY QUESTIONS IN IT WAS THIS ONE - "IF AN AGREEMENT IS REACHED DO YOU THINK THAT IT IS NECESSARY FOR LEGCO TO DECIDE WHETHER TO ACCEPT THE RESULT OF THE TALKS" YES-70 PER CENT, NO-24 PER CENT. I IMAGINE THAT'S A FINDING WHICH MEMBERS OF THE COUNCIL WOULD FIND ALL OF THEM REASONABLY AGREEABLE.

MR MAN SAI-CHEUNG: (THROUGH INTERPRETER) THE PEOPLE OF HONG KONG AND THE UDHK HAVE BEEN AGAINST SECRET NEGOTIATIONS. MR GOVERNOR, WHAT SPECIFIC MEASURES ARE THERE TO MAKE SURE THAT THE HONG KONG PEOPLE WILL BE ABLE TO GET INFORMATION AND WILL BE CONSULTED AND WILL BE ABLE TO PARTICIPATE SO THAT THEY WILL KNOW ABOUT THE PROGRESS OF THE TALKS AND THE CONSENSUS AND THE DISAGREEMENT BETWEEN THE TWO PARTIES OR THE TWO GOVERNMENTS?

GOVERNOR: I ANSWERED, AT SOME LENGTH, QUESTIONS ON THE CONFIDENTIALITY OF NEGOTIATIONS ON THE MARCH 5 AND I'M NOT SURE THAT IT WOULD BE VERY HELPFUL OR NECESSARILY INSTRUCTIVE FOR ME TO REPEAT WHAT I SAID ON THAT OCCASION. I'VE RE-READ IT AND HAVE TO SAY THAT I FOUND IT AS CONVINCING TO READ AS I HAD TO EXPRESS IN THE FIRST PLACE. I THINK THAT THE COUNCIL RECOGNIZES, AND THAT GOES FOR, I WOULD GUESS, THOSE MEMBERS WHO ARE OPTIMISTIC ABOUT THE LIKELIHOOD OF SUCCESS AND THOSE MEMBERS WHO ARE SKEPTICAL ABOUT SUCCESS. I THINK THAT THE WHOLE COUNCIL RECOGNIZES THAT WE SHOULD DO EVERYTHING WE CAN TO GIVE THE NEGOTIATIONS A FAIR WIND; THAT WE SHOULD DO EVERYTHING WE CAN TO GIVE THE NEGOTIATIONS THE BEST CHANCE OF COMING TO A SUCCESSFUL CONCLUSION. I THINK ONE THING WE CAN DO IS TO ENSURE THAT NEGOTIATIONS TAKE PLACE CONFIDENTIALLY BECAUSE I THINK IT'S MORE DIFFICULT TO NEGOTIATE HALF IN PUBLIC AND HALF IN PRIVATE. THAT DOESN'T MEAN THAT WE ARE INTENT ON REACHING A SECRET DEAL. WE COULDN'T REACH A SECRET DEAL BECAUSE ANY AGREEMENT HAS TO BE SHARED WITH THE COMMUNITY, HAS TO BE EXPLAINED AND JUSTIFIED TO THIS COUNCIL. BUT WHILE THE DISCUSSIONS ARE GOING ON, I THINK IT'S BEST TO TAKE ACCOUNT OF THE SENSITIVITIES OF SOME OF THOSE WHO ARE NEGOTIATING AND HOPE THAT THAT CONTRIBUTES TO A SUCCESSFUL OUTCOME.

MR CHIM PUI-CHUNG: (THROUGH INTERPRETER) THANK YOU MR PRESIDENT. MR GOVERNOR, AFTER YOU CAME TO HONG KONG, ACTUALLY YOU'VE BEEN IN HONG KONG FOR NINE MONTHS NOW, IN THE PAST NINE MONTHS, REGARDING THE CONSTITUTIONAL PACKAGE, YOU HAVE MADE A LOT OF PROMISES TO THE PUBLIC. NOW THAT SINO-BRITISH TALKS ARE DUE TO START, PROBABLY WE MAY HAVE TO GO BACK TO THE BASIS OF THE THREE ACCORDS, OR WE MAY HAVE TO GO BACK TO THE BASIC PRINCIPAL LAID DOWN IN THE JOINT DECLARATION AND THE BASIC LAW AND BY THEN, YOUR CONSTITUTIONAL PACKAGE WILL BE REDUCED TO NOTHING AND IF THAT HAPPENS, WHAT KIND OF EXPLANATION YOU WILL BE OFFERING TO THE PUBLIC BECAUSE, IN THE PAST NINE MONTHS, ESPECIALLY ON THE OCTOBER 7 WHEN YOU DELIVERED YOUR POLICY ADDRESS, AFTER THAT IT HAS CREATED A GREAT STIR AMONG MEMBERS OF THE PUBLIC AND SO NO MATTER WHAT ATTITUDE THEY HAVE, THEY ARE ALREADY SUBJECT TO A LOT OF IMPACT FROM YOUR CONSTITUTIONAL PACKAGE AND SO I REALLY DO HOPE THAT YOU CAN TELL, IN NO UNCERTAIN TERMS, REGARDING YOUR PROMISES YOU MADE TO HONG KONG PEOPLE ON THE OCTOBER 7, REGARDING SMOOTH TRANSITION TO 1997, YOU ARE STILL MOVING TOWARDS THIS GOAL?

GOVERNOR: FIRST OF ALL, WHEN I SET OUT MY PROPOSALS ON THE OCTOBER 7, I SAID THAT I VERY MUCH LOOKED FORWARD TO DISCUSSING THEM WITH REPRESENTATIVES OF THE PRC. I'M SORRY THAT IT TOOK UNTIL WE WERE ON THE EVE OF GAZETTING THOSE PROPOSALS AS A BILL APPROVED BY THE EXECUTIVE COUNCIL FOR TALKS ABOUT TALKS TO GET UNDERWAY AND I'M ALSO SORRY THAT IT TOOK SO LONG FOR TALKS ABOUT TALKS TO PRODUCE TALKS. NEVERTHELESS, MUCH BETTER, INCOMPARABLY BETTER LATE THAN NEVER AND WE START THESE TALKS WITH MY PROPOSALS BEING, AS THE HONOURABLE MEMBER SAYS, MODERATELY WELL KNOWN, WITH THE TWO COMPENDIA OF OTHER PROPOSALS REPRESENTING VIEWS OF A NUMBER OF MEMBERS OF THIS COUNCIL AND A NUMBER OF COMMUNITY GROUPS ALSO TOLERABLY WELL KNOWN. MY OWN PROPOSALS WERE, IN MY JUDGEMENT AND THAT OF MANY OTHERS, ENTIRELY IN LINE WITH BOTH THE JOINT DECLARATION AND THE BASIC LAW BUT THEY WEREN'T SET OUT AS A FAIT ACCOMPLI. THEY WERE SET OUT AS PROPOSALS. ONE THING THAT WE WILL BE INTERESTED IN LEARNING DURING THE NEGOTIATIONS WHICH UNFOLD, IS WHAT ALTERNATIVE PROPOSALS OUR CHINESE COLLEAGUES HAVE TO PUT FORWARD BECAUSE, SO FAR, WE HAVEN'T HEARD VERY MUCH ABOUT THOSE.

I HOPE THAT ANY PROPOSALS THEY PUT FORWARD ENJOY THE PUBLIC SUPPORT, WHETHER MEASURED BY VOTES IN THIS COUNCIL, OR BY OPINION POLLS, WHICH THE OCTOBER PROPOSALS CONTINUE TO ENJOY. THE SING TAO POLL THAT I REFERRED TO EARLIER GAVE ALSO THE FOLLOWING ANSWERS.

"DO YOU AGREE OR DISAGREE WITH THE FOLLOWING ELEMENTS OF MR PATTEN'S PACKAGE? TEN LEGCO SEATS TO BE ELECTED BY ELECTED DISTRICT BOARD MEMBERS IN THE 1995 ELECTIONS." YES - 66 PER CENT, NO - 18 PER CENT.

"THE NINE NEW FUNCTIONAL CONSTITUENCIES AND THE INCREASE IN THE NUMBER OF ELIGIBLE VOTERS". YES - 76 PER CENT, NO - 13 PER CENT.

THEN I AM AFRAID THERE'S A GOAL FOR THE OTHER SIDE.

"ABOLITION OF APPOINTED SEATS IN THE REGIONAL COUNCIL AND THE URBAN COUNCIL". YES - 38 PER CENT, NO - 47 PER CENT.

THAT'S ONE UP TO THE HONOURABLE MEMBER.

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MS EMILY LAU: THANK YOU MR PRESIDENT. I WANT TO ASK THE GOVERNOR IN HIS RECENT VISIT TO LONDON I UNDERSTAND, I THINK WE HAVE IN FACT BEEN TOLD BY GOVERNMENT OFFICIALS, THAT ONE OF THE ITEMS IN YOUR BRIEF IS A REQUEST, A UNANIMOUS REQUEST FROM THIS COUNCIL FOR THE BRITISH GOVERNMENT TO GIVE FULL BRITISH CITIZENSHIP TO 7,000 ETHNIC MINORITIES COMING FROM ABOUT 2,000 FAMILIES. CAN THE GOVERNOR THIS AFTERNOON GIVE US SOME RESPONSE ON THE REACTION FROM LONDON, WHETHER YOU ARE OPTIMISTIC ABOUT BEING ABLE TO ACHIEVE A SUCCESSFUL AND HONOURABLE OUTCOME?

GOVERNOR: THE REACTION WAS SIMILAR TO THAT WHICH THE HONOURABLE LADY RECEIVED WHEN SHE AND TWO OF HER COLLEAGUES RAISED THE ISSUE ON A VISIT WHICH THEY PAID TO LONDON A FEW MONTHS AGO, BUT I THINK THAT THE STRENGTH OF THIS COUNCIL'S VIEWS ON THE SUBJECT IS RECOGNISED IN THE POLITICAL COMMUNITY IN LONDON JUST AS I SUSPECT THE HONOURABLE LADY STRONGLY AS SHE FEELS ABOUT THE SUBJECT RECOGNISES SOME OF THE POLITICAL VIEWS AT WESTMINSTER ABOUT THIS SUBJECT.

MS EMILY LAU: FOLLOW-UP MR PRESIDENT.

PRESIDENT: SHORT, SINGLE SUPPLEMENTARY.

MS EMILY LAU: YES, VERY SHORT. SO GOVERNOR ARE YOU SAYING THE ANSWER IS NO?

GOVERNOR: I'M SAYING THAT THE ANSWER AT THE MOMENT IS THE SAME AS THE ANSWER WHICH THE HONOURABLE LADY GOT WHICH WAS NO.

MS EMILY LAU: BUT WE WERE TOLD BY YOUR OFFICIALS JUST A FEW DAYS AGO THAT THEY HAVEN'T HAD A RESPONSE SO THAT YOU MUST HAVE GOT ONE BETWEEN WHAT, MONDAY WHEN WE HAD OUR NATIONALITY SUB-COMMITTEE.

GOVERNOR: THE HONOURABLE LADY WHEN SHE WAS IN LONDON DIDN'T GET A POSITIVE REACTION. I'M SAYING THAT I DIDN'T GET A POSITIVE REACTION. IF THAT IS A LESS FIRM NO THAN A DOUBLE NO THEN I ACCEPT THE HONOURABLE LADY'S CORRECTION. IT WOULD BE FAIR TO SAY THAT I HAVEN'T RECEIVED A NO BUT I HAVEN'T RECEIVED A YES AND IN THE ABSENCE OF A YES I WAS TAKING A RATHER NEGATIVE VIEW ABOUT THINGS BUT I'LL CONTINUE TO ENSURE THAT THE COUNCIL'S VIEWS ARE PUT TO LONDON AND TO WESTMINSTER.

MR MOSES CHENG : THANK YOU MR PRESIDENT. I WISH TO ASK A QUESTION OF THE GOVERNOR IN THE AREA OF HOUSING. MEMBERS OF THE LIBERAL PARTY BELIEVE THAT --

PRESIDENT: I'M SORRY MR CHENG, I THINK WE ARE STILL ON THE GOVERNOR'S MAIN ADDRESS.

MR CHENG : I THOUGHT THAT EMILY HAS ASKED A QUESTIONS WHICH HAS GONE INTO THE SECOND PART --

/PRESIDENT

PRESIDENT : -- RESULTING FROM HIS TRIP TO LONDON.

MR CHENG : THANK.

MR VINCENT CHENG : MY QUESTION IS NOT ON THE NATIONALITY OR ON CONSTITUTIONAL DEVELOPMENT, SO I'LL JUST WAIT.

DR LAM KUI-CHUN : MR PRESIDENT. THE GOVERNOR REFERRED TO HIS DESIRE, IN HIS SPEECH, TO BRING THE SINO-BRITISH TALKS TO A SUCCESSFUL AND HONOURABLE CONCLUSION. COULD HE EXPLAIN IN GREATER DETAIL WHAT HE MEANS BY AN HONOURABLE CONCLUSION?

GOVERNOR : I BELIEVE THAT AN HONOURABLE CONCLUSION WOULD CONTAIN AT LEAST THE FOLLOWING ELEMENTS. FIRST OF ALL WE WOULD HAVE ELECTORAL ARRANGEMENTS AGREED FOR 1994/95 WHICH WERE CREDIBLE AND WHICH WERE CLEARLY DESIGNED TO PRODUCE A FAIR OUTCOME RATHER THAN A PRE-ORDAINED OUTCOME AND I THINK THE COUNCIL WILL UNDERSTAND THE DIFFERENCE BETWEEN THE ONE AND THE OTHER. SECONDLY I KNOW THAT MANY MEMBERS OF THIS COUNCIL, INDEED, I WOULDN'T BE SURPRISED TO DISCOVER THAT IT WAS PRETTY WELL AN UNANIMOUS VIEW OF THIS COUNCIL, LIKE MANY MEMBERS OF THE COMMUNITY, TAKE A STRONG POSITION ABOUT THE THROUGH TRAIN AND BELIEVE THAT LIKE REAL THROUGH TRAINS, PEOPLE WHO PURCHASE A TICKET AT ONE STATION TO GO TO A DESTINATION, ARE ABLE TO TRAVEL THE WHOLE ROUTE RATHER THAN GET TURFED OFF HALF WAY ALONG IT. I THINK THAT THEREFORE, TO HAVE SOME CLARITY ON THE THROUGH TRAIN, A POINT THAT'S BEEN MADE BY A NUMBER OF GROUPS, I NOTICED IT WAS MADE BY THE DABHK IN A STATEMENT EARLIER THIS WEEK. I THINK SOME CLARIFICATION OF THE POSITION ON THE THROUGH TRAIN WOULD ALSO BE ONE OF THE CONTRIBUTORY FACTORS TO AN HONOURABLE AND SUCCESSFUL CONCLUSION. WE, I THINK, WOULD ALL WANT TO AIM BOTH FOR THE FIRST OF THOSE OBJECTIVES AND I BELIEVE FOR THE SECOND AS WELL.

MR ERIC LI : (THROUGH INTERPRETER) THANK YOU MR PRESIDENT. MR GOVERNOR, JUST NOW, MR GOVERNOR, YOU SAID THAT CONCERNING THE SINO-BRITISH TALKS THAT THERE WOULDN'T BE ANY HIDDEN AGENDA BUT BECAUSE THE TALKS ARE CONDUCTED ON DIPLOMATIC LEVEL AND SO APART FROM RELEASING INFORMATION ON THE PLACE OF THE TALKS AND THE TIME OF THE TALKS, THE AGENDA ITSELF WOULD BE KEPT HIDDEN AND WE FIRST THOUGHT THAT THE TALKS WOULD COVER THE SEVEN PROPOSALS IN YOUR CONSTITUTIONAL PACKAGE CONCERNING 1994/95 ELECTORAL ARRANGEMENTS AND IT SEEMS THAT BOTH GOVERNMENTS NOW AGREE THAT THE TALKS WOULD BE CONDUCTED ON THE BASIS OF THE THREE ACCORDS AS WELL AS THE DIPLOMATIC AGREEMENTS BETWEEN THE TWO GOVERNMENTS. AND SO IF THE AGREEMENTS ARE ALSO INCLUDED AS A BASIS FOR THE TALKS THEN IT WOULD BE MUCH WIDER THAN THE SCOPE COVERED BY JUST YOUR SEVEN CONSTITUTIONAL PROPOSALS. FOR INSTANCE, THROUGH TRAIN AND CONVERGENCE, IT SEEMS THAT NOW IT IS NOW ON THE AGENDA FOR TALKS AND IN THE COURSE OF THE TALKS, HOW CAN WE KNOW THAT IF THE DOCUMENTS I MENTIONED WILL ALL BE COVERED. THE COVERAGE WOULD VENTURE OUTSIDE OF YOUR SEVEN CONSTITUTIONAL PROPOSALS AND IF THEY VENTURE OUTSIDE OF YOUR CONSTITUTIONAL PROPOSALS, THEN HOW CAN YOU GAUGE PUBLIC OPINION AND HOW DO WE KNOW WHETHER IT HAS VENTURED OUTSIDE YOUR CONSTITUTIONAL PROPOSALS?

GOVERNOR : THAT'S A PRETTY LONG AND COMPLICATED QUESTION AND SOME OF IT TOUCHES ON ISSUES THAT I'VE ALREADY ATTEMPTED TO DEAL WITH. I THINK I SAID EARLIER THAT BECAUSE NEGOTIATIONS WERE CONFIDENTIAL, DID NOT MEAN THAT BRITAIN AND CHINA WOULD BE PRODUCING A "SECRET DEAL". I DON'T THINK I USED THE WORDS HIDDEN AGENDA. THE BASIS OF THE TALKS IS AS I SET IT OUT BACK IN MARCH AND AS IS CONTAINED IN THE AGREED STATEMENT BETWEEN LONDON AND PEKING THAT WAS ISSUED TEN DAYS AGO OR SO. ON THE BASIS OF THAT STATEMENT, WE ARE DISCUSSING ELECTORAL ARRANGEMENTS FOR 1994/95 WHICH OF COURSE CONTAIN SOME OF THE ISSUES THAT I ADDRESSED IN MY SPEECH TO THE LEGISLATIVE COUNCIL BUT, IN A SENSE, THE HONOURABLE MEMBER IS RIGHT, GO BEYOND THAT AS WELL BECAUSE THEY DO TOUCH ON THROUGH TRAIN, AND BY DEFINITION, BECAUSE OF THE REFERENCE TO THE BASIC LAW, CONVERGENCE AS WELL. I THINK THAT ONE OF THE REASONS WHY IT'S IMPORTANT THAT I KEEP IN TOUCH WITH HONOURABLE MEMBERS IS SO THAT I KNOW THEIR VIEWS NOT ONLY ABOUT THE PROPOSALS THAT THE EXECUTIVE COUNCIL HAS ENDORSED BUT ON OTHER MATTERS AS WELL. I WOULD WANT TO BE PROPERLY INFORMED ABOUT HONOURABLE MEMBERS' VIEWS SO THAT I WAS ABLE TO ADVISE THOSE NEGOTIATING ON BEHALF OF THE UNITED KINGDOM AT ANY TALKS IN PEKING. BUT I THINK THE HONOURABLE MEMBER WHO WANTS, AS I DO, TO SEE A SUCCESSFUL OUTCOME TO TALKS, WOULD NOT EXPECT A DETAILED BRIEFING ON WHAT WAS DISCUSSED AT EACH ROUND.

MR MOSES CHENG : THANK YOU MR PRESIDENT, GOVERNOR, MEMBERS OF THE LIBERAL PARTY BELIEVE THAT THE SALE OF PUBLIC RENTAL HOUSING IS A POLICY THAT SHOULD BE IMPLEMENTED AS PRIVATE OWNERSHIP OF PROPERTY IS THE ASPIRATION OF MOST FAMILIES AND BREEDS A SENSE OF BELONGING. GIVEN THE HOUSING AUTHORITY HAS RESPONDED NEGATIVELY TO THE EXECUTIVE COUNCIL'S REQUEST TO RECONSIDER THE SALE OF PUBLIC RENTAL HOUSING TO TENANTS, WHAT DOES GOVERNMENT INTEND TO DO TO OVERCOME THIS PROBLEM?

GOVERNOR : I THINK THAT WE'LL HAVE TO WORK WITH THE NEW CHAIRMAN OF THE HOUSING AUTHORITY WHENEVER SHE OR HE IS APPOINTED AND THE HOUSING AUTHORITY ITSELF TO TRY TO RESOLVE THIS ISSUE. IT'S TRUE THAT THE EXECUTIVE COUNCIL DID NOT BELIEVE THAT THE PROPOSALS THAT WERE ON THE TABLE WERE IMAGINATIVE ENOUGH, WERE LIKELY TO MAKE THE SORT OF IMPACT THAT WE WOULD LIKE TO SEE. I THINK THAT IT'S VERY IMPORTANT THAT IN THE POLICIES WE PURSUE WE RECOGNISE THE LARGE AND GROWING ASPIRATION WHICH THE HONOURABLE MEMBER HAS REFERRED TO FOR HOME OWNERSHIP. TO SAY THAT ISN'T TO PUT ON ONE SIDE THE GREAT IMPORTANCE IN A COMMUNITY LIKE THIS OF GOOD DECENT PUBLIC HOUSING IN THE RENTED SECTOR. TO SAY THAT ONE WANTS TO DO MORE TO ENCOURAGE THE ASPIRATION TO HOME OWNERSHIP DOESN'T MEAN THAT ONE DOESN'T RECOGNISE THE PROBLEMS THAT EXIST OF MANAGEMENT AND MAINTENANCE IN THE PUBLIC SECTOR, OF RELATIONS BETWEEN MANAGEMENT AND TENANTS, OF COURSE WE RECOGNISE THOSE ISSUES BUT WE HAVE IN MY JUDGEMENT TO DO MORE TO RESPOND TO THAT HOPE THAT MANY FAMILIES HAVE TO OWN THE ROOF OVER THEIR OWN HEAD. SO WE WILL BE WORKING WITH THE CHAIRMAN OR CHAIRWOMAN OF THE HOUSING AUTHORITY AND THE NEW HOUSING AUTHORITY TO TRY TO MAKE SURE THAT WE HAVE IN PLACE, BOTH IN THE HOUSING AUTHORITY AND OUTSIDE, POLICIES THAT WILL ENCOURAGE HOME OWNERSHIP. THE FIGURES PREDICTED BY THE HOUSING AUTHORITY OVER THE NEXT FEW YEARS FOR THE INCREASE IN HOME OWNERSHIP ARE REMARKABLE AND ENCOURAGING BUT I THINK THE WHOLE OF THIS COUNCIL WOULD LIKE TO GO EVEN FURTHER AND FASTER IF WE CAN.

MR PRESIDENT : ANY SUPPLEMENTARY'S, MR CHENG.

MR CHENG : THANK YOU MR PRESIDENT. BESIDES USING THE USUAL PERSUASIVE POWER, WHAT OTHER EFFECTIVE STEPS WITHIN THE CONTROL OF THE GOVERNMENT CAN BE APPLIED TO ENSURE THAT WHAT WE, OR WHAT THE PEOPLE OF HONG KONG FEEL IS A GOOD POLICY CAN BE MORE EFFECTIVELY OR MORE ACTIVELY PURSUED BY THE HOUSING AUTHORITY?

GOVERNOR : I THINK IT WOULD BE PERHAPS UNWISE OF ME TO GET INTO A DIALOGUE BEFORE THERE IS A NEW, I'LL GET IT RIGHT THIS TIME, CHAIRPERSON. I'M GLAD THAT THE HONOURABLE LADY NODS. BEFORE THERE'S A NEW CHAIRPERSON OF THE HOUSING AUTHORITY BUT IT OBVIOUSLY AFFECTS BOTH THE BALANCE IN CONSTRUCTION, IT AFFECTS THE ROLE OF THE HOUSING SOCIETY, IT AFFECTS THE AMOUNT OF CHEAPER ACCOMMODATION FOR HOME OWNERSHIP, FOR FIRST TIME OWNERS WHICH IS PROVIDED. THOSE ARE SOME OF THE MATTERS THAT WE HAVE TO LOOK AT. IF AS SEEMS ALAS LIKELY WE CAN'T GET THE PROGRESS WE WOULD LIKE BY SELLING EXISTING FLATS WITHIN BLOCKS TO THE PEOPLE WHO LIVE IN THEM.

MR PRESIDENT : ANY FURTHER SUPPLEMENTARY'S? NEXT QUESTION THEN. MR NGAI SHIU-KIT.

MR NGAI SHIU-KIT : SIR, WHAT SPECIFIC MEASURES WILL BE ADOPTED BY THE GOVERNMENT TO COMBAT INFLATION? WILL THERE BE A STRATEGY TO BE IMPLEMENTED IN THE PUBLIC SECTOR SO THAT GOVERNMENT WILL TAKE THE LEAD IN THIS MOST NEEDED COURSE OF ACTION AND WHAT DOES GOVERNMENT PROPOSE TO DO TO ENSURE THAT MEASURE ADOPTED WILL BE EFFECTIVE?

GOVERNOR : INFLATION AS THE HONOURABLE MEMBER WILL KNOW, IS VERY OFTEN A STRUCTURAL CONSEQUENCE OF HIGH LEVELS OF ECONOMIC GROWTH. I'M SURE THAT OUR COLLEAGUES ELSEWHERE IN THE REGION WHERE THEY SUFFER FROM HIGHER LEVELS OF INFLATION WOULD MAKE THAT POINT IF PRESSED. BUT NO LEVEL OF INFLATION CAN BE EASILY OR HAPPILY TOLERATED AS THE FINANCIAL SECRETARY HAS MADE CLEAR ON A NUMBER OF OCCASIONS. THERE ARE SOME SPECIFIC FEATURES OF OUR INFLATION IN HONG KONG WHICH ARE PARTLY A CONSEQUENCE OF OUR CIRCUMSTANCES. I THINK ONE CAUSE OF INFLATION IS THE SHORTAGE OF LAND WHICH I HOPE THAT INCREASED RECLAMATION OVER THE NEXT FEW YEARS WILL HELP AT LEAST TO ALLEVIATE. ANOTHER FACTOR IN OUR INFLATION IS THE PROBLEMS OF LABOUR SUPPLY WHICH RAISES AN ISSUE OF SOME CONTROVERSY, NOT ONLY IN THIS CHAMBER BUT OUTSIDE IT AS WELL. IT RAISES THE QUESTION OF THE IMPORTATION SCHEME, IT RAISES THE QUESTION OF TRAINING AND RE-TRAINING. THOSE ARE MATTERS THAT WE HAVE TO ADDRESS. WHEN THE HONOURABLE MEMBER REFERS TO THE PUBLIC SECTOR, I THINK THE MOST IMPORTANT THING FOR THE PUBLIC SECTOR TO DO IS TO INCREASE THE EFFICIENCY WITH WHICH IT USES PUBLIC RESOURCES AND TO ENSURE THAT CURRENT EXPENDITURE IN THE PUBLIC SECTOR DOES NOT IN ITS GROWTH YEAR ON YEAR EXCEED THE GROWTH IN THE GNP OF THE ECONOMY AS A WHOLE. NOW THOSE MAY NOT BE NECESSARILY ISSUES ON WHICH THE EXECUTIVE AND THIS COUNCIL ARE ALWAYS IN AGREEMENT BECAUSE VERY OFTEN THIS COUNCIL, FOR UNDERSTANDABLE REASONS, WANTS US TO SPEND MORE MONEY THAN THE RATE OF INCREASE IN GNP WOULD JUSTIFY. AND VERY OFTEN THIS COUNCIL WANTS US TO TAKE DECISIONS ON FEES AND CHARGES WHICH WOULD NOT LEAD TO US MAXIMISING THE EFFICIENCY WITH WHICH RESOURCES ARE USED. WE HAVE TO DO ALL WE CAN TO MAKE SURE THAT RESOURCES ARE USED EFFICIENTLY WHICH DOESN'T, PARADOXICAL AS IT MAY SEEM TO CUSTOMERS, ALWAYS MEAN HOLDING DOWN CHARGES OR FEES.

MR PRESIDENT : SUPPLEMENTARY'S? MR NGAI.

MR NGAI : SIR, CAN YOU ELABORATE FURTHER, HOW WILL THE GOVERNMENT DEMONSTRATE THIS RESOLVE TO TACKLE THE PROBLEM, FOR EXAMPLE WILL IT SET UP CLEAR GOALS AND OBJECTIVES WITHIN A SPECIFIED TIMETABLE?

GOVERNOR : WE'VE SET OUT WHAT WE BELIEVE WILL BE THE INFLATION RATE OVER THIS YEAR AND WE WILL DO ALL WE CAN TO DO BETTER THAN THAT OR TO MAKE SURE THAT WE DON'T DO MUCH WORSE. THE MAIN THING THAT I BELIEVE THAT GOVERNMENT CAN DO, TO REPEAT MYSELF, IS TO USE ITS OWN RESOURCES OR RATHER THE RESOURCES PROVIDED BY TAX PAYERS SENSIBLY AND THAT WE WILL DO BY CONTINUING TO KEEP A PROPER CONTROL OVER PUBLIC EXPENDITURE. WE'LL ALSO EXPECT THOSE UTILITIES WHERE WE HAVE A SAY TO ENSURE THAT ANY INCREASE IN PRICES FOR PRODUCTS ONLY MEETS THE INCREASE IN OPERATING COSTS OR THE IMPROVEMENT OR INCREASE IN SERVICES. WHAT WE CAN'T DO IS TO HOLD ANY INCREASE IN FEES DOWN SO LOW THAT THE TAX PAYER HAS TO MAKE UP THE DIFFERENCE, BECAUSE THAT ISN'T A VERY SENSIBLE WAY OF TRYING TO COUNTER INFLATION.

MR EDWARD HO : YOU MENTIONED SHORTAGE OF LAND AS ONE OF THE CAUSE OF INFLATION AND I AGREE TO THAT, ESPECIALLY COST OF HOUSING. YOU MENTIONED ... BUT WITH THE GREATEST RESPECT, I FEEL THAT THE PROBLEM IS NOT REALLY SHORTAGE OF LAND PER SE IN THAT WE DO HAVE A LOT OF LAND, SAY IN TSEUNG KWAN O, IN TIN SHUI WAI AND ALL OVER NT. I THINK IT'S THE SHORTAGE OF INFRASTRUCTURE, TRANSPORTATION, SEWERAGE AND WATER SUPPLY AND SO ON AND MY QUESTION IS WHETHER THE HONG KONG GOVERNMENT IS PREPARED TO COMMIT RESOURCES TO MAKE AVAILABLE THESE INFRASTRUCTURE SO THAT OUR RAW LAND IN THE NT CAN BE DEVELOPED.

GOVERNOR : I THINK THAT THE HONOURABLE MEMBER MAKES A FAIR POINT AND I THINK THAT ONE OF THE PROBLEMS WE DO HAVE IS IN MAKING SURE THAT THE LAND WHICH IS AVAILABLE CAN BE PREPARED ADEQUATELY AND IN TIME FOR DEVELOPMENT WITH, AS THE HONOURABLE MEMBER SAYS, DECENT ROADS, DECENT SEWERAGE, DECENT OTHER UTILITIES PROVIDED. THAT IS AN ISSUE WHICH I THINK WE WILL NEED TO DISCUSS WITH THE HOUSING AUTHORITY. IT ALSO RAISES OF COURSE, THE QUESTION OF ENSURING THAT WE MEET THOSE CAPITAL INVESTMENT TARGETS THAT THE FINANCIAL SECRETARY SETS FOR THE COMMUNITY IN HIS ANNUAL BUDGET STATEMENT AND YOU WILL KNOW THE MEASURES THAT WE ARE TAKING ON THE CAPITAL SIDE TO TRY TO ENSURE THAT WE MEET OUR TARGETS RATHER THAN FALL SHORT OF THEM. SO THERE ARE A NUMBER OF THINGS THAT WE NEED TO DO BUT IN ORDER TO AFFORD THEM, WE'LL HAVE TO ENSURE THAT THE ECONOMY CONTINUES TO GROW AT ITS PREVIOUS RATE AND IN ORDER TO SECURE THAT OBJECTIVE, WE'LL HAVE TO MAKE SURE THAT WE KEEP A PROPER CONTROL OF PUBLIC EXPENDITURE.

MRS MIRIAM LAU : SIR, CAN YOU EXPLAIN TO US WHAT EXACTLY YOU MEAN BY MAXIMIZING THE USE OF RESOURCES? YOU WERE REFERRING TO GOVERNMENT UTILITIES. DOES THAT INCLUDE MAKING A PROFIT ON THOSE UTILITIES BY THE GOVERNMENT, AS THE GOVERNMENT DOES IN THE CASE OF TUNNELS?

GOVERNOR : WHAT THE GOVERNMENT SETS FOR ITSELF, AS THE HONOURABLE LADY KNOWS, IS A 15 PER CENT RETURN ON AVERAGE NET ASSETS. THAT IS A TARGET WHICH IT SETS ITSELF BECAUSE IT'S THE SORT OF TARGET WHICH IS SPECIFIED IN MOST SCHEME OF CONTROL AGREEMENTS AND IT'S THE SORT OF TARGET WHICH WOULD BE REGARDED AS REASONABLE IN THE PRIVATE SECTOR. FOR A NUMBER OF REASONS, THE GOVERNMENT DOESN'T VERY OFTEN MEET THAT TARGET, OR RATHER THE COMPANIES CONCERNED DON'T VERY OFTEN MEET THAT TARGET BECAUSE THE PUBLIC SECTOR TENDS TO TAKE A GREATER ACCOUNT OF SOCIAL AND ECONOMIC FACTORS THAN WOULD BE THE CASE IF IT WAS A PURELY PRIVATE SECTOR OPERATION. BUT IF WE WEREN'T TO SET FOR OURSELVES A TARGET, A RETURN ON ASSETS, I DON'T THINK THAT WE WOULD HAVE THE SORT OF MANAGEMENT DISCIPLINE WHICH IS NECESSARY IN ORDER TO RUN OUR UTILITIES AND OUR INFRASTRUCTURE AS COMPETENTLY AS POSSIBLE. I THINK WHEN THE COUNCIL TAKES A DECISION, AS IT DID ON AN ISSUE LIKE TUNNEL FEES, IT NEEDS TO THINK OF SOME OF THE CONSEQUENCES, NOT ONLY FOR FUTURE INFRASTRUCTURE INVESTMENT, BUT ELSEWHERE TOO.

MR LAU CHIN-SHEK (THROUGH INTERPRETER) : THANK YOU. EARLIER ON THE LEGCO HAS PASSED A MOTION URGING THE ADMINISTRATION TO SET UP A CPF FOR RETIREES. MR GOVERNOR COULD YOU TELL ME WHAT CONCRETE MEASURES WILL ADMINISTRATION TAKE TO GIVE EFFECT TO THIS MOTION AND IF THE MOTION IS NOT CARRIED OUT AND THE COMPULSORY RETIREMENT SCHEME IS STILL SUBMITTED TO LEGCO ONLY TO SEE IT BEING AMENDED TO BECOME A CPF, WOULDN'T YOU THINK THIS IS A WASTE OF TIME?

GOVERNOR : I ENJOYED A MEETING I HAD WITH THE HONOURABLE MEMBER AND ONE OF HIS COLLEAGUES. I THINK IT WAS A MEETING WHICH PRETTY WELL COVERED THE WATERFRONT IN TERMS OF POLITICAL OPINIONS IN THIS COUNCIL BUT THE ISSUE WHICH, OF PROVISION FOR RETIREMENT WHICH BOTH HONOURABLE MEMBERS ADDRESSED WAS ONE WHICH HAD UNITED THEM. IT IS GOING TO BE ONE OF THE BIGGEST ISSUES WHICH THIS COUNCIL HAS TO COME TO CONCLUSIONS ON IN THE NEXT MONTHS OR YEARS. IT HAS VERY PROFOUND SOCIAL CONSEQUENCES BUT IT ALSO HAS VERY LARGE ECONOMIC CONSEQUENCES AS WELL. WHETHER YOU'RE TALKING ABOUT THE TAX PAYER TAKING ON LARGE CONTINGENT LIABILITIES OR WHETHER YOU'RE TALKING ABOUT MOVING EVEN FURTHER TOWARDS SCHEMES GUARANTEED OR PAID FOR BY THE TAX PAYER, I THINK THAT THE ISSUES RAISED ARE SO IMPORTANT THAT IT WOULD BE UNWISE FOR THIS COUNCIL OR FOR THE EXECUTIVE TO ADDRESS THEM BEFORE WE HAD MADE EVERY POSSIBLE EFFORT TO BUILD AS MUCH COMMON GROUND ACROSS THE COMMUNITY, INCLUDING BETWEEN GROUPS REPRESENTING EMPLOYERS AND GROUPS REPRESENTING EMPLOYEES.

WE ARE AT PRESENT LOOKING AT ALL THE COMMENTS THAT WE RECEIVED ON THE PROPOSALS THAT WERE PUT OUT FOR DISCUSSION A FEW MONTHS AGO. THAT WILL TAKE NECESSARILY SOME TIME, NOT BECAUSE WE'RE TRYING TO LOSE THE SUBJECT IN THE SHRUBBERY BUT BECAUSE THE SUBJECTS ARE HUGELY COMPLICATED AND HAVE AS I SAID EARLIER SUBSTANTIAL SOCIAL AND ECONOMIC CONSEQUENCES. BUT THE POINT WHICH THE HONOURABLE MEMBERS BOTH MADE TO ME IS ONE OF THE ISSUES THAT WE HAVE TO ADDRESS.

MR PRESIDENT : SUPPLEMENTARY'S? MR STEPHEN CHEONG.

MR STEPHEN CHEONG : SIR, IN RESPECT OF THIS COMPULSORY RETIREMENT SCHEME, I WOULD SIMPLY LIKE TO TAKE THIS OPPORTUNITY TO INFORM YOU AS A REPRESENTATIVE OF ONE OF THE MAJOR EMPLOYERS ASSOCIATION, THE FEDERATION OF HONG KONG INDUSTRIES, AND I CAN SAFELY SAY FOR QUITE A NUMBER OF MY SISTER ORGANISATIONS THAT WE SUPPORT CERTAINLY NO LESS THAN A CENTRAL PROVIDENT FUND.

GOVERNOR : I'M GRATEFUL TO THE HONOURABLE MEMBER FOR THAT CLARIFICATION. I THINK THAT THERE ARE VERY LONG LEGS IN THIS DISCUSSION AND THAT WE'LL FIND IT RUNNING FOR SOME MONTHS AHEAD.

MR PRESIDENT : SUPPLEMENTARY'S? DR YEUNG SUM.

DR YEUNG SUM (THROUGH INTERPRETER) : THANK YOU. A QUESTION FOR THE GOVERNOR. REGARDING RETIREMENT BENEFITS, I HOPE THAT WHEN YOU CONSIDER THIS POINT YOU WILL LOOK AT IT FROM THE ANGLE OF THE CONTRIBUTOR. NOW IF HE STARTS AT THE TWENTIES AND THEN WHEN, BY THE TIME HE REACHES 60, IF IT IS CENTRAL PROVIDENT FUND, HE WILL BE ABLE TO GET A CERTAIN LUMP SUM AND INCLUDING INTEREST AND OTHER THINGS BUT IF DURING THAT PERIOD SOME PRIVATE INSURANCE COMPANIES GO BANKRUPT THEN HE WILL HAVE NOTHING SO IT WON'T BE FAIR AND THAT'S THE REASON WHY I'M ASKING YOU TO LOOK AT IT FROM THE ANGLE OF THE CONTRIBUTORS. AND ON THIS PARTICULAR POINT, PRIVATE INSURANCE COMPANIES DEFINITELY WILL NOT BE UP TO THE TASK.

GOVERNOR : I DON'T THINK THERE IS ANY ARGUMENT AT ALL ABOUT THE OBLIGATION TO ENSURE PROPER REGULATION OF PRIVATE PENSIONS SO AS TO GIVE THOSE WHO WE HOPE WILL IN DUE COURSE BENEFIT FROM THEM THE MAXIMUM PROTECTION. I SPEAK AS SOMEBODY WHO IN THE UNITED KINGDOM ONCE HAD TO DEAL WITH SOME OF THE FALLOUT FROM THE MAXWELL AFFAIR AND THE IMPACT ON MY CONSTITUENTS, SO I RECOGNIZE THE IMPORTANCE OF A PROPERLY REGULATED MARKET. THE QUESTION ONE HAS TO GO ON TO ASK IS HOW EXTENSIVE BEYOND THAT THE TAX PAYERS' CONTINGENT LIABILITY SHOULD BE AND, SECONDLY, WHETHER, IF THE TAX PAYERS' LIABILITY GOES VERY FAR, ONE DOESN'T FETCH UP RUNNING THE DANGER OF UNDERMINING PRUDENTIAL MANAGEMENT OF PENSION FUNDS, BECAUSE YOU'D FIND MORE FUNDS CONCEIVABLY THINKING THAT THEY DIDN'T HAVE TO TAKE TOO MUCH CARE SINCE THE TAX PAYER WOULD ALWAYS BE THERE TO PICK UP THE BILL IF THINGS WENT WRONG. THOSE ARE ISSUES THAT WE HAVE TO LOOK AT AND CONSIDER VERY CAREFULLY. I THINK THERE ARE IMPORTANT PRIVATE SECTOR SOLUTIONS TO THE QUESTION OF RETIREMENT BENEFITS WHICH CAN BE ORGANIZED SO AS TO LIMIT THE RISKS TO THE RETIREE. I THINK THAT THAT IS PROBABLY THE BEST WAY FOR THE COMMUNITY TO GO. I THINK THE IDEA OF THE GOVERNMENT CONTROLLING HUGE FUNDS ON BEHALF OF POTENTIAL RETIREES WOULD NOT BE IN KEEPING WITH THE USUAL ECONOMIC PHILOSOPHY PURSUED IN THIS COMMUNITY AND WOULD RUN THE RISK OF POLITICIZING BENEFITS AND INVESTMENT IN AN UNDESIRABLE WAY.

MR TIK CHI-YUEN (THROUGH INTERPRETER) : THANK YOU. I AM SURE THAT THE GOVERNOR DOES UNDERSTAND THAT LEGCO MEMBERS AND A LOT OF ORGANIZATIONS ARE FOR CENTRAL PROVIDENT FUND BUT UNFORTUNATELY THE EXCO DISCUSSED THIS PREVIOUSLY AND ALSO VOTED THIS DOWN AND SO UNDER THE CIRCUMSTANCES, DO YOU THINK, MR GOVERNOR, THAT THE EXCO SHOULD ONCE AGAIN DELIBERATE ON THIS, TAKING THE VIEWS OF THE LEGISLATIVE COUNCIL?

GOVERNOR : AS I SAID A MOMENT OR TWO AGO, WE ARE CONSIDERING ALL THE VIEWS THAT WERE EXPRESSED ON THE DOCUMENT THAT WE ISSUED, THE EXECUTIVE COUNCIL ENDORSED A FEW MONTHS AGO. PLAINLY, WE WILL NEED TO TAKE ACCOUNT OF THE VIEWS EXPRESSED IN THIS COUNCIL ON A CENTRAL PROVIDENT FUND. WE ARE TALKING HERE ABOUT HUGELY IMPORTANT DECISIONS WHICH WILL TIE UP A VERY LARGE PROPORTION OF HONG KONG'S INVESTMENT OVER THE NEXT FEW YEARS SO IT WOULD BE LUDICROUS FOR US IN THE EXECUTIVE, FOR ME AS GOVERNOR, OR FOR THIS COUNCIL TO TAKE VERY RAPID DECISIONS WITHOUT CONSIDERING ALL THE CONSEQUENCES. BUT OF COURSE, FOR REASONS OF BOTH POLITICAL NECESSITY, AS WELL AS PRINCIPLE, I WILL WANT TO TAKE VERY, VERY CLOSE ACCOUNT OF THE VIEWS EXPRESSED ON BEHALF OF A WHOLE WIDE RANGE OF THE COMMUNITY, AS THE HONOURABLE MEMBER MADE CLEAR A MOMENT OR TWO AGO, ON SUCH AN IMPORTANT MATTER.

MR VINCENT CHENG : GOVERNOR, YOU SAID IN YOUR POLICY SPEECH THAT YOU WOULD DO YOUR UTMOST TO HELP THE DISADVANTAGED MEMBERS OF THIS SOCIETY. NOW RECENTLY THERE HAVE BEEN REPORTS THAT DISABLED DRIVERS HAVE TO PAY HIGHER PREMIUM AND THE REACTION FROM YOUR OFFICIALS HAS JUST BEEN A SHRUG OF SHOULDER. NOW WOULD YOU, SIR, BE KIND ENOUGH TO TAKE THIS MATTER UP YOURSELF AND ASK YOUR OFFICIALS TO STOP THIS DISGRACEFUL AND DESPICABLE PRACTICE?

GOVERNOR : I THINK THE HONOURABLE MEMBER WILL KNOW THAT ONE OF THE ISSUES IN WHICH I'VE PERSONALLY BEEN INTERESTED IS THE PROBLEMS WHICH THOSE WITH DISABILITIES SUFFER IN THE TRANSPORT SECTOR. WE HAD, IN PARTICULAR, AN EXTREMELY VALUABLE MEETING WITH THE MAIN PUBLIC TRANSPORT UNDERTAKINGS AND REPRESENTATIVES OF THE DISABLED A FEW MONTHS AGO, WHICH I THINK PUSHED THEIR POLICY ON A NUMBER OF HELPFUL DIRECTIONS. THE QUESTION WHICH THE HONOURABLE MEMBER RAISES FALLS, AGAIN IN MY VIEW, SQUARELY INTO THE CATEGORY OF THE SORT OF ISSUE WHICH, EVEN IF THOSE OUTSIDE GOVERNMENT HAVE THE PRIMARY RESPONSIBILITY, GOVERNMENT ITSELF SHOULD TAKE A VIEW ON. SO IN DISCUSSION WITH MY OFFICIALS AND RECOGNIZING THAT RESPONSIBILITIES LIE WITH THOSE WHO DETERMINE PREMIA IN INSURANCE COMPANIES, I'D BE PERFECTLY HAPPY TO TAKE UP THE POINT MADE BY THE HONOURABLE MEMBER.

MR JIMMY MCGREGOR : GOVERNOR, I WONDER WHETHER YOU WOULD ALSO TAKE AN INTEREST IN EXTENDING THAT POLICY INTO THE QUESTION OF SENIOR CITIZENS CHARGES AND FEES FOR VARIOUS SYSTEMS OF TRANSPORT AND ALSO ENTERTAINMENT BECAUSE ALTHOUGH THERE'S AN INCREASING ANXIETY AND CONCERN IN HONG KONG ABOUT THE SITUATION OF OLD AGE PEOPLE, THE FACT IS THAT MANY TRANSPORT COMPANIES DO NOT, HAVE NOT ACCEPTED THE SUGGESTION FROM THE GOVERNMENT THAT THERE SHOULD BE CONCESSIONARY FARES. THIS IS SOMETHING WHICH I BELIEVE THE GOVERNMENT WOULD HAVE TO TAKE OR THE GOVERNOR HIMSELF WOULD HAVE TO TAKE A REAL INTEREST IN WITH A SPECIAL COMMITTEE OR SOME SUCH.

GOVERNOR : I THINK WE'VE GONE SOME WAY IN ENCOURAGEMENT BUT I'D BE, I'M BOUND TO SAY, LOATHED TO GO MUCH FURTHER FOR EXAMPLE MAKING IT TOO FIRM A CONSIDERATION WHEN WE WERE CONSIDERING SCHEMES OF CONTROL OR WHEN WE WERE CONSIDERING ANNUAL OR BI-ANNUAL APPLICATIONS FOR INCREASES IN FEE. THERE IS AN ASPECT HOWEVER WHICH I THINK WE DO NEED TO CONSIDER AND THAT IS THE ABILITY OF RETIREES SOMETIMES TO IDENTIFY THEMSELVES CLEARLY AS SUCH WHEN THEY'RE CLAIMING A REBATED FARE OR FEE AND THAT'S AN ISSUE INVOLVING PERHAPS A CARD WHICH I THINK WE NEED TO BE IMAGINATIVE ABOUT.

DR SAMUEL WONG : GOVERNOR, ON THE AIRPORT CORE PROGRAMME, COULD YOU TELL US WHETHER THE HONG KONG GOVERNMENT AT THIS POINT IN TIME IS STILL CONFIDENT THAT THE ACP'S AS LISTED IN THE MEMORANDUM OF UNDERSTANDING SIGNED IN SEPTEMBER 1991 COULD STILL BE LARGELY AND SUBSTANTIALLY COMPLETED BY THE MIDDLE OF 1997?

GOVERNOR : YES, WE DO TAKE THAT VIEW BUT OBVIOUSLY THE LONGER IT TAKES TO NEGOTIATE A SATISFACTORY TOTAL FINANCING PACKAGE WITH OUR COLLEAGUES IN THE PRC, THE MORE DIFFICULT IT IS TO SECURE AN OUTCOME WHICH THE HONOURABLE MEMBER AND I WOULD BOTH LIKE TO ACCOMPLISH. WE'RE AT PRESENT, AS THE HONOURABLE MEMBER WILL KNOW, ENGAGED IN WORK ON SIX OF THE MAIN TEN ACP PROJECTS. WE'VE, I THINK, EMBARKED ON WORK ON OVER 20 BILLION DOLLARS WORTH OF THE MAJOR PROJECTS. THAT IS A CONSIDERABLE STEP BUT WE'VE OBVIOUSLY GOT A LOT MORE WORK TO DO AND THE SOONER WE CAN HAVE AN AGREED OVERALL FINANCIAL PACKAGE THE BETTER. I NOTICE THAT THERE HAVE BEEN SOME QUITE ENCOURAGING REMARKS MADE BY PRC OFFICIALS ON THE SUBJECT IN THE LAST FEW DAYS.

DR SAMUEL WONG : YOU MENTIONED ABOUT SIX PROJECTS. HOW ABOUT THE SEVENTH ONE WHICH IS THE CENTRAL AND WANCHAI RECLAMATIONS STAGE ONE WHICH IS VERY CRITICAL. WOULD YOU LIKE TO SEE THAT GO AHEAD, OTHERWISE IT IS NEARLY IMPOSSIBLE, SAY, TO HAVE A HONG KONG STATION BY 1997?

GOVERNOR : WELL, THE EXECUTIVE WHEN WE WERE DISCUSSING WITH THE COUNCIL THE FINANCING OF THE ACP BEFORE CHRISTMAS GAVE THIS COUNCIL CERTAIN UNDERTAKINGS AND WE INTEND TO ABIDE BY THEM. I DON'T THINK THE COUNCIL WOULD FIND IT ACCEPTABLE IF WE DIDN'T. THE SOONER WE CAN AGREE AN OVERALL FINANCING PACKAGE, THE SOONER WE CAN MOVE FORWARD ON ALL FRONTS AS THE HONOURABLE MEMBER WOULD LIKE US TO DO AND I APPRECIATE THE HONOURABLE MEMBERS CONCERN ON THIS.

MR FREDERICK FUNG (THROUGH INTERPRETER) : THANK YOU. A QUESTION FOR THE GOVERNOR. IN RELATION TO THE AIRPORT, AS LAYMEN WE FEEL THAT THE PROBLEM IS WITH THE FUNDING ARRANGEMENT AND AS YOU SAID, MR GOVERNOR, THE PRC IS NOW TAKING A MORE POSITIVE ATTITUDE. SO MY QUESTION IS, IS THE ADMINISTRATION POSITIVELY PROPOSING VIEWS TO THE PRC SO THAT THE FUNDING ARRANGEMENTS CAN BE NEGOTIATED?

GOVERNOR : THE HONOURABLE MEMBER WILL KNOW THAT WE HAVE PUT FORWARD A VARIETY OF PROPOSALS TO PRC OFFICIALS ABOUT OVERALL FUNDING OF THE AIRPORT BUT SO FAR ALAS HAVEN'T HIT THE JACKPOT, HAVEN'T PUT FORWARD A PROPOSAL WHICH HAS FOUND FAVOUR WITH PRC OFFICIALS. IF IN DUE COURSE PRC OFFICIALS REGARDED THE TIME AS BEING RIPE FOR ADDRESSING THE QUESTION WITH THEM AGAIN, WE'D BE DELIGHTED TO BE AS CONSTRUCTIVE AND HELPFUL AS POSSIBLE. I REPEAT WHAT THIS COUNCIL KNOWS, THAT WE NEED A NEW AIRPORT, WE WILL HAVE A NEW AIRPORT AT CHEK LAP KOK, THE SOONER WE CAN HAVE IT, THE BETTER. NOT LEAST THE BETTER FOR THE GOVERNMENT OF THE SAR.

MR ALBERT CHAN (THROUGH INTERPRETER) : IN RELATION TO THE FUNDING ARRANGEMENTS FOR THE AIRPORT, WHEN THE MOU WAS SIGNED THE PEOPLE OF HONG KONG AND THE LEGISLATIVE COUNCIL WERE NOT CONSULTED. RECENTLY OR IN THE NEAR FUTURE IF TALKS ARE TO RESUME, COULD THE GOVERNOR GIVE US THE UNDERTAKING THAT IN RELATION TO THE FUNDING ARRANGEMENTS YOU WILL CONSULT THE VIEWS OF THE LEGCO BEFORE DECISIONS ARE MADE?

GOVERNOR : THE HONOURABLE MEMBER AND I HAVE, I AM AFRAID, A DIFFERENT VIEW OF HISTORY ON THIS SUBJECT. I DON'T THINK THAT ANY AIRPORT IN THE WORLD HAS BEEN DISCUSSED IN PUBLIC AS MUCH AS THIS ONE AND I DOUBT WHETHER THE FINANCING OF ANY AIRPORT HAS BEEN DISCUSSED AS WIDELY AS THIS ONE. WE MUST HAVE CUT DOWN LARGE SECTIONS OF THE AMAZON OR THE MALAYSIAN TROPICAL FOREST IN ORDER TO PRODUCE ALL THE PAPERS FOR ALL THE REPORTS AND ALL THE SUBMISSIONS ON THE FINANCING OF THE AIRPORT. OF COURSE, THIS COUNCIL WILL BE CONSULTED, THIS COUNCIL HAS TO APPROVE AS IT KNOWS FUNDING FROM THE PUBLIC PURSE FOR THE AIRPORT, WE'LL ALSO BE CONSULTING THE COMMUNITY THROUGH THE ACC. I DON'T THINK THERE'S BEEN, TO BE HONEST, ANY LACK OF CONSULTATION. WHAT UNFORTUNATELY THERE'S BEEN IS A LACK OF FINAL AGREEMENT AND I WOULD LIKE TO SEE THAT FINAL AGREEMENT SOONER RATHER THAN LATER.

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BILL TO REGULATE FOREIGN LAWYERS

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LEGISLATION WILL BE PROPOSED TO PROVIDE FOR STATUTORY REGULATION OF FOREIGN LAW FIRMS AND FOREIGN LAWYERS IN HONG KONG AND TO INTRODUCE MEASURES TO CHECK IMPROPER TOUTING AND COMMISSION-TAKING IN THE LEGAL PROFESSION.

THE LEGAL PRACTITIONERS (AMENDMENT) BILL 1993, WHICH CONTAINS THE RELEVANT LEGISLATIVE PROPOSALS, WILL BE GAZETTED TOMORROW (FRIDAY) AND IS SCHEDULED TO BE INTRODUCED INTO THE LEGISLATIVE COUNCIL ON MAY 5.

ACCORDING TO A SPOKESMAN FOR THE ATTORNEY GENERAL'S CHAMBERS, THE PROPOSED LEGISLATIVE MEASURES TO REGULATE THE OPERATION AND PRACTICE OF FOREIGN LAW FIRMS AND FOREIGN LAWYERS ARE IN ACCORDANCE WITH RECOMMENDATIONS MADE BY THE LAW SOCIETY, WHICH WERE APPROVED IN PRINCIPLE BY THE GOVERNOR IN COUNCIL EARLY LAST YEAR.

THE LAW SOCIETY'S RECOMMENDATIONS FOLLOWED AN EARLIER GOVERNMENT INITIATIVE TO INTRODUCE A FRAMEWORK OF REGULATION IN THIS AREA.

THE PROPOSED LEGISLATION WILL REQUIRE FOREIGN LAWYERS AND FOREIGN LAW FIRMS TO REGISTER WITH THE LAW SOCIETY.

THEY CAN ONLY PRACTISE THE LAW OF THEIR HOME JURISDICTION OR THAT OF A THIRD COUNTRY AND CANNOT EMPLOY OR JOIN INTO PARTNERSHIP WITH A HONG KONG SOLICITOR TO PRACTISE HONG KONG LAW.

HOWEVER, A REGISTERED FOREIGN LAW FIRM WILL BE ABLE TO ENTER INTO AN ASSOCIATION WITH A LOCAL FIRM.

A REGISTERED FOREIGN LAW FIRM WILL BE ABLE TO ESTABLISH A LOCAL PRACTICE IF ALL OF THE PARTNERS IN HONG KONG ARE ADMITTED TO PRACTISE AS HONG KONG SOLICITORS AFTER THREE YEARS.

IN ADDITION, NON-DISCRIMINATORY AND COMPETENCY-BASED CRITERIA WILL BE INTRODUCED TO ASSESS THE QUALIFICATIONS AND EXPERIENCE OF FOREIGN LAWYERS WHO WISH TO BE ADMITTED AS HONG KONG SOLICITORS.

IF THE BILL IS PASSED BY THE LEGISLATIVE COUNCIL, SUBSIDIARY LEGISLATION WILL BE MADE TO IMPLEMENT THESE PROPOSALS.

ON THE PROBLEM OF TOUTING AND COMMISSION-TAKING, A JOINT LAW SOCIETY AND BAR ASSOCIATION WORKING PARTY RECOMMENDED IN A REPORT LAST YEAR THAT AMENDMENTS BE MADE TO THE SOLICITORS' PRACTICE RULES TO MAKE IT EASIER TO DETECT COMMISSION-TAKING.

IT WAS ALSO RECOMMENDED THAT THE LAW SOCIETY SHOULD APPOINT AN INSPECTOR TO CONDUCT CHECKS ON SOLICITORS AND EMPLOYEES OF SOLICITORS' FIRMS TO SEE IF THEY WERE INVOLVED IN TOUTING OR COMMISSION-TAKING.

THE LAW SOCIETY HAS PROCEEDED TO IMPLEMENT THE RECOMMENDATIONS. AMENDMENTS TO THE SOLICITORS' PRACTICE RULES WILL BE GAZETTED ON APRIL 30.

THE LEGAL PRACTITIONERS (AMENDMENT) BILL 1993 WILL EMPOWER AN INSPECTOR APPOINTED BY THE LAW SOCIETY TO EXAMINE SOLICITORS' FILES TO ENSURE THAT THE PRACTICE RULES ARE BEING OBSERVED, AND TO CARRY OUT AUDITS OF THESE FILES TO DETERMINE WHETHER THERE HAS BEEN ANY UNAUTHORISED PAYMENT OF FEES.

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STATEMENT ON RAILWAY DEVELOPMENT STUDY
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IN RESPONSE TO PRESS ENQUIRIES ABOUT AN EDITORIAL IN A CHINESE NEWSPAPER, A GOVERNMENT SPOKESMAN TODAY (THURSDAY) SAID IT WAS INCORRECT TO SAY THAT THE GOVERNMENT HAD DECIDED TO BUILD A RAIL LINK TO THE NORTHWEST NEW TERRITORIES (NWNT), WITH WORK STARTING IN 1995.

THE SPOKESMAN SAID: "THE SECRETARY FOR TRANSPORT HAS MADE IT CLEAR ON A NUMBER OF OCCASIONS THAT THE GOVERNMENT WOULD NOT TAKE A VIEW ON THE FINDINGS OF THE RAILWAY DEVELOPMENT STUDY BEFORE THE PUBLIC HAS BEEN CONSULTED."

"WE ARE NOW IN THE PROCESS OF CONSULTING THE PUBLIC. IT IS PREMATURE TO TALK ABOUT FINANCING THE PROPOSALS OR THEIR COMPLETION DATES, AT A TIME WHEN THE LONG-TERM PLAN FOR RAILWAY DEVELOPMENT HAS YET TO BE DECIDED."

"THE COSTINGS PROVIDED IN THE STUDY ARE NO MORE THAN VERY ROUGH INDICATIONS AND, IF IT WERE DECIDED LATER TO IMPLEMENT THE PROPOSALS, THEY WOULD FIRST BE SUBJECTED TO DETAILED FINANCIAL AND ENGINEERING STUDIES."

THE SPOKESMAN ALSO STRESSED THAT IT WAS INCORRECT TO SUGGEST THAT THE GOVERNMENT SOUGHT TO PROTECT THE INTERESTS OF THE LIGHT RAIL TRANSIT (LRT) IN FORMULATING THE NWNT RAIL LINE PROPOSAL.

IN FACT, THE GOVERNMENT, WITH THE AGREEMENT OF THE KCRC, HAS RECENTLY DECIDED TO LIFT ALL BUS RESTRICTIONS WITHIN THE LRT'S TRANSIT SERVICE AREA NEXT MONTH, THUS EXPOSING THE LRT TO MORE COMPETITION FROM OTHER TRANSPORT MODES.

THE SPOKESMAN STRESSED THAT THE CHINESE SIDE OF THE JOINT LIAISON GROUP HAD BEEN INFORMED IN ADVANCE OF THE OUTCOME OF THE RAILWAY DEVELOPMENT STUDY.

THEY WILL BE CONSULTED ON THE OVERALL RAILWAY DEVELOPMENT PLAN BEFORE IT IS FINALISED.

THE CHINESE SIDE WILL ALSO BE CONSULTED ON SPECIFIC RAILWAY DEVELOPMENT PROPOSALS BEFORE THESE ARE ACCEPTED FOR IMPLEMENTATION, SINCE THE BULK OF EXPENDITURE WOULD TAKE PLACE AFTER 1997.

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STRENGTHENING ECONOMIC LINKS BETWEEN YOKOHAMA AND HK

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TRADE BETWEEN HONG KONG AND JAPAN'S MAIN PORT CITY OF YOKOHAMA SURGED LAST YEAR BY MORE THAN 40 PER CENT TO A RECORD US\$4.1 BILLION.

THE FIGURES WERE RELEASED BY THE PRINCIPAL HONG KONG ECONOMIC AND TRADE REPRESENTATIVE (TOKYO), MR DAVID LAN, AT A SPECIAL FUNCTION FOR THE YOKOHAMA INDUSTRIAL INSTITUTE IN YOKOHAMA.

AS AN EXAMPLE OF THE BURGEONING TRADE, MR LAN NOTED THAT LAST YEAR 45,000 MOTOR VEHICLES WERE EXPORTED FROM YOKOHAMA PORT TO HONG KONG - AN INCREASE OF MORE THAN 12 PER CENT OVER THE PREVIOUS YEAR.

"THERE ARE ALSO MANY YOKOHAMA-BASED CORPORATIONS OPERATING IN HONG KONG SUCH AS THE YOKOHAMA BANK, NIFCO HK LTD, AND TOKAI SEKI CO LTD.

"AND CONTACT BETWEEN THE TWO CITIES IS STRENGTHENED THROUGH A REGULAR INTERCHANGE OF INDUSTRIAL AND TRADE MISSIONS - SOMETIMES AS MANY AS FOUR A YEAR," HE ADDED.

MR LAN SAID AS A RESULT OF THIS EXCHANGE OF IDEAS AND EXPANDING TRADE, TIES BETWEEN THE TWO CENTRES WERE "GETTING STRONGER EVERYDAY".

HE SAID JAPANESE INVESTORS AND BUSINESSMEN TOOK A KEEN INTEREST IN THE FUTURE DEVELOPMENT OF HONG KONG.

"THIS IS INEVITABLE BECAUSE HONG KONG ATTRACTS OVER 20 PER CENT OF JAPAN'S TOTAL OUTWARD INVESTMENT IN ASIA," HE SAID.

"NOT ONLY IS JAPAN THE LEADING SOURCE COUNTRY OF OVERSEAS MANUFACTURING INVESTMENT IN HONG KONG, ACCOUNTING FOR 32 PER CENT OF THE TOTAL VALUE, IT HAS THE SECOND LARGEST NUMBER OF REGIONAL HEADQUARTERS IN HONG KONG AFTER THE UNITED STATES."

MR LAN SAID THE GENERAL CONFIDENCE OF THE PUBLIC AND INVESTORS REMAINED STRONG. THIS WAS EVIDENCED BY THE FACT THAT HONG KONG HAD MAINTAINED ITS POSITION AS THE WORLD'S 10TH LARGEST TRADING ENTITY, WITH TOTAL TRADE VALUED AT US\$240 BILLION, MORE THAN 20 PER CENT HIGHER THAN IN 1991.

HE ADDED THAT JAPANESE BUSINESSMEN AND INVESTORS HAD BEEN IMPRESSED BY THE PERFORMANCE OF THE PROPERTY AND STOCK MARKETS IN HONG KONG, WHICH WAS ANOTHER INDICATOR OF THE RESILIENCE AND STRENGTH OF THE HONG KONG ECONOMY.

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URUGUAY ROUND PARTICIPANTS URGED TO EXERCISE POLITICAL WILL
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AS A SEPARATE CONTRACTING PARTY TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT), HONG KONG WILL CONTINUE TO PLAY AN ACTIVE AND RESPONSIBLE PART IN PUSHING THE URUGUAY ROUND TO A SUCCESSFUL CONCLUSION, THE SECRETARY FOR TRADE AND INDUSTRY, MR T H CHAU, SAID IN BANGKOK TODAY (THURSDAY).

SPEAKING AT THE 49TH SESSION OF THE UN ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP), MR CHAU SAID THAT ROUND WAS FAR TOO IMPORTANT TO WORLD TRADE AND ECONOMIC PROGRESS FOR IT TO BE SCUTTLED AFTER MORE THAN SIX YEARS OF WORK BY OVER 100 TRADING PARTNERS.

HE CALLED ON ALL URUGUAY ROUND PARTICIPANTS TO EXERCISE THEIR POLITICAL WILL AND APPROACH THE RENEWED NEGOTIATIONS WITH POLITICAL COURAGE SO THAT WE MIGHT OVERCOME THE FINAL REMAINING HURDLES.

MR CHAU WAS ENCOURAGED BY THE RECENT ANNOUNCEMENT THAT THE UNITED STATES ADMINISTRATION HAD SUBMITTED A BILL TO THE U.S. CONGRESS TO SEEK 'FAST TRACK' NEGOTIATING AUTHORITY WITH A VIEW TO CONCLUDING THE URUGUAY ROUND NEGOTIATIONS BY MID-DECEMBER THIS YEAR.

"I VERY MUCH HOPE THAT THE U.S. CONGRESS WILL QUICKLY APPROVE THIS NEGOTIATING AUTHORITY AND THAT THE UNITED STATES AND THE EUROPEAN COMMUNITY, THE WORLD'S TWO LARGEST TRADING ENTITIES, WILL PROVIDE THE LEADERSHIP REQUIRED FOR THE ROUND TO BE CONCLUDED SPEEDILY," HE SAID.

ON REGIONAL ECONOMIC CO-OPERATION, MR CHAU SAID THE ECONOMIC WELLBEING OF HONG KONG AND COUNTRIES IN THE ESCAP REGION COULD NOT BE DIVORCED FROM THE REST OF THE WORLD.

"REGIONAL ECONOMIC CO-OPERATION, WHETHER IT IS WITHIN ESCAP OR IN THE CONTEXT OF THE ASIA-PACIFIC ECONOMIC CO-OPERATION (APEC), CANNOT TAKE THE PLACE OF THE MULTILATERAL TRADING SYSTEM WHICH IS REPRESENTED BY THE GATT," MR CHAU SAID.

"WHILE PARTICIPATING ACTIVELY IN REGIONAL FORUMS, HONG KONG VERY MUCH SEES REGIONAL ECONOMIC CO-OPERATION AS COMPLEMENTARY TO AN OPEN MULTILATERAL TRADING SYSTEM.

"THE GATT PROVIDES A SOUND FRAMEWORK FOR TRADE LIBERALISATION AND A MULTILATERAL MECHANISM FOR THE RESOLUTION OF BILATERAL TRADE DISPUTES.

"THESE ARE ESPECIALLY IMPORTANT TO THE ECONOMIES OF THE REGION AS THEY CONTINUE THEIR EXPANSION IN TRADE AND OTHER EXTERNAL ECONOMIC ACTIVITIES," MR CHAU SAID.

"WHAT WE SEEK TO ACHIEVE IN REGIONAL FORUMS SUCH AS ESCAP AND APEC MUST BE CONSISTENT WITH THE PRINCIPLES AND PROVISIONS OF THE GATT AND MUST NOT DETRACT FROM OUR EFFORTS IN BRINGING THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS TO A SUCCESSFUL CONCLUSION LATER THIS YEAR," HE ADDED.

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UPDATE ON BEACH WATER GRADES

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

THIS IS THE FIRST REPORT ON BEACH WATER QUALITY GRADINGS THIS YEAR WHICH SERVES TO INFORM SWIMMERS AND THE GENERAL PUBLIC ABOUT THE STATE OF BACTERIOLOGICAL POLLUTION AT VARIOUS BEACHES.

A SPOKESMAN FOR THE DEPARTMENT SAID STARTING FROM THIS WEEK, THE GRADING WOULD BE ANNOUNCED BIWEEKLY DURING THE BATHING SEASON TO COINCIDE WITH THE FREQUENCY AT WHICH BEACH WATER WAS USUALLY SAMPLED.

THE GRADING IS BASED ON THE MOST RECENT E.COLI DATA OBTAINED BY THE DEPARTMENT 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 THAT HAS SOME DEGREE OF POLLUTION.

THE ESTIMATE IS BASED ON A 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 WATER 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.

"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 MILLILITERS 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 MILLILITERS 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 POOR. THE E. COLI COUNT IS NO MORE THAN 610 PER 100 MILLILITERS 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 VERY POOR. THE E. COLI COUNT IS MORE THAN 610 PER 100 MILLILITERS AT EACH BEACH SO GRADED, AND THE EXPECTED HEALTH RISK IS MORE THAN 15 CASES OF MINOR ILLNESS PER 1,000 SWIMMERS.

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

NORMALLY, THE CLOSURE OF A BEACH WOULD ONLY BE CONSIDERED BY THE URBAN COUNCIL OR REGIONAL COUNCIL IF A GRADE "4" 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 GRADE "3" OR BETTER WAS CONSISTENTLY OBTAINED.

AT PRESENT, TWO BATHING BEACHES, NAMELY CASTLE PEAK AND OLD CAFETERIA, HAVE BEEN DECLARED UNSUITABLE FOR SWIMMING, BASED ON THE WATER QUALITY DURING PAST SEASONS.

THEY ARE POLLUTED BY FAECAL WASTE. THE PUBLIC ARE ADVISED NOT TO SWIM THERE.

IN ADDITION, WATER AT ROCKY BAY BEACH HAS BEEN CONSISTENTLY POOR OR VERY POOR IN QUALITY. IT IS ALSO CLOSED FOR SWIMMING. 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 TODAY ARE:

BEACH -----	PREVIOUS GRADING ----- (ON 29.10.92)	PRESENT GRADING ----- (ON 22.4.93)
HONG KONG SOUTH -----		
BIG WAVE BAY	1	2
CHUNG HOM KOK	1	1
DEEP WATER BAY	1	1
HAIRPIN	1	1
MIDDLE BAY	1	1
REPULSE BAY	1	1
SHEK O	2	1
SOUTH BAY	1	1
ST STEPHEN'S	2	1
TURTLE COVE	1	1
STANLEY MAIN	1	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	2	2
BUTTERFLY	2	2
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	2	2
TRIO (HEBE HAVEN)	1	1
ISLANDS DISTRICT -----		
CHEUNG SHA UPPER	1	1
CHEUNG SHA LOWER	1	1
DISCOVERY BAY*	2	2
HUNG SHING YEH	1	1
KWUN YAM WAN	1	1
TONG FUK	1	1
LO SO SHING	1	1
PUI O	1	1
SILVERMINE BAY	1	2
TUNG WAN, CHEUNG CHAU	1	2
TUNG O*	1	1

TSUEN WAN DISTRICT

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

NOTE : "X" THE BEACH HAS BEEN CLOSED FOR SWIMMING
* NON-GAZETTED BEACH

IN ADDITION TO THIS REGULAR REPORTING SYSTEM, AN ANNUAL REVIEW OF THE BACTERIOLOGICAL WATER QUALITY OF ALL THE BATHING BEACHES IN HONG KONG WILL CONTINUE TO BE PREPARED BY THE DEPARTMENT AFTER EACH BATHING SEASON.

THIS WILL ADVISE THE BEACH MANAGEMENT AUTHORITIES ON THE SUITABILITY OF INDIVIDUAL BEACHES FOR SWIMMING.

THE ANNUAL REPORT - ENTITLED "BACTERIOLOGICAL WATER QUALITY OF BATHING BEACHES IN HONG KONG, 1992" (ENGLISH AND CHINESE VERSIONS) - FOR THE BATHING SEASON OF 1992, IS ON SALE AT THE GOVERNMENT PUBLICATIONS CENTRE, GROUND FLOOR, GPO BUILDING, CONNAUGHT PLACE, CENTRAL.

NOTE TO EDITORS:

FOR FURTHER ENQUIRIES, PLEASE CONTACT DR M J BROOM, PRINCIPAL ENVIRONMENTAL PROTECTION OFFICER, ON TEL 835 1234.

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YMT MATERNAL AND CHILD HEALTH CENTRE TO MOVE
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THE YAUMATI MATERNAL AND CHILD HEALTH CENTRE AND FAMILY PLANNING CLINIC WILL MOVE TO THE SIXTH FLOOR OF YAUMATI JOCKEY CLUB POLYCLINIC, NEW WING, IN BATTERY STREET NEXT MONDAY (APRIL 26).

THE OPERATION HOURS OF THE VARIOUS SERVICES WILL REMAIN UNCHANGED AFTER THE MOVE, A SPOKESMAN FOR THE DEPARTMENT OF HEALTH SAID.

THE NEW TELEPHONE NUMBER FOR ENQUIRIES IS 770 0044.

"THE CENTRE AND THE CLINIC PROVIDES A COMPREHENSIVE RANGE OF SERVICES, BOTH PREVENTIVE AND CURATIVE, TO WOMEN OF CHILD-BEARING AGE AND CHILDREN UP TO FIVE.

"THESE SERVICES INCLUDE CHILD HEALTH CARE, IMMUNISATION, A COMPREHENSIVE OBSERVATION SERVICE, ANTENATAL AND POSTNATAL CARE, FAMILY PLANNING AND CERVICAL CYTOLOGY SCREENING SERVICE," THE SPOKESMAN SAID.

THE HEALTH CENTRE AND CLINIC ARE AT PRESENT LOCATED ON THE FOURTH AND SIXTH FLOORS OF THE OLD YAUMATEI JOCKEY CLUB CLINIC.

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STUDENT FINANCIAL ASSISTANCE AGENCY ON MOVE
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THE STUDENT FINANCIAL ASSISTANCE AGENCY WILL MOVE ITS DIVISION AT CLUB LUSITANO BUILDING TO THE SEVENTH AND NINTH FLOORS OF NATIONAL MUTUAL CENTRE, 151 GLOUCESTER ROAD, WAN CHAI ON SATURDAY (APRIL 24).

BUSINESS WILL BE TEMPORARILY SUSPENDED AT CLUB LUSITANO BUILDING ON THAT DAY AND WILL RESUME AT THE NEW PREMISES ON MONDAY (APRIL 26).

TELEPHONE ENQUIRIES MAY BE MADE ON 802 1626.

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HONG KONG GOVERNMENT EXCHANGE FUND
MONEY MARKET OPERATIONS
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	\$ MILLION

OPENING BALANCE IN THE ACCOUNT	1,350
REVERSAL OF LAF	+800
BALANCE AFTER REVERSAL OF LAF	2,150
NET INJECTION/WITHDRAWAL TODAY	NIL
EFFECT OF LAF TODAY	+300
CLOSING BALANCE IN THE ACCOUNT	2,450
LAF RATE 2.00 BID/4.00 OFFER	TWI 111.9 *+0.0* 22.4.93

/HONG KONG

THURSDAY, APRIL 22, 1993

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HONG KONG GOVERNMENT EXCHANGE FUND

EF BILLS

HONG KONG GOVERNMENT BONDS

TERMS	YIELD	TERM	ISSUE	COUPON	PRICE	YIELD
1 WEEK	2.56 PCT	13 MONTHS	2405	5.50	102.49	3.14
1 MONTH	2.69 PCT	16 MONTHS	2408	4.375	101.40	3.31
3 MONTHS	2.79 PCT	19 MONTHS	2411	4.625	101.75	3.50
6 MONTHS	2.95 PCT	22 MONTHS	2502	4.75	101.85	3.72
12 MONTHS	3.14 PCT					

TOTAL TURNOVER OF BILLS AND BONDS - 18,310MN

CLOSED 22 APRIL 1993

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