



# DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES  
BEACONSFIELD HOUSE, HONG KONG. TEL.: 2842 8777

Wednesday, October 11, 1995

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Stamp duty for residential property sale

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The Secretary for the Treasury will move a resolution in the Legislative Council on November 2 to extend for two years beyond December 31 the requirement under the Stamp Duty Ordinance to pay stamp duty on all agreements for sale of residential property.

A government spokesman today (Wednesday) explained the requirement was first introduced in 1992 and was extended for two years in December 1993 as one of a series of measures to curb speculation on residential property. The measure would lapse at midnight on December 31 unless it was further extended by the Legislative Council, he said.

"Genuine home-buyers are not affected except insofar as they have to pay stamp duty slightly earlier. By contrast, the cost of speculation through sale prior to assignment is significantly increased," he said.

Commenting on the need to extend the measure, the spokesman pointed out that the residential property market had softened in the past year but demand remained high.

"There is a significant risk that speculation may be rekindled if the measure is not extended.

"The resolution therefore seeks the continuation of the measure which has served as a useful tool to help curb speculation whilst not affecting genuine home-buyers," he said.

"The measure has been in place for nearly four years. It is well established and accepted by the public. It is therefore our plan to seek the views of the Legislative Council later on with a view to introducing an amendment to the Stamp Duty Ordinance to make the measure permanent.

"This will eliminate unnecessary speculation which may otherwise occur each time the expiry date of the measure approaches," the spokesman added.

End/Wednesday, October 11, 1995

### Securities (Offence and Penalty)(A) Regulations

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Contravention of the prescribed position limits and reporting requirements under the trading rules for stock options may be subject to a fine of \$2,000 and imprisonment for three months, a spokesman for the Financial Services Branch announced today (Wednesday).

"The Securities (Offence and Penalty) (Amendment) Regulation 1995 was made at the Executive Council meeting yesterday (Tuesday). The Regulation will be gazetted this Friday (October 13)," the spokesman said. The Stock Exchange of Hong Kong commenced trading of stock options contracts on September 8.

The applicable trading rules lay down, among other things, position limits and reporting requirements in relation to any person's activity in the stock options market.

The rules facilitate the surveillance of the stock options market particularly in relation to risk management and market malpractice.

The Regulation provides for sanctions for breach of the trading rules.

End/Wednesday, October 11, 1995

### Marriage service in three registries to be extended

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The Immigration Department announced today (Wednesday) that in order to further enhance the service to the public, the Cotton Tree Drive Marriage Registry, Tsim Sha Tsui Marriage Registry and Sha Tin Marriage Registry will extend their marriage ceremony service to the afternoon (from 2 pm to 4.45 pm) on the following Saturdays in 1996:

- \* January 13
- \* March 23
- \* March 30
- \* May 18
- \* May 25
- \* November 23
- \* November 30
- \* December 7

"When two people wish to get married, it is essential for them to give a written Notice of Marriage on the prescribed form in advance at a Marriage Registry, whether the marriage is to take place at a Marriage Registry or in a licensed place of public worship.

"The notice will be exhibited at the Marriage Registry where it is given and also at the Marriage Registration and Records Office for at least 15 clear days.

"If no objection is received after that period, the marriage may take place within a period of three months, otherwise the notice becomes void and fresh notice must be given.

"In order to ensure that every member of the public will have a fair chance to choose a desired day for marriage, appointments for marriage ceremonies are given on a first-come-first-served basis," a spokesman for the Immigration Department said.

For enquiry, members of the public may telephone 2824 6111 or use the faxline 2877 7711.

End/Wednesday, October 11, 1995

#### Kowloon lot to let

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The Lands Department is inviting tenders for the short-term tenancy of a piece of Government land in Kowloon.

Located at Tung Chau Street, Cheung Sha Wan, the lot has an area of 9,440 square metres for use as a fee-paying public car park excluding container vehicles and dangerous goods vehicles. The tenancy is for two years, renewable quarterly.

Closing date for submission of tender is noon on October 27.

Tender form, tender notice and conditions may be obtained from the District Lands Office, Kowloon West, 10th floor, Yau Ma Tei Car Park Building, 250 Shanghai Street, Kowloon and the Lands Department, 14th floor, Murray Building, Garden Road.

Tender plan can also be inspected at these offices.

End/Wednesday, October 11, 1995

Fresh water cut in Western District

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Fresh water supply to some premises in Shek Tong Tsui and Sai Ying Pun will be temporarily suspended from 11 pm on Friday (October 13) to 6 am the following day to facilitate water mains alteration work.

The affected areas will include 271-470 Des Voeux Road West, 158-194 Connaught Road West (Tramway Depot, Western Wholesale Market), 357-606 Queen's Road West, 1-99 Hill Road, 65-71 Bonham Road, 3-69 Pokfulam Road, 10-24 Pokfield Road, 127-222 Third Street, 121-140 Second Street, South Lane, Woo Hop Street, Yat Fu Lane, Whitty Street, Po Tak Street, Clarence Terrace, Hing Lung Lane East, Hing Lung Lane West, Ka On Street, Sai On Lane, Yuk Ming Street, Yau Yee lane, Kwong Fung Lane, Rose Lane, Water Street, On Ning Lane, Sam To Lane, Chiu Kwong Street, Western Park Road and Siu Cheong Fong.

End/Wednesday, October 11, 1995

Hong Kong Monetary Authority money market operations

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	\$ million	Time (hours)	Cumulative change (\$million)
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Opening balance in the account	1,004	0930	+2,127
Closing balance in the account	1,408	1000	+2,167
Change attributable to :		1100	+2,172
Money market activity	+2,130	1200	+2,172
LAF today	-1,726	1500	+2,132
		1600	+2,130

LAF rate 4.25% bid/6.25% offer TWI 122.0 \*+0.0\* 11.10.95

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.42	2 years	2708	6.06	100.36	5.93
1 month	5.55	3 years	3807	6.16	100.02	6.24
3 months	5.61	5 years	5009	6.95	100.44	6.96
6 months	5.64	5 years	M501	7.90	102.44	7.40
12 months	5.68					

Total turnover of EF bills and notes - \$16,068 million

Closed October 11, 1995

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## Supplement

### **The Governor's 1995-96 Policy Address**

**Wednesday, October 11, 1995**

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Decent, affordable .....

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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 Policy Address to the Legislative Council today (Wednesday):

Question: Governor Patten, you say in your speech you are committed to co-operation with the Chief Executive designate but in that end how much access to confidential information are you willing to provide?

Governor: Those are the sort of matters which I will want to talk to the Chief Executive (Designate) about but it is perfectly clear that the Chief Executive (Designate) will need access to a great deal of confidential information and will want to be able to look at files and get information on matters which are pretty confidential. So, since it will only be a matter of months until the Chief Executive (Designate) takes over as Chief Executive, it seems to me perfectly clear that one will want to have a very open relationship with the Chief Executive (Designate) and make sure that she or he knows everything that is going on.

Question: (Metro Plus News) Governor Patten, you say we have the first fully elected LegCo as a result of your reforms but you told Members that you will have no hesitation in using your veto if you decide that it is in Hong Kong's interest, i.e. going against the democratic will if you want. It sounds a bit as if you want your cake and to eat it, or perhaps as if there is a bit of hypocrisy in your democratic reforms.

Governor: No, it's a description of the Hong Kong Constitution.

Question: (SCMP) I just want to clarify that when you talk about vetoing members' bills - and you have said that you would have no hesitation in doing so, if necessary - you are not just talking about bills that might affect Sino-British agreements, you are talking about bills on any subject, is that correct?

Governor: That is indeed correct but I'm just trying to find a way of reaffirming what I actually said in my speech, that I'm sure that we will be able to find ways of co-operating with the Legislative Council. And I don't intend to spend my next weeks and months having sleepless nights that we're going to be operating on the furthest margins of Hong Kong's Constitution, I'm sure we will be able to operate within the mainstream of co-operation with the Legislative Council.

Question: Given what you've said in your speech about the difficulties private members' bills pose to the Administration, weren't you tempted by the suggestion that's been floated ... that the Letters Patent should be changed so that private members' bills can't be introduced without your consent?

Governor: No, if I'd been tempted by it, I guess I'd have done it.

Question: ... the Administration would have done that?

Governor: No, I think that it would have produced a constitutional argument where I don't think a constitutional argument is necessary or desirable.

Question: Governor Patten, you've ... to more or less scrap the Labour Importation Scheme as it stands at the moment, do you think you have averted the threat of a threatened private members' Bill on completely revamping that system?

Governor: We've put forward a sensible policy and I'm sure it will - I hope it will - carry a broad measure of consent in the Legislative Council and the community. Joseph Wong is going to brief the Legislative Council on it tomorrow, go into all the details - we've got a written document that we'll be discussing with them - and I'm sure that he will be as convincing with the Legislative Council as he was with me when he first set out his conclusions at the end of our review.

Question: (Hong Kong Economic Times) You will put an end to the general Labour Importation Scheme but you didn't mention the imported labour for the ACP projects. Will you keep the quotas for the imported labour on these Airport projects?

Governor: Yes, though we have to keep the quotas under review the whole time.

Question: So they won't be changed?

Governor: I can certainly say, hand on heart, that when people came to see me over the recent weeks about the importation of labour, the question of quotas for the ACP wasn't raised with me on one occasion.

Question: (RTHK) Governor, in your speech you said that legislators should be allowed to go through their full four-year term. You immediately then said: of course you will carry heavy responsibilities. Is the sub-text there what you are trying to say to the legislature: if you have any hope of serving your full four years, you had better act in a particularly responsible manner?

Governor: No. I do think that the more effectively we govern Hong Kong and the more effectively the legislature contributes to that process the more difficult it would be for anybody to carry conviction in arguing that the legislature should be thrown out on its ear in 1997. Even though I say it myself, I suspect that's a statement of the blindingly obvious but there is no, as it were, conditional clause in all that. I just note - one can't help doing so - the extraordinarily moderate way in which the debate was conducted during the Legislative Council campaign, the remarkably magnanimous ways in which people dealt with both victory and defeat after the polls had closed, and what people have been saying since then about their determination to try to build co-operation, to try to build broad consensus. And all that seems to me to be very healthy and good for Hong Kong; much healthier and much better for Hong Kong than threatening to tear the Legislative Council down.

Question: (Follow up) Are you in effect saying then, Governor, you have done all that you can do to this point and now it is up to the legislators themselves to try to work out how they can carry through '97, if indeed they can?

Governor: No, because I will continue to assert, just as the British Government continues to assert, just as, to be frank, though they are only interested by-standers, governments around the world continue to assert, that it would be in Hong Kong's best interests and everybody's best interests for the Legislative Council to go through to the end of its term. I certainly don't intend to do anything which makes that more difficult and I will do everything I can to make it easier to achieve what should be an objective which everybody shares.

Question: (SCMP) Governor, you said you want a modern education but you didn't mention much about higher education in your speech. Why?

Governor: Well, I did. I did - with great respect - I mentioned both the huge increase that we have made in research spending in our universities, and the number of graduate students we are supporting, but the full account of our tertiary policy is set out in the policy commitments from the Secretary for Education and Manpower. If I had gone through everything in the policy commitments my speech would have been even longer than it was and that would have been unfair to everyone, including the Governor.

Question: You propose to set up an AG office, are you expecting a deluge of flooding of private members' Bills in the LegCo?

Governor: I'm proposing to set up a what?

Question: You propose to set up an AG office.

Governor: An Attorney General's Office?

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Question: Yes. But are you expecting a deluge of flooding of private members' Bills in the LegCo and that's why you are setting up the office itself?

Governor: No. - You want to follow up, yes. Sorry.

Question: What is your first policy to create a modern education system in Hong Kong? I mean in particular for Hong Kong higher education levels. And how do you achieve your goal?

Governor: What is my policy to?

Question: Your first priority.

Governor: In education?

Question: Correct.

Governor: In education as a whole?

Question: Yes.

Governor: I think my first priority is much the same as that of most teachers and parents. We have inevitably concentrated in the last couple of decades on quantity: increasing provision at the primary and secondary level and then in the last decade the huge increase in provision at the tertiary level, from a position ten years ago when only about 3% of the age group went on into tertiary education to a position today when about 24% go on to tertiary education, about 18% to do university degrees. Now, that huge expansion has been entirely right, it's been costly, it's put quite a lot of demands on the system, and I think what teachers and parents are now looking for is a greater accent on quality. And in particular they are looking for us to put more emphasis on teacher training, on increasing the number of graduate teachers in the profession, on reducing class sizes, on increasing the number of teachers in our primary and secondary schools, and improving the conditions in which they have to teach.

I think there are equal concerns about quality in the tertiary sector and I think there, one of the obvious focuses for that concern is on the use of language and the importance of some remedial English language teaching in universities, which as you know, universities are doing now, though I hope that there can be rather greater take-up among students.

When I had my first meeting with, as it was then, University and Polytechnics Grant Committee in 1992, in September, they emphasised to me very strongly that they thought we weren't spending, in Hong Kong, enough on research. They thought it was going to make it more difficult, for example, for us to provide our own university teachers in the future if we didn't have enough research programmes now. And, of course, they were also concerned to see departments strengthened in universities by the development of a research capacity, as well as the economic impact, the economic knock-on for Hong Kong. So we began at that stage, when Andrew Li was still Chairman of the UPGC and it has gone on under Anthony Leung, we began the huge expansion of research spending which has now gone up to, I think, about \$272 million a year - that's an increase of about 130% - and I think that has been welcomed and justified. People have occasionally asked whether there were enough decent research projects coming forward but I think there are. I think that previously, very often people with a good research idea weren't bothering to apply because they didn't think there was much chance of the funds being available. But that's been one of our priorities in the tertiary sector to date.

If I may say so, I think in the longer term, long after Chris Patten has departed on 30 June 1997 - just to confirm I remember the date - I think one of the big debates in Hong Kong will be about unit costs in the tertiary sector and the fee structure for students. But that, I think, will come probably a good deal after I have departed.

Question: Governor, you said in your address that the intention of the Civil Service get-togethers was for Chinese officials to get a better appreciation of the work done by our heads of branches and departments. Do you think these get-togethers will be best served by China's decision to field officials from the Ministry of State Security to interview these officials?

Governor: We don't know who the Chinese side are going to include among those officials that they introduce to our own. The arrangements that we put forward, which have by and large been accepted by the Chinese side, are a considerable improvement - I won't say any more than that - on those that were originally advanced and I think are a mark of the greater understanding of the position in Hong Kong and of the more co-operative atmosphere which has developed here in Hong Kong. But it is not for me to choose the members of the Chinese side. I'm sure that the Chinese side will take account of the fact that one of the principal purposes of these meetings is to raise the morale of Hong Kong civil servants and to give them comfort about the future, rather than to make them nervous about the future.

Question: (Daily Telegraph) Governor, you say that you will extend the hand of cooperation to the Chief Executive (Designate) and to the Preparatory Committee. Will the hand also be outstretched to members of the provisional legislature who will presumably be nominated before 1997?

Governor: There is no requirement for a provisional legislature because there is an extremely good one which I have been addressing this afternoon. And just in case anybody hadn't got the point in the previous 150 times I've answered the question, there will be nothing done by this Administration or by the British Government which will in any way undermine the authority and credibility of the Legislative Council which is the best possible reflection of the aspirations and ambitions of the people of Hong Kong.

Question: (The Times) This is a two-part question. Is there any particular message in your speech for Sir Percy Cradock? And in that regard, sorry, if you remember who he is. And in that regard you may remember that he said that one of the things that you could do with your dwindling powers was to veto the work, as he said, of Martin Lee and his men. Now it's been at least 40, if not 50 years, since a Governor in fact exercised a veto here and I was wondering what the veto was doing in your speech?

Governor: Well, first of all, I'm glad that Sir Percy has noticed that I've been trying to lose weight. He's about the only person of whom I've heard who seems to think that that is happening but perhaps that is a reflection of the fact that he's been off the scene in Hong Kong for so many years.

Life's too short and full of too many agreeable and important things for me to spend my entire time reflecting on the obiter dictum of a very retired diplomat. I'm sure that, this shows how I believe in the benign nature of everybody's motivation, I'm sure that he was trying to be helpful as ever but frankly I don't think that his advice on handling the democratic process is one based on much experience, either in the United Kingdom or here.

Question: (follow-up) In that case, it's the second part that I'm interested in. Because practically nobody in this room except maybe me can remember so far back that a Governor ever used the veto, why did you decide to put it into your speech? It's practically, it's really a kind of dodo with this Government.

Governor: I put it in my speech because I wanted to make it absolutely clear that every buck stops with me and that I have to make the decision at the end of every day or every week whether what we're doing is in the interests of the people of Hong Kong. I have powers as Governor, not, it has to be said, powers as extensive as those which customarily reside in colonial mansions. If you look back on the history of British colonial administration, I've got rather fewer powers than most and some of those that I had, I've made sure, like the one you've just alluded to, no longer exist. But the political and constitutional situation has evolved in Hong Kong and that means that it's conceivable that I may have to use such powers as I have in a way which I wouldn't choose to use in the future. But you've heard legislators talking, you've heard leaders of political parties, you've heard my senior officials and now you've heard, at considerable length, the Governor of Hong Kong and what all of us are saying is that we want to have as co-operative, consensual relationship as we can possibly manage. But it would have been totally wrong for me not to have mentioned what the constitutional parameters in Hong Kong remain, trying to make, in an accountable and competent way, executive-led government work with a wholly elected legislature when you have an appointed Chief Executive. I mean I'm even more aware of the constitutional curiosities in Hong Kong than anybody else.

Question: (Eastern Express) It's about this constitutional curiosity that I feel that quite a few of my colleagues would like to pin you down on and that is, and I think the second questioner introduced this, that a lot of people will see it as a constitutional curiosity and even a contradiction that a Governor who having widened the enfranchise seems to be sounding a warning to the beneficiaries of that widened enfranchise, the elected members of LegCo, that they shouldn't overstep the mark in what they plan to do during the coming sessions. It sounded very much like a warning. Would you agree that it was?

Governor: Well, what I'm reluctant to do is to be drawn in questions after a speech, the wording of which I thought about very carefully, into saying things that I didn't spend the afternoon saying. And I don't think I've got anything to add to what I've said in response to a number of previous questions.

In Hong Kong people don't yet elect an executive. They elect a legislature, the whole of a legislature. They're not electing a government, they're electing a legislature to which the government is accountable and it's a legislature with clear and specific powers. Just as the executive has those powers. I don't seek to change that in any way. I made it perfectly plain this afternoon that while the mandate of the legislature hasn't changed, while its role hasn't changed, its credibility, its legitimacy if you like, has been broadened by the fact that all its members are elected and fairly elected so that obliges all of us to try to work constructively with the legislature. But we rapidly, in Hong Kong, fall into our favourite habit of imagining the difficulties at the furthest ends of constitutional hypotheses. Other people may think the job of governing Hong Kong's a pushover. I find it difficult enough without thinking about life surrounded by the constitutional barbed wire.

Question: (Express News) Would you discuss your next policy address with the Chinese side or the Preparatory Committee etc.? And would you continue to publish the policy commitments next year? Or would it be just a nine month policy address?

Governor: No, we'll publish our policy commitments and progress reports next year. I think they're important steps along the road to more open government. I'm sure that I would want next year to discuss my policy address, though not necessarily go further than that, with the Chief Executive (Designate) if he or she is in place by then. As you know, I've once again this year done Director Lu Ping the courtesy of letting him have a copy in advance. I hope very much, incidentally, that he's recovering well from his illness.

Shall we let somebody who hasn't had a chance of a question.

Question(?): Governor, can you tell us your considerations in the choice of the two new extra members, especially, I mean on the one hand we have made a considerably speedy progress in the localisation of the Hong Kong Government but on the other hand you have chosen Mr McGregor in the process of decolonisation?

Governor: Well, I think Mr McGregor is one of the most widely respected public servants in Hong Kong and the reasons for choosing him, like the reasons for choosing Vincent Cheng, speak for themselves. You've only got to look at their record. There was an admirable account of their contribution to Hong Kong's well being in an article in the South China Morning Post about three months ago by, I think, Kevin Sinclair, which put the point admirably and summarised the sort of considerations which any sensible Governor would bear in mind in inviting them. And as for the question of non-ethnic Chinese on the Executive Council, John Gray, as you know, is leaving the Executive Council, so the number of non-ethnic Chinese will not be increased by Mr McGregor's appointment and when the Attorney's post is localised as well there will be then only two non-ethnic Chinese on the Executive Council of whom the Governor will be one.

Question: (follow-up) How about, I mean, the official mandarins in the Executive Council? Will there be more senior civil servants included in the ExCo later?

Governor: Well, I won't consider that until a little later. I think it's been a very helpful development to have the contributions that we've had from a number of senior civil servants but I will be looking at any future appointments when I need to do so.

Question: (RTHK) You just responded in the beginning that the Legislative Council should go through 1997, but why don't you mention it in your policy address? Do you mean by this way to show your friendly gesture to the Chinese side for your co-operation?

Governor: Well I did actually mention it and I mentioned it, perhaps the bus was late and you didn't get into the Legislative Council until a little late, but I actually mentioned it in several sentences of pellucid clarity and political vigour in paragraph 2.

Question: (Oriental Daily News) I'd like to follow-up on your speech.... You said that your speech today is the last of it's kind and you say that your coming one may be different....

Governor: By me.

Question: By you and do you envisage in the coming policy address you will have less freehand?

Governor: No, but I just think that it wouldn't be very sensible for me next year when I make my policy address to overlook the fact that before the year is out I shall be off to pastures new. I think that next year people would expect me to be a lot briefer and to concentrate, to focus on some of the central themes of the departing sovereign's responsibilities to Hong Kong and what we've tried to do. So that's what I'll be doing and if it disappoints those who would like another Fidel Castro type speech, I can tell you one person who won't be disappointed and that's the Governor.

Question: (follow-up) Then what is your role in making the next coming policy address?

Governor: What's the what?

Question: The role, your role of making the next policy address?

Governor: My role is that I'll write it.

Question: (ATV) Mr Governor, it seems that you don't have much chapters or coverage on the unemployment situation. Many people are concerned about that. Why can't you stop the importation of labour right away and put more measures on how to tackle the unemployment situation?

Governor: I think the proposals that we've put forward on unemployment are extremely sensible and the proposals in particular that we've put forward on the importation of labour make considerable sense. Joseph Wong will be saying more about them tomorrow and giving an account of the findings of the review that we did into the importation of labour scheme.

But perhaps I can just put it in a slightly broader context which I hope you won't find too academic. In the last three years the size of the work force in Hong Kong has increased by 11%. It's increased by just over 300,000. That's a result of returning former emigrants from Hong Kong, it's a result of the increase in the number of immigrants coming into Hong Kong from China as well, of course, as a result of the, in comparison with those figures, relatively small number of people coming in via the importation of labour scheme. At the same time as there's been an 11% increase in the number of people in our work force, and there are demographic reasons for that as well, there's been about a 10% increase in the number of jobs that we've created. Hong Kong is still creating jobs. It's created 270,000 jobs in the last three years but the difference between a 10% increase in jobs and an 11% increase in the work force is the most substantial reason for the increase that we've seen in unemployment in Hong Kong. Plainly there is some relationship between the importation of labour and unemployment. Particularly because, as Joseph will be making clear tomorrow, in a number of sectors where people are bringing in labour, there are local would-be employees in Hong Kong who'd be happy to take up jobs in those sectors. But the most important thing we have to do in Hong Kong is to go on being competitive and to go on creating jobs as we have in the last three years and were we simply to ban all labour from anywhere coming into Hong Kong we'd become less competitive. I mean, you shouldn't be, whether in the Catholic Church or elsewhere, holier than the Pope. I've had a number of delegations come to see me to talk about unemployment or to talk about unemployment and labour importation. I don't think anyone when challenged actually proposes that there should be no importation of labour into Hong Kong at all. But the question is how much and how it should be controlled and I hope that we'll be able to convince a majority of the community that we've got the answer about right. But don't expect those proposals on their own to answer all the problems about job creation in Hong Kong because there are a lot of other things, which I was mentioning this afternoon, which are arguably more important.

Question: (Asian Wall Street Journal) Can you tell us what specific examples of administrative and practical support your Government is willing to offer the future Chief Executive (Designate) and the team designate?

Governor: I think that it's flying unnecessarily high for me to go into details about the sort of support we would offer a Chief Executive (Designate) so many months before there is one. I would want to talk about this, both to Chinese officials in the next few months and above all, since we're talking about the person who will succeed me as the Head of the Administration here in Hong Kong, above all I'd like to talk to the Chief Executive her or himself about it. But some of the options are obvious. They're all the things that you would expect us to talk about, we'll have to talk about, like staff, like cars, like office facilities but I don't want to do that prematurely and I don't want to do it in detail in public. I'd like to do it with the Chief Executive (Designate) when she or he is appointed.

Last question.

Question: (Cable News) You have said that you suggest to use the supplementary labour importation scheme to replace the old general labour importation scheme but because the last batch of labour imported in '94, they still have a two year contract in Hong Kong and also you have said that there would be no change to the ACP labour importation system and do you think that the new importation system can make the unemployment situation in Hong Kong better or is it just a play with figures?

Governor: No, we wouldn't have put it forward if we didn't think it would improve the situation and as for people who've signed contracts under the existing scheme, we can't simply rip up their contracts, that would be illegal and I don't think anybody expects us to do it. What we're talking about is no more contracts, no more people coming in under the scheme and the scheme withering on the vine, the scheme dying off over the next year or so. But, I mean I think the approach we've put forward is a sensible and balanced one. It would be, I think, crazy to have a sort of slash and burn approach to labour market issues in Hong Kong. I think that what we've done is sensible and responsible and I very much hope it will get the support of the community.

Thank you all very much indeed.

End/Wednesday, October 11, 1995

The Governor's RTHK broadcast

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The following is the full script of the Governor, the Rt Hon Christopher Patten's RTHK broadcast on the 1995 Policy Address today (Wednesday):

Earlier this afternoon I delivered my fourth annual Policy Address to the Legislative Council. It was the first time in Hong Kong's history that a Governor has addressed an entirely elected legislature, a legislature elected by more voters than ever before in a further step towards the greater democracy Hong Kong was promised in the Joint Declaration and the Basic Law.

In partnership with the Government, this legislature will carry heavy responsibilities, and I believe that all of us in the Council Chamber today were conscious that the community will be watching us - and depending on us - to work together to make a success of the remaining months of the transition to Chinese sovereignty.

Nor must any of us forget that as we move closer to 1997, the eyes of the world will focus on Hong Kong to see whether it can survive and prosper. Provided we continue to combine economic opportunity with human dignity and freedom, then I believe it can.

And if past success is a pointer to the future, I am confident that we are in pretty good shape to meet whatever challenges lie ahead. Just think of the economic achievements of the last 3 years:

- \* We've had real economic growth of 18%.
- \* Our fiscal reserves have grown by 57%. They now total a massive \$151 billion.
- \* Tax rates have been cut to the benefit of nearly everyone who pays salaries tax.

So our economy is fundamentally strong. That's the message that comes out loud and clear from all those international experts who think we're one of the best places, one of the most competitive places, to do business.

One of the reasons for our success is that Hong Kong has always lived within its means. In other words, we do not - will not - allow government spending to increase faster than that of the long term growth rate of the economy.

I believe there is a solid consensus, both in the community and the new Legislative Council, on this issue. But to remove any doubts which may persist on this point, I have suggested that the new Legislative Council should restate its support for this cardinal principle of our economic policy. I know this would send a comforting and confident signal to the community at home and to investors and trading partners abroad.

Despite our successes, many people today are worried about problems like inflation and unemployment. I announced today a series of measures to make us more competitive, particularly in the fields of research and development. They will strengthen our armoury in the fight against inflation, which we have pulled back from its peak of 13.9% in April 1991 to 8.3% last August. Still too high, but several steps in the right direction.

Rising unemployment in recent months has been a source of understandable concern in the community. I announced in my speech today that the General Importation of Labour Scheme will be phased out. With our economy growing more slowly and with more people coming into our labour force we no longer need this Scheme. But we'll still require some workers from overseas from time to time., so we'll be replacing the present scheme with a much smaller and more targeted one. The maximum number allowed in will be slashed from 25,000 to just 5,000, and the new scheme will carry much more stringent conditions for importing foreign workers.

It is important that these new proposals enjoy the support of the community. So I will be hosting a summit on employment next month to consult legislators and representatives of both employers and employees. I want to forge a consensus on how we should tackle this issue. The Scheme will be monitored by the Labour Advisory Board to ensure that the interests of all sides are represented and protected.

Our present rate of unemployment of 3.5% is low by international standards, but not in Hong Kong where the community regards full employment as the Government's single most important welfare objective. We share that view. That is why we readily accept the responsibility to do everything in our power to ensure that the men and women of this community have the opportunities to earn a decent living to support their families.

I believe that the measures we introduced earlier this year on retraining and job matching; the crackdown on illegal employment; the freezing of the General Labour Importation Scheme in the summer; together with our new proposals today to scrap the scheme underline our continuing commitment to that responsibility.

We have an equally strong commitment to the provision of the whole range of social services expected of a community as well off as ours. We have a duty to provide care and support for the vulnerable and the less fortunate in our society; to provide decent and affordable housing; and to ensure greater protection for everyone at work. We have done much in these and indeed every other area of public service over the last 3 years. We are proud of our record. Let me highlight some of the measures from my Policy Address today which we hope will have a significant impact on the quality of life of many of our fellow citizens.

- \* We intend, on the basis of the preliminary findings of a review of our benefits system, to increase help for those most in need by between 12% and 54% from 1 April 1996. Some 52,000 people will benefit. It will cost \$300 million. The whole review is due to be completed early next year. If it recommends additional benefits, we will wish to support that too.
- \* We intend to launch the final phase of the Castle Peak Hospital redevelopment programme at a cost of \$850 million.
- \* We've announced more help for the chronically ill.
- \* We'll spend 9 billion dollars this year on the elderly - that's a 50 per cent increase over and above inflation compared with three years ago.

On housing, one of the community's most important priorities:

- \* We will cut waiting times for public housing rental flats from seven years to under five years by 2001.
- \* All elderly people currently living in bedspace apartments will be provided with decent accommodation by 1997.
- \* A \$1 billion Special Repair Programme will be launched for about 230 older public housing blocks.

And, at work:

- \* We are determined to improve Hong Kong's safety record at the workplace, which is extremely bad. A "Charter for Safety in the Workplace" will be launched next year. We simply must do more to stop the senseless loss of life and the awful accidents and injuries in our factories and, most of all, on our building sites.

Law and Order is always a matter of concern to people. We are a law abiding community, a model for others in the region and elsewhere. Over the past three years, the level of violent crime has declined by 11 per cent and the number of armed robberies has fallen by 61 per cent. That is the good news. But the overall level of crime has risen by just under 6 per cent. That is a cause for concern and we will have to watch it very closely in the months ahead.

To keep up the fight against crime,

- \* we have put an additional 400 police officers on the beat this year and we plan to put 200 more on the beat in the year ahead; and
- \* a \$350 million Beat Drugs Fund will be launched to help turn the tide of drug abuse, where we've started to make some progress.

These are some of the new things we're doing on top of our existing programmes which are building a more efficient, better educated and trained, cleaner, brighter and more caring community. Anson Chan gave a progress report on how all this work is going earlier this week. We have already met, or are on target to meet, 94% of all our pledges to you for better services since 1992. Where we've fallen behind on targets, we have acknowledged that and are determined to catch up. There aren't many governments in the world which make such a thorough and frank report every year on how they are doing: what they're doing well, what they're doing less well.

Telling you what's happening helps us to work together with you in the interests of Hong Kong.

We need to work with China as well. The meeting between the Foreign Secretary and Vice-Premier Qian Qichen in London last week produced solid and welcome progress in some of the key areas that I referred to when I gave my LegCo Address last year. A smooth through train for the civil service. Co-operation with the Preparatory Committee, including the setting up of a Liaison Office to manage the process on the Hong Kong Government side. The planning of a decent and dignified handover ceremony in 1997. And the talks also committed both sides to further progress on the development of our container port.

But with just over 600 days to go to the bands, the speeches, the fireworks, to the lowering of one flag, and the raising of another, every day now counts. We will need to notch up more successes such as those announced in London last week. On nationality and right of abode - so important to a proper sense of individual security and freedom of movement. On the process of adapting our laws to underline the continuity of the Rule of Law. And on many other issues which are familiar to you.

The Preparatory Committee will begin its work in less than 3 months' time, on 1 January 1996. I am delighted that in response to the offer I made in my Address last year, we can now work out practical and sensible arrangements which will enable the Hong Kong Government to work with the men and women who will serve on this group. Later next year, the Chief Executive (Designate) will be in place, and the final stages of this historic transition will take on a distinct new shape, both in reality and in people's minds, here and elsewhere. I have today reaffirmed my pledge of full co-operation with the Chief Executive (Designate). Indeed, we shall be talking to the Chinese side about providing administrative support for the holder of this crucial post.

We should dedicate ourselves - Britain, China and Hong Kong - to using each of the 629 days remaining to us before the transfer of sovereignty to help secure your future. That is what you expect of us. My Government, for its part, is determined to do all it can to meet those expectations. We intend to succeed.

End/Wednesday, October 11, 1995

Look at the record, says Governor

\* \* \* \* \*

The Governor, the Rt Hon Christopher Patten, today (Wednesday) invited a study of his Government's achievements since his first Policy Address to the Legislative Council in October 1992.

"I set out a five-year programme of work," Mr Patten said as he opened the Council's 1995-96 session.

"That programme spelled out what we hoped to achieve in the final five years of British administration.

"This new Council starts its work more than half way through that agenda of improvements in every area of Hong Kong life.

"A government should be judged on its record not on its rhetoric. Good intentions are not enough. It is our performance which counts. Although much remains to be done, I hope Members will agree, after hearing my report today, that we have made solid progress in keeping the promises of 1992."

Mr Patten said the 1992 programme was built on two bedrock principles so ingrained in Hong Kong's systems that they were usually taken as self-evident and universal truths.

The first was that Hong Kong people knew better than most communities that wealth must be created before it can be spent on improving public services.

The second bedrock principle concerned rights and freedoms under the law. Mr Patten said there was a consensus that civil institutions must develop in step with economic development.

This was why his 1992 programme included making governing institutions more open and accountable; ensuring that Hong Kong's laws complied with the Bill of Rights; guaranteeing that Hong Kong's freedoms and values were secured; and dealing as promptly and effectively as possible with the key issues of the transition to Chinese sovereignty in 1997.

Noting the international community's admiration of Hong Kong, Mr Patten said the Washington-based Heritage Foundation had concluded that Hong Kong was the freest economy in the world.

Last month, the World Economic Forum rated Hong Kong as the third-most-competitive economy in the world.

The Governor pinpointed some of the results of the past three years:

- \* GDP was up 18 per cent in real terms to US\$23,800 per head.
- \* New investment had grown by 31 per cent in real terms.
- \* Total visible exports had risen by 43 per cent in real terms, and total exports of services were up 31 per cent.
- \* Fiscal reserves had grown by 57 per cent, to total \$151 billion.

- \* Tax rates had been cut to provide reductions for almost every salaried employee.
- \* The share of public spending had remained firmly below 20 per cent of GDP.

End/Wednesday, October 11, 1995

#### Foreign worker quotas lowered

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Hong Kong employers will be able to import up to 5,000 foreign workers under a new supplementary labour scheme to start on January 1 next year.

Announcing this today (Wednesday) in his Policy Address to the Legislative Council, the Governor, the Rt Hon Christopher Patten, said this was a reduction from the 25,000 foreign workers permitted under the existing General Labour Importation Scheme.

The General Scheme was introduced in 1989 to relieve an acute labour shortage, he said.

A review of the General Scheme which ended last month had concluded that:

- \* Imported labour had made a valuable contribution to Hong Kong's economy, in overcoming bottlenecks in key, high-growth sectors or shortages of specific skills.
- \* The territory needed to retain policy options which allowed Hong Kong to respond rapidly to sudden rises in the demand for particular types of worker in its highly-flexible economy.
- \* The existing General Scheme should be changed in its operation and its quota sizes.

Mr Patten said the existing scheme would run down naturally over the next year or so and be replaced with radically revised arrangements for the importation of labour.

The Government would maintain its vigorous campaign against foreign workers taking up jobs illegally, he said.

Under the new Supplementary Labour Scheme, employers would have to prove that local workers were not available before their applications to import labour were processed.

Employers would have to advertise their vacancies for a specific period of time, Mr Patten said.

They would also have to register their vacancies with the Labour Department and participate in a job-matching scheme, which would involve the Employees Retraining Board where necessary for at least two months.

The Governor said Hong Kong's current unemployment rate of 3.5 per cent was very low by normal international standards and most communities would regard it as virtually full employment.

However, the Government would seek to meet the community's feeling that full employment should, in effect, be the Government's single most important welfare objective.

End/Wednesday, October 11, 1995

#### Governor sets goals for growth

\* \* \* \* \*

Hong Kong must go beyond the physical framework to produce the "software" of success, the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

Opening the 1995-96 session of the Legislative Council, Mr Patten said \$70 billion had been spent on the physical infrastructure since 1992.

"I do not think that any one will doubt the importance of these investments to our competitiveness," Mr Patten said.

"But in a service economy, the physical infrastructure is a necessary but not a sufficient condition for success. We have to go beyond these investments in what might be called the 'hardware' of our drive for greater competitiveness. We must also invest in the 'software' of success.

"Only a commitment to higher productivity, competitive markets and rapid economic growth can achieve what I know the community wants: a job for every man and woman who needs one and more stable prices."

The Government's role must be to promote the efficiency, flexibility and competitiveness of Hong Kong's economy, he said, adding that this the only way to find the remedies for unemployment and inflation.

Mr Patten said three things were involved in the 'software of success':

- \* An infrastructure of skills appropriate to Hong Kong's technology-based economy.
- \* The regulatory balance had to be sorted out to remove red tape which deterred initiative and enterprise.
- \* The fiscal and budgetary policies which had given Hong Kong the best business environment in the region must be reinforced.

Hong Kong's most important resource was its outstanding labour force, Mr Patten said.

It was disciplined, efficient and flexible, which had let the workforce raise its productivity by an annual average of 4.5 per cent since 1985 and to reduce the average number of days lost through industrial disputes by 75 per cent.

In the same period, 460,000 factory jobs had been shed and replaced by 800,000 brand-new jobs in service industries.

"This readiness to change careers, to switch employment in response to shifts in overseas demand for our goods and services, is at the heart of our economic efficiency," Mr Patten said.

"It is also crucial for our continued ability both to compete on world markets and to serve the needs of China's rapid modernisation."

Hong Kong had offered decent wages and professional education, he said. The average worker's earnings had risen by more than four per cent in real terms each year for a decade.

Annual expenditure on training schemes, part-time courses and distance learning has risen by 76 per cent in real terms. About 155,000 adults would benefit from some form of part-time education this year.

However, neither Government nor industry had funded scientific and technological research on a scale commensurate with Hong Kong's economic progress, he said.

The Government had started to remedy this deficiency over the past three years. This year, the University Grants Committee would allocate \$272 million in research grants, a 133 per cent increase since 1992.

"Since 1993, we have provided \$372 million for research projects in manufacturing technology," Mr Patten said.

A science park might be established and Hong Kong was already working in partnership with the new scientific generation in China.

"Last year, I announced the creation of the Applied Research Centre, whose special task would be to support projects which involved researchers from China as well as Hong Kong," he said.

"Already, \$11 million has been allocated to fund two applied biotechnology projects which have been identified as offering exciting potential."

Mr Patten said red tape and over-regulation were the surest ways for Hong Kong to drive business elsewhere, especially in such a dynamic region.

This did not mean the territory should abandon its high standards, he said, adding that to retain the trust and respect of Hong Kong's trade and investment partners, these must meet the criteria which set international benchmarks.

"In my first Address to this Council, I pledged that the Government would do everything in its power to maintain a dynamic business environment, free from unnecessary government burdens and interference," Mr Patten said, "I believe we have fully lived up to that promise.

"We could not have achieved this without the support of this Council in the past. Unfortunately, however, there is a concern in some circles, particularly among businessmen, that the territory's first, wholly-elected legislature may somehow force Hong Kong to change course, that it will insist on radical economic experiments and imprudent programmes of public expenditure.

"I do not share this pessimism. ... Similarly, I do not see how anyone who has read the party manifestos and listened to the political debates in last month's elections could possibly reach such a conclusion.

"Nevertheless, it is only fair to say that there is a perception in some circles that you might introduce radical changes which would lead inexorably in later years to higher taxes and would expand the Government's role in the economy.

"Let me repeat. I do not believe that there is any inclination in this Council to do so. Nevertheless, I believe this Council could make its own positive contribution to business confidence and provide a significant incentive to new investment by removing all uncertainty about your own convictions that economic success must remain our first priority.

"You could provide both Hong Kong and our trade and investment partners around the world with a clear guarantee that this Council will do nothing to undermine our financial stability or our commitment to an open economy.

"The most convincing way to do so would be for this Council to endorse the economic policies which have been the foundation of Hong Kong's success over the last four decades.

"These policies can be summed up in a simple rule. Government expenditure should increase over time only in line with the trend rate of economic growth, what I have called the 'living within your means' principle of public expenditure.

"As a result of this rule, public expenditure has not exceeded 20 per cent of GDP, and the Government has confined its role to supporting, not to dominating, the economy.

"Such an endorsement would, of course, be purely a matter for this Council. But a statement of this sort would demonstrate to the doubters that our first fully-elected Legislative Council intends to operate on the same broad consensus as its predecessors."

End/Wednesday, October 11, 1995

Audit produces 'quiet revolution': Governor

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The public sector had achieved a "quiet revolution" since 1992 in the way it approached its relationship with the community, the Governor, the Rt Hon Christopher Patten said today (Wednesday).

Opening the Legislative Council's 1995-96 session, Mr Patten said this relationship was now based on service, accountability and performance.

He said this was one result of his determination that his policy addresses to the Council should form part of an annual audit of the Government's performance.

Every area of the administration's activities was covered by publishing very detailed policy commitments and progress reports, he said.

"Now that they have become established, I do not mind admitting to you that, before I first introduced them, some people warned me that these documents would amount to the only two-volume political suicide note in history," he added.

Commenting on the third annual Progress Report, which the Chief Secretary, Mrs Anson Chan, had presented to LegCo on Monday (October 9), Mr Patten said it explained the position on the 471 outstanding specific initiatives announced during the past three years.

"The fair-minded will have noted with satisfaction that the Government has already completed or is on target with 94 per cent of these initiatives," he said.

"The perfectionists will have noted that we are behind our targets with six per cent of our undertakings. The Report explains how we intend to get back on track with the six per cent."

Mr Patten acknowledged that the Civil Service never expected press headlines reading "Government does a great job".

However, it drew considerable encouragement from the knowledge that the community valued its record of success and its determination to go on improving its performance.

The Governor pointed out that this year's policy commitments contained 343 new initiatives. Of these, 27 per cent were designed to upgrade social services and housing programmes; 21 per cent would help to strengthen the Government's support for the economy; and another 16 per cent aimed to make the best possible use of limited land resources and to meet the growing demands on our infrastructure.

End/Wednesday, October 11, 1995

Culture of Civil Service

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Hong Kong's Civil Service had built a deep reservoir of respect and goodwill among the people it served, the Governor, the Rt Hon Christopher Patten, told the Legislative Council today (Wednesday).

"This is not a statement which could be made about most other governments," he said, opening the Council's 1995-96 session," he said.

"In many communities, civil servants are not held in high esteem. But our community knows the value of an honest, committed and efficient public service.

"The civil service culture must be intolerant of complacency. There has to be an unwillingness to settle for the quiet life.

"For Hong Kong, the Civil Service, along with the Judiciary and this Council, is one of the key institutions in making a success of the concept of 'one country, two systems'."

This required a culture of service to its clients in every sector of the Government, said the Governor.

Mr Patten praised the Hospital Authority, in particular, for its pioneering work in developing a "Patient's Charter".

This set out the ways in which the community and the hospitals work as partners, explaining clearly patients' rights and obligations and had gone hand-in-hand with major improvements in hospital care.

The Governor said this proved that a commitment to serving the client was not a gimmick or an additional and unwelcome burden on hard-pressed managers.

End/Wednesday, October 11, 1995

### A better benefit package for CSSA recipients

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The Government must act promptly to provide help where it is needed and justified under the Comprehensive Social Security Assistance (CSSA) Scheme, the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

Delivering his fourth Policy Address at the Legislative Council, Mr Patten said although the Review on CSSA would only be completed early next year, it was already known that some rates were too low, that some members of the community were suffering today from genuine financial hardship.

"These are the groups whose current levels of social security benefits are inadequate," he said.

"Their standard rates of CSSA benefits were significantly below the spending levels of equivalent categories of people in the lowest five per cent income group.

"On the other hand, the standard rates for vulnerable groups like the single elderly, children, and people with a disability were generally above the spending levels in the lowest five per cent income group."

He proposed the following improvements in benefit levels from April 1 next year:

- \* Single parents and family carers will receive a 54 per cent increase in their standard rates, which will increase from \$1,045 to \$1,605 per month.
- \* Elderly persons living in a family unit will receive a 12 per cent increase in their standard rate, which will increase from \$1,505 to \$1,685 per month.
- \* Adults whose ill-health prevents them from working will receive increases of between 46 and 54 per cent in their standard rates. This will raise their monthly standard rates from \$1,210 to \$1,770 (for a single adult) and from \$1,045 to \$1,605 (for an adult living in a family).
- \* Adults who are unemployed but actively seeking work will receive an increase in their standard rate payments of between 23 and 27 per cent. This will raise their monthly standard rates from \$1,210 to \$1,490 (for a single adult) and from \$1,045 to \$1,325 (for an adult living in a family). This rate of increase has been adopted specifically to ensure the Government does not provide support at a level which could provide a disincentive to find a job.

"It is worth recalling that the standard rate forms only one part of the total CSSA benefits," the Governor added.

"In addition, over 95 per cent of CSSA recipients also receive supplements and special grant payments to cover such items as rent and school expenses."

The Governor expected the new rates to benefit up to 52,000 people in need and the higher rates of benefit would cost about \$300 million to implement.

He added that these improvements were first stage of the Review. He anticipated that it would recommend other important changes as it considers all aspects of the system including:

- \* the rules under which CSSA payments can be received by people who choose to receive benefits outside Hong Kong;
- \* the level and scope of the special grants for which all CSSA recipients are eligible;
- \* the level and administration of the long-term supplement paid to everyone who has been receiving CSSA for over twelve months;
- \* the level of permitted disregarded earnings which recipients may retain in addition to CSSA payments; and
- \* the level of the assets limit which is one of the eligibility tests for CSSA.

End/Wednesday, October 11, 1995

#### Total programme of services for the elderly

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Adequate financial support for the elderly must remain a high priority but equally important with advancing age is the total programme of services for the elderly, the special provisions for the frailties and disabilities that come with old age, the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

In his Policy Address to the Legislative Council, the Governor said some of the results of an analysis of the Household Expenditure Survey data ran counter to conventional wisdom.

He said before the survey, many people would have assumed that elderly men and women living alone would be the worst off in our community.

"In fact, the average benefits received by a single elderly Comprehensive Social Security Assistance (CSSA) Scheme client, including the standard rate, special grants and supplements, currently come to a total of \$2,710 a month," he said.

While saying that he had outlined ambitious programmes in his previous policy addresses, Mr Patten said the recommendations of last year's Working Group on Care for the Elderly had helped the Government refine its targets of meeting the needs of the increasing numbers of elderly people.

He said: "Since 1992, we have made considerable progress with our programmes.

"We have provided nearly 5,000 special flats for the elderly in convenient urban locations since 1994. We have rehoused over 23,000 elderly people living in bedspaces and other unsuitable accommodation since 1992.

"A new priority scheme for the elderly has reduced their average waiting time for public housing by three years.

"We are already providing an extra 4,000 places in care-and-attention and old people's homes. We will provide a further 1,600 places this year.

"About 25,000 old people are already being served each year by our geriatric health teams, and the four new teams to be set up this year will serve an additional 9,000 clients a year.

"We have expanded facilities to treat the diseases of old age. For example, we have reduced the waiting time for cataract operations from 15 months to nine months."

This year the Government would spend a total of \$9 billion on financial assistance and on our increasingly comprehensive health and welfare services for the elderly, an increase of 50 per cent in real terms over 1992, Mr Patten said.

"We are well on our way to creating a proper framework to meet the health, welfare and housing needs of old age," he added.

End/Wednesday, October 11, 1995

Government determined to provide modern education

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The Government will continue with its efforts to create a modern educational system to serve the entire community, the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

In his annual Policy Address to the Legislative Council, Mr Patten said the Government would spend \$140 million to ensure that children were not denied access to kindergartens because their parents could not afford the fees.

At present, 85 per cent of all children between the ages of three and five attend kindergartens.

"I believed that good pre-schooling facilities make a substantial contribution to a child's ability to do well later on," Mr Patten said.

He said while more than half of all kindergarten teachers had already been trained to meet prescribed standard of qualifications, another 1,130 serving teachers would be trained this year.

Mr Patten also said the Government had this year provided \$642 million for training courses for teachers to ensure that teachers were fully equipped with the professional skills they needed to help students get the most out of school.

On under-achieving children, Mr Patten said: "We are spending \$340 million to build ten new schools by 1999 specially designed to cater for the needs of poorly motivated students and those with severe learning problems."

To offer an environment in which both teachers and students could perform at their best, the Governor said the Government was building additional facilities in a total of 240 schools.

"This programme costs \$2.4 billion and will be completed by 1997. We have already air-conditioned 413 schools to reduce the disruption caused by excessive noise pollution," he said.

End/Wednesday, October 11, 1995

### A Safety Charter to improve safety at work

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The Government is proposing a three-part-strategy to achieve a substantial improvement in industrial safety standards.

This was revealed by the Governor, the Rt Hon Christopher Patten, today (Wednesday) in his Policy Address to the Legislative Council.

Mr Patten said safety at work could only succeed if everyone in the workplace could be convinced of two essential facts:

- \* Most deaths and injuries are avoidable. Almost all could be prevented if employers promoted safe work practices and if workers co-operated.
- \* Both employers and employees must accept a joint responsibility for improving safety. We need a zero tolerance of unsafe working practices.

First, the Governor said, the Government was preparing a "Charter for Safety in the Workplace" and LegCo members' views would be fully taken into account before publishing the document next year.

"It will make clear the rights of the worker to enjoy a safe working environment and the obligation on the employer to prevent deaths and injuries," Mr Patten said.

"It will also emphasise the responsibility of the employee to co-operate in following safe working practices and reporting workplace hazards."

Secondly, the Government was already at work encouraging the new "partnership for safety" between employers and the work force.

"A consultation document published in July announced 45 specific recommendations to slash accident rates and improve safety standards through proper safety training for the entire workforce and an obligation, especially on industries with the worst records, to develop formal safety programmes and establish safety committees," Mr Patten said.

"These measures target the construction industry in particular."

On the third part of the strategy, Mr Patten said the Government would continue to deter bad safety practices by using all its legal powers to pursue relentlessly anyone responsible for avoidable deaths and injuries in the workplace.

He added that if the Government found existing powers were insufficient, it would ask LegCo to reinforce the "partnership for safety" with new legal measures.

End/Wednesday, October 11, 1995

Government determined to meet health aspirations

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The Government is determined to meet the community's aspirations for a modern, comprehensive health system, the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

In his annual Policy Address to the Legislative Council (LegCo), Mr Patten said the size of the health programmes was no longer the only benchmark because much more important was the ability to deliver health care to groups with special needs or who were particularly vulnerable.

"This goal is playing a major role in shaping our current programmes," he said.

For instance, Mr Patten said, the new Student Health Service introduced last month providing regular screening, physical examinations and health education to 450,000 primary school children would be extended to cover 443,000 secondary students next September.

"We are expanding our capacity to meet the special needs of adolescents," he added.

"Next year, we will be setting up a pilot centre to provide medical and psychiatric care for adolescents."

Mr Patten said the Government would keep up the momentum to improve the standard of medical care and the quality of life for the mentally ill.

It would be coming to LegCo with a request for some \$850 million to replace obsolete and inadequate facilities with modern and more spacious accommodation for 750 beds at Castle Peak Hospital.

On the promotion of the concept of self-help and mutual support among the chronically ill, Mr Patten said eight new Patient and Carers Resources Centres would be set up and an extra two rehabilitation co-ordination teams would be provided next year.

Mr Patten noted that public hospitals would treat 846,000 in-patients and add an extra 800 beds this year.

General clinics were expected to treat 4.5 million out-patients while specialist clinics expected to treat a further 6.3 million out-patients.

End/Wednesday, October 11, 1995

Decent, affordable houses for the community

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The Government is determined to improve the conditions under which 40,000 people live in Temporary Housing Areas (THAs), the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

In his annual Policy Address to the Legislative Council (LegCo), Mr Patten noted that in 1992 there were 55 THAs.

"By 1997, we will have cleared 42 of these. We will have met our earlier pledges in full," he said.

"But it is simply not possible to make a pledge to clear all the remaining THAs."

Mr Patten said the flow of new arrivals from China and our success in clearing the squatter areas meant that the only alternatives to the retention of some THAs were:

- either to allow people to sleep on the streets, which would be totally unacceptable; or
- to allow families affected by clearances to jump the queue for rehousing which would be grossly unfair.

"I have personally visited 10 of these THAs, both officially and unofficially, and I am very conscious of their inadequacies, in terms of space and facilities, and the constant struggle to maintain standards of cleanliness and security," he said.

"Plainly, rehousing of existing THA residents is the only real solution. In the meantime, however, we have to improve the living conditions for those who still have to live in THAs."

He said the Secretary for Housing had already made a start with a programme to renovate the THAs which would be retained and to improve their management to achieve a secure and better living environment for all THA residents.

"In parallel, some older rental blocks in the urban fringe areas will be used to house families affected by clearance programmes.

"The Housing Authority is also developing new designs of temporary accommodation, which will provide more space and better-quality living and which will gradually replace the existing type of temporary housing."

On the pledge to reduce the average waiting time to under five years by 2001, Mr Patten warned that this would be no easy task.

"We still have an enormous backlog to make up for, as we clear the temporary housing and squatter areas, for example, and press on with schemes to upgrade the earlier generations of public housing units to meet today's standards," he said.

"We also have new and growing sources of demand for public housing, as we respond to the special needs of vulnerable groups such as the elderly and the new arrivals from China."

Mr Patten said another issue that might have something to do with the problem of waiting lists was the better-off tenants.

"It is plainly wrong that public housing should continue to accommodate tenants who have the financial resources to meet their own housing requirements at the expense of those with a genuine case for rehousing," he said.

"I know that this issue has been the subject of detailed examination by the Housing Authority, and I look forward to receiving their proposals for a comprehensive solution by the end of this year."

Mr Patten also pointed that the Housing Authority had gone a long way to meeting public housing tenants' expectations of safe and pleasant homes, with responsive and efficient management and high standards of security, cleanliness and amenity in each housing estate and would be doing even more in the immediate future.

"Over the next three years, we will rehouse at least 24,000 families whose living space per person is less than 5.5 square metres.

"We will also begin to privatise estate management on a trial basis next year. By 1997, all housing estates should have their own Estate Management Advisory Committees to give tenants direct access to management."

On planning for the future, Mr Patten said the ultimate aim must be to encourage families to become owner-occupiers.

"Over the next six years, the Government plans to provide subsidised programmes to help 190,000 families become owner-occupiers," he said.

"That is an impressive goal, and it is one that we can achieve without reducing our commitment to build public rental housing for 141,000 families over the same period.

"At the same time, we will use the Housing Project Action Team to fast-track residential developments in the private sector, where necessary, so that our targets for home ownership can be met."

Mr Patten added that it was time to take a hard look at the long-term housing strategy.

"The Secretary for Housing will shortly start work on a comprehensive reappraisal of our future housing objectives and every aspect of the way in which we manage the enormous resources committed to providing decent, affordable houses for this community," he said.

LegCo and Housing Authority members and the wider community would be consulted after he received the recommendations by the middle of next year, Mr Patten said.

End/Wednesday, October 11, 1995

## A clean and green Hong Kong

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Poisoned air and water were too high a price to pay for economic progress, the Governor, the Rt Hon Christopher Patten, told the Legislative Council today (Wednesday).

Outlining the Government's actions on environmental pollution since his initial Policy Address in 1992, Mr Patten said a good start had been made on improving air quality.

"The principal remaining source of pollution is the high density of vehicles which use our roads," he said.

"In 1994, we set ourselves the goal of reducing the level of vehicle pollution by 20 per cent within two years.

"We have two new measures to help us reach this target. Last month, we published for public consultation our proposals for encouraging taxi and public light bus operators to shift from diesel to petrol vehicles which cause less pollution.

"We plan to cease to register any new diesel vehicle under four tonnes. We intend to bring these measures into effect next year."

Diesel vehicles larger than four tonnes would have to undergo an annual smoke inspection and penalties for smoky vehicles would be raised.

Urgent measures were being taken to tackle pollution of Hong Kong's harbour and coastal waters, he said.

These aimed to dispose of sewage safely, to prevent the uncontrolled dumping of waste and to make the polluter pay.

"For the urban areas, the High Priority Programme of the Sewage Strategy will reduce the flow of pollution into the harbour by 70 per cent," Mr Patten said.

"This project will be completed by early 1997 at a capital cost of some \$9.4 billion, on schedule and within budget.

"In the New Territories, the first phase of the livestock waste control scheme has reduced pollution of the worst rivers and streams by 70 per cent. Our goal is to reduce pollution from this source by 90 per cent over the next four years at a cost of \$1.35 billion."

Charges under the Sewage Services Ordinance implemented the principle of "the polluter pays", he said.

Mr Patten said Hong Kong had already designated more than 40,000 hectares of land as country parks and special areas.

This was 40 per cent of the total land area and an exceptionally high proportion by international standards. The government planned to expand these areas and improve their management.

"The beauty of our country parks is in marked contrast to the squalor of over 700 hectares of environmental black spots in the New Territories," Mr Patten said.

A special Task Force had made a good start last year in tackling the most serious cases. Illegally occupied government land was being cleared and landscaped in Pat Heung and unauthorised developments were being prosecuted vigorously.

Maximum fines for offenders had been increased and more responsible attitudes towards land use encouraged.

A similar strategy would be applied to clean up a further 180 hectares of land in the Northeast New Territories in 1996.

"I should like to appeal to the towns and villages of the New Territories to support our efforts to end the black spots which blight so much of the landscape around them," said Mr Patten.

End/Wednesday, October 11, 1995

Users will pay to help unclog streets: Governor

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Electronic road pricing and railway extensions were the Government's favoured solutions to streets increasingly clogged by traffic, the Governor, the Rt Hon Christopher Patten, told the Legislative Council today (Wednesday).

Mr Patten said electronic road pricing applied the "user-pays" principle to road traffic and allowed especially the private car driver to decide how much use to make of a vehicle.

The alternative was the risk of traffic gridlock and the sort of paralysis seen in other Asian cities at peak hour, he said.

The private car figures indicated where the problem lay and offered a blunt warning of worse to come, Mr Patten said.

Hong Kong today had only 44 cars per 1,000 residents, compared with 106 per 1,000 in Singapore, 291 in Japan and 565 in the United States, yet its roads were already among the busiest in the world.

Hong Kong had 163 private cars per kilometre of road compared with 102 in Singapore, 32 in Japan and 23 in the United States.

The growth rate had to be held to three per cent or less a year, or Hong Kong's road system would start sliding into paralysis, said the Governor.

Mr Patten said three high-priority projects were expected to help the situation. They were:

- \* the Western Corridor Railway linking West Kowloon with the border;
- \* the extension of the Metropolitan Transit Railway to Tseung Kwan O; and
- \* a new rail link between Ma On Shan and Tai Wai, with a Kowloon-Canton Railway extension to Tsim Sha Tsui.

This would take some of the port's container traffic off the roads, as well as serving the commuters in the Northwest New Territories.

Specific proposals were expected from the KCRC by the end of the year and from the MTRC in early 1996, said Mr Patten.

End/Wednesday, October 11, 1995

Government determined to overcome slope hazards

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The Government is determined to use the most modern technical resources available to overcome the potential hazards of Hong Kong's unique urban environment, the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

"Hong Kong lives and works in some of the most densely-occupied high-rise buildings in the world erected on slopes which present some of the world's most challenging geotechnical problems.

"This year's typhoon season brought us a further reminder that we cannot take our physical safety for granted.

"Since the 1970s, we have done a great deal to improve the stability of slopes adjacent to buildings throughout our city.

"But this has not been enough, as the tragic landslips in August brought home to us," the Governor said.

"We are determined to give slope safety an even higher priority in the coming year. We will be providing \$1.3 billion to accelerate the review of potentially hazardous slopes and to upgrade their stability. We expect this programme to be completed by 2000.

"We have recruited three outstanding international experts to provide the best technical advice on our slope safety. This new Technical Review Board has already begun its work.

"We have adopted a comprehensive package of practical measures to redress the risk of landslides. These include greater priority for slopes close to busy roads and footpaths, identification of all those responsible for the safety of man-made slopes and closer monitoring of our drainage systems," Mr Patten said.

End/Wednesday, October 11, 1995

#### Positive steps to curb drug abuse

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The Government would continue to be vigilant against crime and to take positive steps to combat drug abuse, especially among the young, the Governor, the Rt Hon Christopher Patten, said today (Wednesday).

Mr Patten said drugs had been an area of concern in the past year.

"I chaired a conference on this vital issue in March this year, and I was encouraged by the determination of all of those involved to ensure that drug abuse is not allowed to spread to the mainstream of Hong Kong society, that its spread be halted or reversed.

"To assist in the battle against drugs, we will be asking this Council to provide \$350 million to establish a Beat Drugs Fund. The Fund will finance projects relating to drug abuse, preventive education, publicity, research, training, law enforcement and treatment and rehabilitation.

"These are the tools we must use to roll back drug abuse and to roll up the gangs of drug peddlers.

"We shall also provide additional resources aimed at reducing the demand for drugs. We shall be increasing the subventions to non-government organisations to help them meet the growing demand for their counselling, treatment and rehabilitation services.

"We shall also be establishing two additional residential treatment centres for young people who have fallen victim to opiate abuse. And there will be a new counselling centre to help people break free of their addiction to psychotropic drugs.

"The education of these young people must not be forgotten. Like other youngsters, they need the skills and training to help them make their way in life.

"This is now being addressed through a new package of assistance which includes the offer of a monthly grant to every drug treatment and rehabilitation agency to help them provide education for their young clients. This should be of particular value to those religious agencies offering therapeutic services to drug abusers.

"We have also taken action to help young abusers to continue their education after leaving a residential treatment programme, for example by making it easier for them to re-enter the school system."

The Governor said by almost any standard of comparison, be it North America, Europe or our neighbours in Asia, Hong Kong was a law-abiding community.

"Our crime rates are strikingly low by the standards of the developed world, and there is a profound respect in the community for our Police Force and for the other disciplined services.

"Over the past three years, I am pleased to be able to report that we have made considerable progress in tackling the two areas of crime which have been of greatest public concern."

He said the rate of violent crime had declined by 11 per cent and the number of armed robberies had declined by a remarkable 61 per cent.

"Our streets and our other public places are now safer. But the picture is not entirely rosy.

"Despite our success in reducing the level of violent crime and the number of armed robberies, and despite the fact that there are now 800 more police officers on our streets than there were in 1992, the overall crime rate has actually increased by just under six per cent.

"It might be a statistical blip, and we shall have to follow the figures very closely in the months ahead. But this is a statistic which has already rung alarm bells throughout the Government.

"We are deploying an extra 400 police officers on the streets this year, and we plan to deploy at least another 200 in the year ahead. We will take vigorous measures to counter any upsurge in criminal activity and to ensure our streets are safe," the Governor said.

End/Wednesday, October 11, 1995

#### Special priority in fight against corruption

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The Governor, the Rt Hon Christopher Patten, said today (Wednesday) the fight against corruption will be a special priority during the remaining months of the transition.

He said corruption was of acute concern.

"How could it be otherwise, with reports of corruption to the Independent Commission Against Corruption (ICAC) up 45 per cent since 1992. Part of this rise is likely to reflect the success of our campaign to encourage people to report corruption.

"But we cannot afford to fall back on such comfortable explanations. We have to go on battling corruption at every level and in every section of our society. We must make sure that corruption remains a high-risk activity for the offender."

Mr Patten said that in the coming year, the ICAC would step up its efforts to eliminate corruption.

"It will extend its Business Ethics campaign from the management to the working level. The aim is to provide staff at every level of business with an ethical framework in which corruption has no place.

"In a related initiative, the Hong Kong Ethics Development Centre will provide corruption prevention services to its clients and will launch detailed prevention programmes in co-operation with the leading chambers of commerce and professional bodies.

"The ICAC will also increase its efforts to curb cross-border corruption by improving its liaison and intelligence sharing with its counterparts in China. The Commissioner has just attended a major conference on corruption in Peking.

"This was an important opportunity for us to develop our links with China in the fight against corruption.

"Hong Kong has a distinguished record for fighting corruption. In the past 21 years, corrupt practices have been driven to the margins of our public and commercial life. That is where they must remain," said the Governor.

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#### Helping new immigrants from China to settle

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Much is being done, and will continue to be done to help new immigrants from China to integrate into Hong Kong society.

In his annual Policy Address to the Legislative Council today (Wednesday), the Governor, the Rt Hon Christopher Patten, said: "As 1997 approaches, we have to make practical arrangements to absorb the 64,000 children who now live in Guangdong and other parts of China but who will have a right of abode in Hong Kong under the Basic Law.

"We also have the long-standing problem of spouses resident in China but married to Hong Kong residents. We have taken steps to avoid a sudden influx of these children after 1997 which would put our housing, schools and other social services under serious strain.

"We arranged with the Chinese authorities for the daily quota of one way permit holders to increase from July this year from 105 to 150. This increase is to be used exclusively to reunite Hong Kong permanent residents with children and spouses," said the Governor.

"On the whole, the newcomers do adjust, supported by the powerful network of family which remains such a valuable feature of Hong Kong society. Nevertheless, adjustment to Hong Kong can be a challenge, especially in the difficult first few weeks.

"We intend to expand our orientation and information services which offer new arrivals advice on how to obtain the assistance of the social services if they need it.

"The children must be our first priority. In April, we launched a special programme to introduce newly-arrived children to Hong Kong life. We help them find school places, and we provide courses to assist some 6,000 of them to catch up with their Hong Kong classmates in key subjects.

"While most new arrivals seem to settle in quickly, our concern remains that some may face special difficulties in integrating fully into our society," Mr Patten said.

The Governor said the Home Affairs Department had been given direct responsibility for monitoring and assessing the services provided to ease the process of integration and to identify groups who are especially at risk.

"Through the District Officers' liaison network, we should be able to make sure our programmes reach those who need help and identify the most suitable approach for responding to the practical problems as they emerge at the district level," he added.

End/Wednesday, October 11, 1995

#### CS to look into handling of government business in LegCo

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The Chief Secretary has been asked to look into the best way of handling government business in the Legislative Council (LegCo), the Governor, the Rt Hon Christopher Patten, told the Legislative Council today (Wednesday).

The Governor said some people had suggested that there should be a more formal channel of communication between the executive and the legislature.

He said for various reasons LegCo members did not think his suggestion, three years ago, of establishing a Government-LegCo Committee was the right answer.

"I have an open mind on this subject. But I believe that all of us recognise that there are issues relating to the handling of government business in this Council which the administration needs to discuss with Members," he added.

The Governor said Hong Kong's peculiar constitution defines quite separate and distinct roles for the executive and the legislature.

"Policy formulation is clearly the responsibility of the executive. The Government is expected to give a lead. It will, I hope, be obvious from all I have said so far this afternoon that we will be providing that leadership.

"But this leadership must continue to be constrained by accountability, through this Council, to the community.

"The role of the Legislative Council is different.

"The community expects Members to scrutinise the Government's proposals carefully, to criticise where necessary and, at times, to protest against them. The Council has, of course, been doing this in the recent past, and in this sense, the role of the Council has not changed.

"But while the recent election has not given the Council a mandate to operate as an alternative administration, it is the first Council in Hong Kong's history to be entirely elected. Your mandate in performing your important oversight role has, therefore, clearly been enhanced," said Mr Patten.

"This Hong Kong system, with an executive-led administration accountable to an increasingly-elected legislature, has worked very well in the last four years.

"Despite all the gloomy forebodings in 1991, there has been no constitutional gridlock. On the contrary, the Government's legislative and financial programmes have been dealt with by the Council fairly and expeditiously.

"Over the last two years, the Government has presented some of the most complex and, frequently, controversial bills ever introduced into the Legislative Council. They have had far-reaching consequences for Hong Kong."

The Governor said these included constitutional development, setting up the fair and open system of elections which went off so successfully last month; establishing Hong Kong's Court of Final Appeal and ending uncertainty about our judicial system after 1997; creating legal remedies against discrimination on grounds of sex or disability; providing the funding and the corporate structure which will enable us to complete construction of the airport in just two years from now; and extending the right to membership of a properly-run provident fund to every member of the workforce.

"We will have just as much to do in this new session, and I am convinced that, given frank dialogue and goodwill, we can complete our agenda.

"The people of Hong Kong have high hopes, both of the Government and of this new Council. We must not fail them," said Mr Patten.

"The progress we have made in implementing the ambitious programme I announced in October 1992 would not have been possible without the support and encouragement of the Legislative Council.

"Almost all of these proposals had financial implications and, in some cases, needed legislation to give them effect. The same will be true of many of the proposals I have described this afternoon, and the many more new initiatives set out in the 1995 Policy Commitments.

"I think it is clear that unless we work together - the Legislative Council and the Government - any plans to improve services for the community will amount to nothing more than good intentions," the Governor said.

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#### Two former LegCo members appointed to ExCo

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The Governor, the Rt Hon Christopher Patten, has appointed Mr Vincent Cheng and Mr Jimmy McGregor, both former Legislative Councillors, to the Executive Council.

They will replace Baroness Dunn and Mr John Gray, who have resigned from the Executive Council this summer.

Mr Patten thanked Baroness Dunn, one of the community's most distinguished public servants, and Mr John Gray, who will be retiring from the chairmanship of the Hongkong Bank next year, for all their work.

"In my first Policy Address, I announced the separation of the Executive and Legislative Councils. It seemed to me that overlapping membership had impeded rather than facilitated the development of both Councils.

"I felt then, and still do, that members of the Executive Council would find it difficult to offer me frank and impartial advice if they also had loyalties to a political party.

"Equally, it would be difficult for members of the Legislative Council to perform their role of scrutinising frankly and critically the proposals put forward by the Government if they had already approved those proposals as Members of the Executive Council," he said.

Mr Patten said in the past, some LegCo members had called for seats in the ExCo, for an Executive Council which was representative of the Legislative Council.

"But to be frank, I have not detected much of a head of steam behind the idea this year.

"What is more, it is clear from what some members have said recently in public that if they were appointed to the Executive Council, they would find it impossible to accept the requirements of confidentiality and collective responsibility that have, with good reason, always been a principle of Executive Council membership.

"For these reasons, I believe it best to continue the separation of the two Councils' membership.

"I rely on the Executive Council for the wise counsel which can best be obtained from independent members of the community who have distinguished themselves in their own professional and business careers," said the Governor.

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#### Governor calls for constructive co-operation in LegCo

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The Governor, the Rt Hon Christopher Patten, has called for constructive co-operation in supporting some 50 pieces of legislation which the Government attached priority and planned to introduce into the Legislative Council this session.

"These will have a direct impact on the well-being of every family in Hong Kong," he said.

"My hope, my aim, is that we should be able to move forward by consensus wherever possible.

"This will involve members of this Council being ready to give their broad support to the Government's programme, and the Government, for its part, taking as much account as it can of Members' views while ensuring that the wider interests of the people of Hong Kong are safeguarded.

"Co-operation of this kind would not be fostered by unilateral action on either side," Mr Patten said.

"Some members of this Council have said that they intend to introduce Private Members' Bills on important issues of public policy early in the new session. That is, of course, within their right to decide, provided that their proposals do not have the object or effect of disposing of or charging any part of the public revenue.

"But I do wonder whether the public interest would be best served by this Council and the Government operating on parallel tracks rather than moving forward on an agreed basis.

"I would like to see greater co-operation in this area between the Government and this Council. Give and take will be needed on both sides.

"The Government is very ready to play its part. I hope that members of this Council will be ready to join the Government in this process, in the interests of the people of Hong Kong," said the Governor.

"For me, those interests must be paramount. If at any point I judge them to be in jeopardy, I may need to fall back on those constitutional powers which are in place for that purpose.

"Refusing assent to legislation would be a difficult decision for me to make. However, I would not shrink from doing so in a particular case if it were my honest view that this course of action would be in the best interests of Hong Kong," he explained.

"That said, and I want to stress this point, our collective aim must be to work not at the limits of our constitution but in the mainstream of constructive co-operation. I hope we can achieve a new level of effective dialogue to meet the expectations which the community has of both the Government and this Council," Mr Patten said.

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Liaison Office to be set up: Governor

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The Hong Kong Government is to establish a Liaison Office to provide an efficient central point of contact for the Preparatory Committee.

Addressing the Legislative Council today, the Governor, the Rt Hon Christopher Patten, said the Liaison Office would be a part of the Hong Kong Government, headed by the Secretary for Constitutional Affairs, staffed by civil servants, and would report directly to the Chief Secretary and to him.

Mr Patten said this proposal was one of several important agreements on matters affecting Hong Kong that were endorsed at a meeting last week between the Chinese Foreign Minister, Vice Premier Qian Qichen, and the Foreign Secretary, Mr Malcolm Rifkind.

"Much of the preparatory work for these agreements was carried out in Hong Kong in advance of the visit, and it is particularly encouraging to note the positive spirit in which they are being taken forward," Mr Patten said.

"This bodes well for improved co-operation over Hong Kong issues in the last two years of the transition."

As for the Chief Executive (Designate), Mr Patten said preliminary consideration had been given to the forms of assistance which the Government could render, and that this would be taken forward in discussions with the Chinese side.

Co-operation and understanding with the Chinese side would also be enhanced through the informal get-together sessions in Hong Kong between Hong Kong civil servants and Chinese officials, said the Governor.

"We hope that the first session will take place a few weeks from now," he said, "The intention is to enable Chinese officials to gain a better appreciation of the work done by our Heads of Branches and Departments and their perspectives of the future."

"It will also enable our senior colleagues to get to know the Chinese officials better. These occasions will enhance mutual understanding and will make it easier for the Civil Service to cope with the change of sovereignty and all its implications."

End/Wednesday, October 11, 1995

Significant progress on transition to China: Governor

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Significant progress has been made on major transitional issues in preparation for Hong Kong's return to Chinese sovereignty, according to the Governor, the Rt Hon Christopher Patten.

Opening the 1995-96 session of the Legislative Council today (Wednesday), Mr Patten said this was a great improvement from the formidable agenda of unfinished business which lay before him when he presented his first Policy Address to the Council in 1992.

These issues, on which little progress had been made in the Joint Liaison Group, involved business which was vital to Hong Kong's success, he said.

"After seven years of complex discussions on defence lands, we reached a comprehensive agreement in June 1994," Mr Patten said.

"This released nearly 140 hectares of land worth up to \$65 billion to provide more new homes, offices, hotels, open space and other community facilities.

"In June this year, we brought to a conclusion five years of arduous negotiations on the financing of our new airport. This means that the construction of the airport can proceed rapidly, and we shall be able to finish construction of the airport just two years from now.

"After almost four years of uncertainty since 1991, we reached agreement with the Chinese Government in June this year on the establishment of the Court of Final Appeal on 1 July 1997.

"While I know that this issue was the subject of heated debate in this Council, I believe the passage of the Bill has provided certainty about the continuity of our judicial system where previously there had been doubt and uncertainty."

Outstanding issues included the right of abode issue, the Governor said.

"People need certainty about their residence rights, their travel documents and visa-free access to foreign countries," he said.

"We shall go on raising these concerns in the JLG, as well as with the United Kingdom. Both the sovereign powers have an important contribution to make in reassuring Hong Kong people on these matters.

"We are almost halfway through our programme to replace United Kingdom statutes that at present apply to Hong Kong with appropriate Hong Kong legislation. We still have to enact a further 17 ordinances to complete the current programme.

"We also have a programme, largely technical, to adapt Hong Kong's laws to meet the requirements of our future status as a Special Administrative Region. We have examined all the Hong Kong Ordinances, numbering nearly 600, to see whether they need amendment to conform to the Basic Law."

So far, he said, detailed proposals had been presented for amending about 300 ordinances and the government aimed to complete proposals on the rest by the beginning of next year.

"It is imperative to ensure that there is no uncertainty about the status of any laws after the change of sovereignty," Mr Patten said.

On other matters, the Hong Kong Government would seek to build on last week's agreement in London between the British and Chinese Foreign Ministers to intensify efforts to develop Hong Kong's container port.

Air links provided a further example, said Mr Patten.

"We have been negotiating a distinct set of air services agreements with our aviation partners," he said.

"This involves separating air services agreements from those signed by the United Kingdom which also cover Hong Kong, and concluding agreements with new aviation partners."

Mr Patten said 11 such agreements had been signed, one had been initialled and awaited formal signature, and six more were waiting for the Chinese side's approval. A further four remained to be dealt with under the separation programme.

"We have also embarked on a new agenda of consultation and co-operation with China no less vital to our future prosperity," Mr Patten said.

"We have started a comprehensive series of briefings on our budgetary process. These are creating a solid foundation for the consultations with the Chinese Government which will be necessary for the special case of the 1997-98 Budget.

"We have set up a joint Infrastructure Co-ordinating Committee. This body has strengthened our cross-border co-operation, in particular on infrastructure and related matters.

"As we look ahead, we can draw encouragement from the fact that we have succeeded in making as much progress over the last three years as, arguably, in any other three-year period since the signing of the Joint Declaration. But I should add, so we should have done, for time is getting short."

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#### Unique session begins, says Governor

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The Governor, the Rt Hon Christopher Patten, believes that Hong Kong will be clearer and more confident about the future by this time next year.

Concluding his policy address to the Legislative Council today (Wednesday), he said: "By the time I address this Council next year, Hong Kong will be a very different place."

He is confident that Hong Kong economy will go on growing and the Civil Service will continue to raise both its sights and its standards in fulfilling this year's policy commitments.

"With the appointment of the Preparatory Committee, and the Chief Executive (Designate), a great deal of the speculation about the future should end," he said.

"This time next year, therefore, I will have a different task in my policy address. I will have to focus on how we are handing over Hong Kong in good order, with its stability intact and its prosperity secure. So today's speech is the last of its kind that I will make."

"I am confident that, whatever the difficulties, we will achieve as much progress in the final 21 months to July 1997 as we have achieved since 1992. This confidence is founded on the way that this community responds to all the challenges that it encounters," he added.

"It has been my hope that the men and women of this community would feel that they have a personal contribution to make to Hong Kong and its well-being.

"All our efforts to make the Government more open and accountable, to develop our civic institutions in line with our economic and social progress, have been based on the firm belief that individuals can make a difference."

The eyes of the world would be on Hong Kong as 1997 approached, he said.

Mr Patten said the twin tasks of developing a democratic administration while co-operating in the transition with the future government of the territory led the people of Hong Kong and the rest of the world to ask one simple question: "Is it all going to work?"

"My own answer is clear," he said. "Yes, Hong Kong will grow and succeed in freedom, stability and decency, provided its people want to do so strongly enough and have the self-confidence to recognise that the values that have made Hong Kong great are the values of the future, in Asia and the world as a whole.

"The future lies with those who can combine economic opportunity with human dignity and freedom."

Mr Patten added that one other pre-condition of success was to trust Hong Kong.

He hoped China would show that it did so by starting to talk to Members of the Legislative Council who are better placed than most to help others understand the key to Hong Kong's success.

"It is not long now, and everyday will count," he said.

"We should dedicate ourselves - Britain, China and Hong Kong - to using each of those days to help make this community's future secure," he said.

"That is what we owe the people of Hong Kong. That is what they expect of us. We must not fail them. My government, for its part, is determined to succeed."

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#### Governor's Policy Address on Internet

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The full text of the 1995 Policy Address of the Governor, the Rt Hon Christopher Patten, is also available on the Internet's World Wide Web at <http://www.hku.hk/hkgcsb/>

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