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Statement by the Governor in LegCo

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Following is a statement by the Governor, the Rt Hon Christopher Patten, in the Legislative Council today (Thursday) on his visit to Canada and the United States:

I should like to brief the Council on my official visit to Canada from 30 April to 3 May and to the United States from 3 May to 10 May.

In Canada I met the Prime Minister, the Minister of Foreign Affairs, the Minister of Citizenship and Immigration, the Minister for International Trade, the Secretary of State for Asia Pacific and other political figures. I addressed a number of large gatherings including a lunch for about 1200 people in Vancouver and a gala dinner for over 500 in Toronto.

My main purpose in Canada was to promote the case for visa-free access for SAR passport holders. I am glad to say that the Canadian Government accepted this case in principle though they made it clear that there were a number of detailed points which they wanted to have sorted out before they could reach a final view. These related principally to returnability, where we are in the process of providing reassurances to the Canadian Government, and to the question of right of abode, where we hope that expert talks with Chinese officials will provide the clarifications which Canada, together with other countries and the community here in Hong Kong, are seeking.

In the United States, I addressed large meetings in New York and then I went on to Washington where I made speeches to the National Press Club and the Heritage Foundation and had meetings with senior members of the Administration. I met the President, the Vice-President, the Secretary of State, the Secretary for the Treasury, the Secretary of Commerce, the Chairman of the National Security Council, the Chairman of the Economic Council, and other senior officials. On Capitol Hill, I had discussions with Senator Dole and the leadership of the Republican Party in the Senate; Senator Daschle, the Democratic Leader in the Senate; the majority leadership in the House of Representatives; the Senate Foreign Relations Committee; the House International Relations Committee; the House Ways and Means Committee; and many other congressmen.

My main purpose in America was to lobby for the unconditional renewal of MFN trading status for China, not putting China's arguments but making the case for Hong Kong. I think it is fair and accurate to say that as a result of my visit, the visit a week or so earlier by Mr. Martin Lee and Dr. Yeung Sum and the visit on which the Chief Secretary has just embarked, the United States will be taking very careful note of Hong Kong's concerns and interests in any decision that is made on MFN. In particular they will be acutely aware that Hong Kong's transition is at a very sensitive phase and that anything which damaged the economy, which a failure to renew MFN would do, would make a successful transition that much more difficult to achieve.

There was, understandably, huge interest in both Canada and the United States in the progress of the transition and in the prospects for Hong Kong's future. There was both a groundswell of goodwill towards Hong Kong, willing it to succeed; and at the same time growing expressions of scepticism about whether it would be able to do so. At meeting after meeting, I was pressed with questions about actions which had been taken by China and by the Preparatory Committee or by statements which had been made by them. Questions about the future of democratic institutions in Hong Kong, the future of the civil service, the future of the rule of law, and the future of the Bill of Rights. Would all these survive? Would they be damaged? Given China's actions, on what basis could I be sanguine about the future?

In response, I expressed my belief that the economy of Hong Kong would remain robust and would continue to grow; that Hong Kong people would continue to show the entrepreneurial skills and determination that had helped to make the territory the economic wonder that it had become; and that these same people would also demonstrate their determination to stand up for their autonomy after 1997, for the rule of law and for the freedoms they had been promised in the Joint Declaration.

I hope I was able to give some reassurance to the people who pressed me with their concerns and doubts. Many of them were businessmen, whose support and confidence Hong Kong will need in the future. Others were simply people who shared with Hong Kong a belief in the same values and civic freedoms and whose ardent hope is that these values and freedoms will remain and prosper here in the future. We cannot let their confidence falter. I hope that China and China's advisers will recognise the fragility of that confidence and seek to bolster it wherever possible through words and actions which underline their commitment to the Joint Declaration and everything it says. For our part, we in Hong Kong must continue to address the concerns of our friends overseas honestly and directly, and make clear that we are committed, fully and wholeheartedly, to Hong Kong's future autonomy and to the continuation of its way of life. I am sure that is something on which all of us here can agree.

End

Governor's question-and-answer session in LegCo

Following is the transcript of the question-and-answer session by the Governor, the Rt Hon Christopher Patten, in the Legislative Council today (Wednesday):

Mr Henry Tang (in Chinese): Thank you Mr President. Mr Governor, in Hong Kong the business sector and also the restaurant business are for environmental protection and for polluter pays principle, and so we are for the paying of sewage charges to improve water quality. And yet, in relation to restaurants, they pay 40% of the total and as for trade effluent surcharge, they pay 75%. Commissioner for Administrative Complaints has said that the way it's calculated is wrong.

So my question is, when do you propose the principle polluter pays and yet you fail to come up with statistics to show that the trade is responsible for 75% of pollution. So is this actually against the polluter pays principle?

Governor: I must be careful how I reply because as the honourable gentleman may be aware, some of my best friends are restaurants!

I'm delighted that the Honourable gentleman has asserted once again his belief in the polluter pays principle and this Council has done the same on numerous occasions. In my experience, and I speak as a former Secretary of State for the Environment in Britain, it's not only in Hong Kong where people are happy to sign up to the polluter pays principle, in principle, but are sometimes a little less enthusiastic about it in practice. We all think that it's the next person who is the polluter and that our own habit is wonderfully benign.

But, of course, the honourable member raises an issue which is of concern to the business sector and I daresay to those who visit restaurants, particularly those who visit restaurants frequently and inevitably see the charges which restaurants have to pay whether for electricity or telephones or sewage reflected in their bills at the end of the meals they consume. Because there has been an argument about TES, about the total bill which is paid by restaurants, about their share of the cost of dealing with pollution and about the extent to which they were consulted when the TES was brought in, we've agreed to get on with our review of the TES, an independent survey whose conclusions we will want to share with the Council and with the community so that we can modify the TES if that is required. We have no interest whatsoever in sticking to a form of charge which may be scientifically flawed or unfair. We have to get things right and as soon as the survey is completed and properly and thoroughly done, we will want to share our conclusions with this Council and with the industry.

But can I just make a couple of other points, and I make them just so that we can keep these arguments in perspective. I think that the extra costs which restaurants would have to bear during the coming year represent somewhere between 0.1 and 0.2 of their overall costs and I very much doubt whether an increase of that proportion is going to topple a business from profit into insolvency. The costs aren't I think as great as some of the others which the restaurant trade has to bear.

Secondly, of course one of the things that one hopes will follow from the polluter pays principle is the introduction by individuals and by commercial interests of the technology or the practices which will limit the amount of pollution which they themselves produce. It's clearly easier to see that done when you're talking about a large firm or a large manufacturing plant but there are also things which smaller polluters can do to limit the pollution and to limit the charge on them.

Mr Henry Tang (in Chinese): A very short follow-up please. Previously I was at the Labour Advisory Board for nine years and I do know that the Government is very good with figures in trying to sell something. If they want you to accept a point then they will give you statistics to show you that it's cheap, it's acceptable. So Mr Governor, when you talk about 0.1 or 0.2% increase, I hope that Mr Governor, you will be more careful with the way you interpret the statistics.

Now as for the survey that you mentioned, when will that be completed?

Governor: It will be completed later this year and as for the question of statistics, it's not only Governments which understandably lean on the statistics which they regard as being more central to their case, put it that way. But I think the statistics, the figures that we've given on sewage and the costs of dealing with environmental pollution are accurate. I understand that there are concerns about, not necessarily this year's increase, but the increases which people see in future years if we're to fully recover the cost of the strategic plan within a reasonable time. I understand the concerns about that and I'm sure those concerns will be expressed very vigorously to us during the course of the consultations that we'll be having with the Legislative Council. But if one votes for the polluter pays principle, if one votes for the establishment of a sewage services trading fund, the objective of which is by and large to, if it's not an inappropriate expression in the circumstances, wash its own face financially within a given period of time, then one somehow has to make the figures add up. Those are the statistics which are really awkward in these circumstances but those are the statistics that we're all left with at the end of the day.

Mr Choi Kan-pui (in Chinese): Mr President, Mr Governor, could you inform this Council, in relation to sewage charge in the Ordinance, now we have heard a lot of outcry and unhappiness in the trade and it is said that the pollutant database was incorrect and a lot of people did appeal and they were successful in their appeals. So that goes to show that when you worked out the pollutant level it was incorrect. So would the Government consider once again working out the level and the charges so that it will be fair and it will reflect the actual situation?

And then recently, the Administration has decided to increase the TES tremendously so that within three years it will be able to cover full costs. Why is it that you want to recover full costs within three years? Why can't it be extended to, let's say, 10 years? And if you increase by stages in 10 years, you will not have such a drastic increase.

Governor: On the first question, I don't think I can add very much to what I said earlier. We have undertaken, indeed we undertook some time ago, to review the TES. I hope that as a result of that review the number of people feeling obliged to appeal for variations of their TES rate will fall. The Secretary, I think, answered a question on this subject yesterday, giving all the latest figures, but clearly the more confidence there is in the basis for the Trade Effluent Surcharge, the fewer people, I guess, will in due course apply for a variation in the charge on them.

Secondly, the honourable gentleman asks about the period by which the Sewage Services Trading Fund should be covering its full costs. Let me say first of all that covering full costs is, in the case of the Sewage Services Trading Fund, a slight misnomer. We are not requiring the fund, as would be the case in other circumstances, to cope with depreciation, we are not requiring it to show a return on capital investment, and indeed the fund itself is not covering capital spending; that is being dealt with through the normal public sector programme and that makes it different from, I think, most other trading funds or from the principle of trading funds. In addition, the surplus made in the last year is being rolled over into this year in order to abate the charges that would otherwise be required. So we have limited the application of trading fund principles in order to try to reduce the overall costs.

We are proposing not a three year period to cover costs but a four year period. If there is pressure to extend the period beyond that, then obviously the consequence, it will be rather higher charges than might have been necessary later on and to some extent, later charge-payers subsidising earlier bills. But it may be that there are those who would think that was a fairer way of doing things. Clearly, judging by the enthusiasm with which these proposals have been greeted by the Council and others, we are going to find ourselves in quite a lengthy discussion about this. But I think all of us are looking for a sensible solution which enables us to clean up the environment without departing from the polluter-pays principle, or on the other hand without loading excessive charges on the customer.

The President: Mr Choi Kan-pui, do you wish to follow up?

Mr Choi Kan-pui: No.

Mrs Miriam Lau (in Chinese): Mr President, according to the '96 Annual Report of the EPD, in the past five years, for the beach quality it is deteriorating for the 56 beaches for the poor and extremely poor water quality we had ten or five years ago and now 19 beaches last year. Now, for the control of sewage, well it has been done for over a decade and a lot of taxpayers' money has been used. Starting from last year people had to pay sewage charges and in the coming days the charges will be increased but the water quality in Hong Kong has not improved significantly. So, Mr Governor, can you inform us of the following: How will the Administration convince the public that for the expensive sewage scheme it is effective and it is value for money?

Governor: I think as the honourable lady knows, we have only been trying to put this sewage strategy into place since 1992/93 and we have invested a considerable amount of cash in it. The objective is that by 1997 we should have reduced the pollution load in Victoria Harbour by about 70%, and that we should have reduced the pollution elsewhere, for example off some of the beaches in the south of the Island, significantly as well as a result of bringing the scheme on-stream. So I think at the moment that the most we could say is that we have stopped the problem getting worse and that we will see the real benefits when we have the opening of the treatment facilities on Stonecutters, we will see the real benefits with a reduction of about 70% in pollution in 1997.

I do not think that people who are concerned about charges think that we are marking-time in trying to introduce this important scheme. I think their greater concern is the level of the charge which they are not necessarily paying now but think they will be paying in the future. But I can assure the honourable lady that we will get on with the scheme as rapidly as we can. I have visited the construction site on Stonecutters - we would warmly welcome Honourable members visiting it if they would like - it is a very remarkable piece of civil engineering.

Mrs Miriam Lau (in Chinese): Mr President, a short follow up. Mr Governor mentioned the reduction of pollution in Victoria Harbour by 70%. Will the Administration set other indicators or objectives? Say, for the 56 beaches, for the 19 which cannot be used now, in future, in how many years will they be reopened so that the public can enjoy sunshine and the beaches, so that they will know that the sewage charges that they pay are really value for money?

Governor: It is very important - the honourable lady is right - it is very important to be able to demonstrate to people that additional costs that they may have to bear are bringing them a cleaner environment. And as the sewage strategy becomes comprehensive, or more or less comprehensive for the territory, I am sure we will want to point out the impact on individual beaches around the territory. And then I hope that people can enjoy them in fine weather, we all hope shark-free.

Mr Fred Li (in Chinese): Mr President, I am not talking about sewage, I would like to follow up on the North American trip. The Governor has been here for a few years. According to my observation, whenever he goes out for visits, no matter what countries he goes to he is usually more bold and audacious and he is off the beaten track, so usually, he will attract comments from the pro-China elements and China and recently from the Chambers of Commerce, of course. So a question for the Governor. I suggest when you are outside Hong Kong you feel freer or you seem to be more unconventional, but in Hong Kong your performance is not so brilliant.

The President: Well, I thought You were always brilliant.

Governor: That is what I like to hear from the President of the Legislative Council. I think that it is perhaps surprising, maybe even pleasing, to discover that I say things sometimes elsewhere which are exactly the same as the things I say in Hong Kong but I get attention from them, when I say them elsewhere, which I do not get when I say them in Hong Kong. Invariably, even, from Hong Kong newspapers.

My favourite comment on my trip to the United States was the newspaper correspondent of one of the leading world newspapers reporting from Hong Kong - and he quoted one or two Members of the Council in his article - but his main point was that the controversy in Hong Kong seems to be about things I had not said which had I said them would not have been regarded as controversial by anyone. If the Honourable Member can follow that contorted logic.

The truth of the matter is that the American newspapers were rather enthusiastic about the messages I gave. I thought a question like this might come up and I came, as they say, prepared - prepared with some of the headlines from speeches I made in the United States:

"Hong Kong to Lobby US on China. Governor - Don't Use Trade Status as a Weapon" (USA Today)

"Hong Kong Governor Due in US is Warily Bullish" (New York Times)

"China's Quest for US Trade Gets Unlikely Aid from Hong Kong's Patten"
(Wall Street Journal)

"Confident Note Struck by Patten of Hong Kong. Chris Patten says Hong Kong Shouldn't Fear Future with China" (Asian Wall Street Journal)

And so on. I can offer several more along similar lines. I am afraid though, that as I said in my earlier remarks, the headlines that people were most concerned about, the headlines which had shaped some of the questions that I found myself answering, were the headlines which had appeared in March and April and had not, frankly, conveyed a very reassuring picture about Hong Kong. I am sure that recent American television interviews will have created a rather more reassuring impression. But I do think that people should be aware of the consequences of their actions and of the consequences of things that they say. And to borrow a phrase, a colloquial phrase: it's a bit rich to criticise those who have to deal with the consequences of those things rather than to criticise those who have said the difficult and awkward and damaging things for Hong Kong in the first place.

Mr Fred Li (in Chinese): I wonder, in future, if the Governor can also fairly pass some messages to the Hong Kong media because according to our observations, when you are outside you work differently. I hope you are not saying that the foreign media are more concerned about Hong Kong than compared with the Hong Kong media, so when you meet the Hong Kong media please be more forthcoming.

Governor: I think that parts of the Hong Kong media, and I include in the list 'Ta Kung Pao' and 'Wen Wei Po', have occasionally had reason to criticise me but I hope they have never criticised me because I am catatonically boring. There may be other reasons for criticism, although that may be vanity on my part. And I do not seek to criticise the press, it is the last thing that one should do. "Never complain, never explain", a very wise political leader once said. I do not seek to criticise the press for the way they report me or do not report me. If you say the same thing frequently, perhaps people stop writing it down and putting it in headlines. If others find what I say more interesting when I am away from Hong Kong, or even when I am in Hong Kong, then so be it.

Mr Chim Pui-chung (in Chinese): Mr President, we are ordinary people, we are not saints. We do make mistakes. Mr Governor, as last time I paid tribute to you last time, on April 28, when you answered our questions you talked about after 1997, and you said that the UK or yourself probably will not have any more interest in Hong Kong, but now in the US you said something quite different. You said that the UK will continue to have a interest in Hong Kong for another 50 years. Can you be more specific? In other words, what are the things that you will be interested in and what are the things that you will not be interested in?

Governor: I don't recall ever saying on April 28, that after June 30, 1997, I wouldn't be interested in Hong Kong and UK Government wouldn't be interested in Hong Kong. That is the opposite of the situation and I hope the Honourable gentleman won't regard that as a provocation because I'm very keen that our warm relationship should continue through another year of these question sessions.

Let me say what the situation is and to express my surprise that it should every be regarded as controversial. The Joint Declaration is a guarantee of Hong Kong's way of life for 50 years after 1997. It's a guarantee which is embodied in a treaty signed by China and signed by the United Kingdom. If you sign a treaty giving a guarantee for 50 years, that places on your shoulders a moral obligation to take an interest in that treaty operating as it was supposed to operate for 50 years. And since the treaty is all about guarantees for Hong Kong's way of life, then it follows that that must remain a matter of substantial interest to the United Kingdom during the period of the treaty. Now I'm not quite sure why the NCNA and others regard that as a provocative observation. Nobody is suggesting that British Sovereignty doesn't come to an end on 30 June, 1997. Nobody is suggesting that because the treaty shows a continuing interest on Britain's part, that Britain is somehow trying to extend its influence in Hong Kong beyond 30 June, 1997. That's not the case either. But there is, has always been, and will continue to be a strong moral obligation on the United Kingdom and all those who've been associated with the United Kingdom's policy on Hong Kong so far as Hong Kong's maintenance of its values and freedoms are concerned for 50 years beyond 1997. Now the Prime Minister reasserted that extremely clearly when he was in Hong Kong a few months ago. It's been reasserted by the main spokesman on foreign affairs of the main opposition party in the United Kingdom. It is British policy, if you like across the board. It's a British commitment, not just a partisan commitment and I'm sure that Britain will want to live up to it and I'm sure that there will be those in Hong Kong who will want to make certain themselves that Britain lives up to it.

Mr Lee Cheuk-yan (in Chinese): Thank you Mr President. Mr Patten, in answering Mr Chim's question you said that the Joint Declaration will guarantee that our way of life will continue for 50 years unchanged. Now one of our traditions is that on June 4, we will have a vigil and next week there will be the seventh anniversary and then the previous Sunday there will be a democratic rally.

So my question is: after 1997, if the Hong Kong SAR through legislation bans such activities, do you think that that is a threat, a great threat to Hong Kong's prosperity and stability?

Governor: The practice that I've followed is to try not to answer hypothetical questions arguing always that real life is difficult enough without imagining problems for oneself in the future. But having said that, let me offer the Honourable gentleman a couple of personal reflections on what is an important issue.

At the moment the holding of peaceful political rallies, the holding of dignified vigils is clearly wholly within our law and our law reflects the Bill of Rights which reflects the application of the international covenants in Hong Kong. If the international covenants are to continue to apply to Hong Kong and our laws are to reflect that, then I can't see that there should be substantial changes in the way that people go about expressing their beliefs and expressing their own value systems.

Let me say something which is related to that. I read this morning and yesterday the transcript of Director Lu's remarks on an American television programme and I say straight away, without any qualification that reassuring remarks from Chinese officials are a lot more welcome to the community and to the international community than the opposite. But there were two or three points and one of them is very relevant to what the Honourable gentleman is saying, which caused me to have further thoughts when I read very carefully that text. First of all, if Chinese officials are keen on the development of democracy, what is wrong with the development of democracy represented by this Legislative Council today? I think that many members of the American audience as well as many members of the Hong Kong audience will puzzle a little about that. And if it is the case that democrats, or all parties, as the New China News Agency reminded us Director Lu had said, can play a part in Hong Kong after 1997, when is some sort of dialogue going to begin with those who will be part, apparently, of the political debate after 1997? Because sooner or later everybody knows that that dialogue will have to start.

But directly relevant to what the Honourable gentleman said is this, I noticed that Director Lu said democrats and other parties could take part in elections and the electoral process within the laws of Hong Kong. Well, what laws are we talking about? The Basic Law is perfectly clear, the laws today are perfectly clear. There are no laws today which stop democrats, whether democrats just one word or the Democratic Alliance for the Betterment of Hong Kong. No laws which stop them taking part in the electoral political life of Hong Kong.

So if we're to have the same freedoms and the same opportunities in the future, freedoms and opportunities guaranteed in the Joint Declaration that we have today, I see no reason why one should think in terms of constraints on the sort of activity which many democrats will be involved in over coming days.

Mr Lee Cheuk-yan (in Chinese): Mr Governor, you talk about the law and also what Mr Lu Ping said. Now Mr Governor, you only talk about the JD saying that all freedoms are guaranteed. But may I remind Mr Patten in the explanation given by Mr Shen Guofang, that is they will have to love the country and love Hong Kong. And so is there some difference between the JD and the Basic Law? Is there some difference, because in the Basic Law it says only those who love Hong Kong and love the country will be able to participate in elections?

Governor: I don't doubt the importance of an aspiration for patriotism on the part of those who seek a place in public service and in a sense that is reflected in the sort of oaths or declarations that men and women make when they enter a parliamentary assembly or when they become a judge. But legislating precisely for degrees of patriotism, particularly if you insist on being able to define that patriotism yourself, can lead one into a situation in which one is applying to legislators and others not an objective tests but a subjective test. And that, the Honourable gentleman may recall, is one of the, perhaps, principle issues on which our discussions about electoral arrangements broke down in 1993. I have never been able to see any reason against an objective test for, for example, legislators carrying through on the train beyond 1997, but a subjective test is a very different matter and I think it's difficult to reconcile a subjective test with the rule of law. Conceivably, you can accommodate a subjective test within rules and within laws but you can't accommodate a subjective test within the Rule of Law.

Mr Sin Chung-kai (in Chinese): Mr President, just now Mr Lee Cheuk-yan asked about the vigil on June 4. If the Preparatory Committee wants a place reserved in Victoria Park for celebratory activities and if the Hong Kong Alliance next year on June 4, also wants a place for a vigil, then what will you do Mr Governor?

Governor: Well, it's an interesting hypothetical question. There's a board game which some people play at Christmas called Moral Dilemma, and I think there is a limit to the amount that I'm prepared to play that game in public with the Legislative Council.

But, let me just repeat something I said earlier. So long as I'm Governor, I shall want to ensure that issues like freedom of speech and freedom of assembly are exercised within the law, a law which reflects the international covenants which apply in Hong Kong and I hope, very much, that my successor will take exactly the same point of view. I think it would be difficult to explain were my successor to take a different point of view but that is I think to look a long way down the barrel to 1998.

Mr Sin Chung-kai (in Chinese): Mr Governor, does it mean that you can assure us that for 4 June, 1997, the Hong Kong Alliance can still hold a vigil in Victoria Park?

Governor: I'm not sure whether the application has yet been framed. What I can tell the Honourable gentleman, and I hope that this is not a point which anybody is likely to dispute, what I can tell the Honourable gentleman is that so long as I am the Governor, the law will be applied in the way I described.

Can I add one other point. When I was answering questions, I think it was either the last time or the time before, I mentioned the figures for the number of public meetings that had taken place in Happy Valley. Not outside the Royal Hong Kong Jockey Club but outside another prestigious building, the New China News Agency Headquarters. And I mentioned the number of marches there had been to the New China News Agency Headquarters, I think the figures were 139 public meetings in two years and I think nine marches. And I said that in all that time there had only been one arrest. Now it's inconceivable I think that you could find figures like that. In other communities I think the number of arrests would probably have been far higher. In other words, I think it's unlikely that many other communities would have exercised their rights to assemble and their rights to march in such a peaceful and orderly way as happens in Hong Kong. In such a tranquil community, I don't think we should be too exercised about the law on assembly.

Mr David Chu: Mr Governor, can you comment on your relationship with the Hong Kong business community before and after your North America trip? And also what are you planning to do in the remaining 13 months of your office to improve the relationship with, and repair the international image of the Hong Kong business community?

Governor: Well, I think as far as repairing the image of, not the whole of the business community, but repairing the image of Hong Kong is concerned, the Honourable gentleman could pay a part. The Honourable gentleman was one of those members of the Preparatory Committee who was quoted, extensively, in the article which led to such excitement in other parts of the business community. I'm sure if the Honourable gentleman had spoken rather differently about his enthusiasm for Hong Kong's autonomy, democracy and civil liberties, the article would have turned out a little differently. So if the Honourable gentleman will join me in speaking up for those things which have made Hong Kong such a special and decent place, I'm sure that between us we'll be able to make an impact on international public opinion.

As for my relationships with the business community, I guess they're the same today as they were a month or six weeks ago. I doubt whether anybody has spoken up for the values which have made Hong Kong so economically prosperous. I doubt whether anybody has spoken up for those as much as I have or, if I may say so, got as much attention in the media for those speeches. I'm at the centre, or near the centre, of quite a lively controversy in Britain and Europe because of my advocacy of some of the business philosophy and economic philosophy here in Hong Kong. And I'll continue to point that out.

But let me just add a point to the Honourable gentleman. I'm sure the Honourable gentleman would agree that the Wall Street Journal is a newspaper which thoroughly endorses Hong Kong's approach to economic life, which warmly endorses the successes of the business community in Hong Kong. The Wall Street Journal, not the Asian Wall Street Journal, on May 15, had this to say in an interesting editorial, and it may well be misguided but this is an intelligent newspaper editorialising in Hong Kong: "As the people of Hong Kong find themselves facing seemingly impossible odds in a struggle to maintain liberties they have come to enjoy, it's getting harder to believe in happy endings after China takes over in 1997". That said, they go on: "We're not ready to give up on the Territory and its determined citizens". Now why are they editorialising like that? Because of a list of things which they then set out, many of which have been said or done by Chinese officials and Chinese advisors in the last two or three months. They conclude by saying that what they hope will happen is that more people will speak up for Hong Kong and speak up for Hong Kong's liberties and values. And that is something which I'm sure all of us would say amen to.

Mr David Chu: I don't have any follow-up question because if I do ask one the Governor may ask me to join him on his trip on the Britannia.

The President: It is a supplementary Governor. You may wish to respond to it.

Governor: Were I to take a trip on the Britannia, it would conceivably be with even more aristocratic, royal figures than the Honourable gentleman. A trip on the Britannia conceivably, a round the world cruise, I think perhaps the Honourable gentleman and I would both find that a bit too much.

The President: Mr Chu might invite you to ride on one of his Harley Davidson's which still have ups and downs.

Ms Chan Yuen-han (in Chinese): Mr President, coming back to the question of sewage charges, I wonder if the Governor is aware of this: when we have certain policies those policies will affect the livelihood of people. Now, we talk about the polluter-pays principle and we are also charging domestic sewage charges and so the point is, when your policy has been accepted will you then in implementation reflect the livelihood and interests of the general public, because there might be wrong calculations and the impact might be extremely great?

Governor: I agree with the honourable lady that we have to be very careful about the impact of a principle like polluter-pays, which is fine in theory, on the household budgets of individual families. As the Honourable lady knows, we have tried to ensure that those in the greatest need do not pay these charges or pay much less. And I think I am right in saying that about 60% of households will only have, as a result of the proposed increases, to pay about between \$1 and \$2.50 per month extra, and that 16% of domestic households will still pay nothing. So that is well over three-quarters who are paying a pretty limited amount.

But I do realise, not least because people have said it to me when I have gone out on district visits, that what people are concerned about in a sense is less the small figure for this year than the figures which they see for future years which they think are more substantial and which give them the impression that they are never going to get to the end of the road with this issue. So we have to explain to people and we have to discuss with the Honourable lady and other representatives of the community in this Council how we can stick to principles which I think the community by and large accepts, without hitting individual families too hard.

Ms Chan Yuen-han (in Chinese): Mr President, I wish to add, last year we started with a sewage charge and at that time people already voiced their concerns and in fact it is not actually a very, very small amount, and it is something that can really give you a bump, and in fact they will have to pay \$10 more. And if for the whole season they only pay \$100, then \$10 actually is quite a big amount and so when people voice their opposition to the sewage charge it is probably something that arose out of a wrong calculation and also in relation to the Trading Fund, so it is not a very meagre amount as depicted by the Governor a moment ago.

Governor: No, I do not think it is fair to say that we have got the figures wrong, because the increase for this year which has been proposed, if one also allows for inflation, is about what we were saying it would be 14-16 months ago. But I would just like to remind the honourable lady that 77% of domestic households pay less than \$15 of sewage charges per month. The honourable lady may think I am wrong but my hunch is that people are less concerned about that figure than they are about what the figure may be next year or the year after or the year after that, and it is in that area that I think we actually have to discuss with members of the Council how to accommodate our principles to what is going to be acceptable in the community.

I do not wish to be too tough in defending these principles. I do understand what the Honourable lady is saying and I can assure the Honourable lady that the points that she has made this afternoon, the points which other Honourable members have made are all points that have been made to me personally on the street, in people's flats, and most recently in a Well-Woman Clinic.

Mr Chan Wing-chan (in Chinese): Mr President, I am also on sewage charges. Mr Governor, you had two summit meetings on employment and yet they have not been too effective and recently we have got an unemployment figure and it is rising and we have about 90,000 people unemployed. Last year we started to levy sewage charges and also a Trade Effluent Surcharge and the people in the restaurant business experienced hardship. Now we have an increase in such charges and operating costs are rising and that will be the death-knell for the restaurant business and a lot of restaurants have to close down and a lot of people lose their jobs. So, Mr Governor, will the Government consider injecting funds into the Trading Fund so that there won't be any increases so that the burden on the restaurant business can be reduced? And if your answer is no, does that mean that you are unconcerned about the hardship of our community?

Governor: I am sure that were I to propose injecting a large amount of taxpayers' money into the Sewage Services Trading Fund some of those whom the honourable gentleman might sometimes call political allies and friends would be accusing me of welfarism, so I would have to be pretty careful about that.

I repeat what I said earlier, we have treated this Trading Fund in a completely different way from others. We have not made it take account of net depreciation, we have not been meeting capital requirements from the fund, we have not been insisting that the fund should allow for a return on capital investment, we have used some of the surplus that was built up in the last year to keep charges in the coming year lower than they would otherwise have been. These are all, in a way, departures from the normal principles of running a trading fund. I find it difficult to believe that the charges that have been proposed in the TES for example, are going to lead to the death of restaurants right across Hong Kong. And I suspect the honourable gentleman would think that was, on reflection, a trifle hyperbolic. But of course any increase in charges is unwelcome to a businessman, particularly one, perhaps, running a small business, and we must do everything we can in the way we manage the services for which businessmen pay to make them as cost-effective as possible and therefore as cheap as possible to those who use their services.

Mr Chan Wing-chan (in Chinese): May I follow up, Mr President. Mr Governor, you said that the surcharge would not lead to their closing-down, but in fact the burden is heavy. Mr Governor, you said that we should not use taxpayers' money for sewage treatment but the thing is, our people are paying a sewage charge and TES in support of environmental protection. Now they are in difficulties and we hope that the Government will share the expenses so that the environment can be improved in that way.

I am sure that, Mr Governor, when you come back one day you will find our harbour extremely clean. And I hope that, Mr Governor, you will once again consider my proposal, i.e. an injection of funds be made into the Trading Fund so that the environment can be protected and we have a more beautiful harbour.

The President: (inaudible) that statement.

Governor: The Legislative Council has voted not only for the polluter-pays principle but also for the Sewage Services Trading Fund which is the way that we apply that principle. Now I am sure I have said enough for most honourable members today to make the point that I am not trying to apply this principle in a dogmatic way which is careless of the impact on people's livelihoods. I can't make that much clearer than I have already.

I, too, hope that when I return frequently in the future that I will be able to see a clean harbour but it won't be a clean harbour at no cost, somebody will have paid for it.

The President: Is it not true that there is a rule that if you wish to come back to Hong Kong post-1997 you need to seek the permission of the future Chief Executive? And you might be feted by him - and by all kinds of restaurant owners.

Governor: As I have said earlier, that would be a great pity but conceivably better for my figure.

Mr James To (in Chinese): Last Thursday there was the second drug summit. I was out of town so I was not boycotting your summit but eight religious drug addiction treatment agencies boycotted your summit, so I felt regretful when I returned. Recently I can see that for these religious drug addiction treatment centres, in the past they hoped to get a subsidy but for these few years, at the Security Panel or at ACAN I could see that the Administration is dragging its feet, its very bureaucratic and is this regarding their quest for an upgrading of services. You can't blame individuals of course, it's because of the whole system. The Finance Branch, the SWD and the Narcotics Division are all involved but I hope that in your recent reply you will not simply say that they have had a good discussion with the Security Branch, there was just an illusion.

So my question is this: Can the Governor explore this matter further? Now these religious centres boycotted the summit so they do not take it lightly. There were deliberations and discussions. Is it true that there is just a posturing? But they are not politicians, they are not playing games, they are really front line workers, they are publicly recognised as doing the job very well. I hope that the Governor can look at this thing clearly. Please do not wait until October next year when you have the results of assessment. Before you get subsidies, please give prompt assistance?

Governor: Well, I think it was a pity that these organisations didn't take part in what was another extremely successful summit. I've seen some of their work for myself. I've taken an interest in their work myself and I think it was a pity that they thought this was the best way of drawing attention to their arguments. We hadn't had a particularly good meeting with them beforehand. We had a very long meeting. I think my officials spent over three hours at a meeting with them trying to match their demands, but at last were unable to do so.

Just let me though explain to the Honourable gentleman what the position is and put it in context. First of all, we're not arguing that treatment has to be a monopoly of one or two providers. We've just announced that we'll be subventing two substantial projects by Caritas and by the Hong Kong Christian Service to provide residential treatment for drug abusers and to provide a counselling service for psychotropic drug abusers. We've also been providing more assistance for the groups who decided, I think regrettably, (to boycott) that particular summit meeting. What are we doing? Well, we've clarified the arrangements on CSSA's for them. After I'd been to one of the centres that they run and heard from them first hand about their difficulties in funding education for young abusers, we've now made available a block grant which I think in the last few months of last year cost us about just over \$2 million for funding education and I think in a full year will cost about \$7.5 million. We also offered them at the meeting we held with them the other day, just over \$3 million to develop their counselling services to employ more social workers and we said beyond that that we would like in a genuine way, in a positive way, to consider the case for subvention but we couldn't do that without a proper assessment. If we were to provide subvention without assessment, I'm pretty sure myself that sooner or later the Finance Committee of this Council would have a word or two to say about it. What we explained to them was that an assessment wasn't a way of putting off helping them, that we would carry through an assessment as rapidly as we possibly could but that we wanted to have a proper job done. So I think the sooner we can get on with that the better. I want to see our relationship with them develop and broaden over the coming years. I think they have an extremely important part to play in the rehabilitation and treatment of drug abusers. As the Honourable gentleman will know, after an increase of about 250 per cent in the number of young drug abusers from 1990-94, we saw last year, for the first time in a long period, an actual fall in the number of young drug abusers and in particular a 27 per cent decline in the number of newly reported drug abusers. So we've started. It's no reason for complacency. We've started to see some slightly better figures and we've got to make the figures even better and those Christian organisations can play a very substantial role in that work and I hope will do so.

Mr James To (in Chinese): I hope the Governor can consider this, please speed up the assessment because this thing has been prolonged for many years. If you wait until October next year, it's not too good. Perhaps I will try my best to persuade them not to boycott the summit but perhaps they will boycott the small subsidy.

Governor: Well, I hope the Honourable gentleman will be able to persuade them to get into a helpful dialogue with us. It's in everybody's interests, not least theirs that we work together. We're genuine in wanting to do so but I think we're sensible to believe that there has to be a proper assessment for them as non-governmental organisations just as there would have to be for anybody else.

End

Airport committee gives green light to second runway project

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The Secretary for Economic Services, Mr Gordon Siu, today (Thursday) welcomed the agreement reached by the British and Chinese sides of the Airport Committee on the Airport Authority's (AA) proposal to proceed as quickly as possible with the construction of the second runway (and associated facilities) at the new airport at Chek Lap Kok.

"The agreement signed this morning with the Chinese side to bring forward the commissioning of the second runway is excellent news. It will mean that planes could be using the second runway at the new airport by October 1998 at the earliest, just six months after the opening of the first runway in April 1998," Mr Siu said.

"The decision to bring forward the construction of the second runway marks another important milestone in the development of the new airport at Chek Lap Kok and ensures that Hong Kong maintains its status as a centre of international and regional aviation."

He said based on revised air traffic demand forecasts, the earlier construction of the second runway (and associated facilities) will ensure that the new airport would be able to meet the projected demand for aircraft movement during peak periods within desired operational service standards.

"This will support Hong Kong's role as a tourist destination, a trade and financial services centre, and an attractive location for doing business with China and the Asia Pacific region and thus bring economic benefits to the community as a whole," he said.

Mr Siu said AA would begin design and preparatory work next month and the target commissioning date of the second runway would be October 1998 at the earliest.

On this time-frame, the Authority estimates that the construction cost of the AA works, consist of the design and construction of the second runway and the northwest concourse, will be about \$4.3 billion in money of the day.

Under the terms of the agreed minute signed by the British and Chinese sides this morning, all costs incurred by AA in respect of the second runway (and associated facilities) project up to the time the first phase of the new airport is completed will be financed by borrowings.

Such borrowings will not need to be guaranteed by the Government, and there will be no need for the Government to provide additional equity to AA for the second runway project.

In addition the Government will, on its part, need to provide extra facilities and equipment to support the operation of the second runway at an estimated cost of about \$600 million in money of the day.

The Government's facilities include additional air navigational guidance equipment and runway monitoring system as well as a back-up air traffic control complex for the Civil Aviation Department, additional meteorological equipment and systems for the Royal Observatory and extra facilities for the Police.

Mr Siu said the Government would shortly seek the approval of the Legislative Council's Finance Committee for funds for the government facilities to support the operation of the second runway.

According to AA's current business plan, it was envisaged that construction of the second runway would start in 1998 for completion in 2001.

However, the findings of recent studies by AA in consultation with the Government indicated a strong case for commissioning the second runway and the northwest concourse as soon as practical after airport opening.

In the light of the latest air traffic demand forecasts, increased throughput at Kai Tak up to closure and revised estimates of runway capacity at airport opening, the studies concluded that the new airport with a single runway will be unable to cope with the projected demand for aircraft movements during peak periods, within desired operational service standards.

The case to advance the commissioning of the second runway was strengthened by the fact that proceeding with early construction will produce savings in mobilisation costs and thereby lower construction costs.

All new construction works will be planned sequentially making use of contractors' resources and AA's supervisory staff as they become available on completion of the corresponding works on the first phase of the airport.

"We therefore believe that it is cost effective to proceed with the second runway and associated facilities as soon as possible," said Mr Siu.

He said proceeding with the second runway now would not have any adverse impact on the completion date of the first phase of the airport project.

End

Hong Kong people to speak up to defend promised autonomy

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The Chief Secretary, Mrs Anson Chan, called upon the people of Hong Kong to put aside narrow sectional and self-interest and speak up and speak out to defend its institutions, its values and the autonomy promised to Hong Kong in the remaining days of the transition.

Speaking at the luncheon meeting of the Commonwealth Club and the Hong Kong Association of Northern California in San Francisco, USA, on Wednesday (May 29, San Francisco time), Mrs Chan said in the 12 years since Britain and China signed the Joint Declaration, both sovereign powers had worked hard to make a reality of the promises in the Joint Declaration and the Basic Law.

"In the remaining days of our transition, it is the wish of all parties concerned, Britain, China and Hong Kong, to step up co-operation so that we can achieve a smooth transition," she said.

"I do not doubt the sincerity of Chinese leaders to fully implement the promises in the Joint Declaration and the Basic Law. But I am equally convinced that Hong Kong people will have to rely more and more on themselves to make a reality of the 'one country, two systems' concept."

Mrs Chan said a large number of important agreements had been reached between the two sides to enable the future Special Administrative Region Government to truly exercise the promised high degree of autonomy.

These included the continuation of 200 international conventions and agreements, the setting up of Hong Kong's own Court of Final Appeal on 1 July 1997, and the financing of the new airport which will be operational in early 1998.

"It is a pity that the progress made with Chinese co-operation has not received nearly as much publicity as have our disagreements with China," Mrs Chan said.

She noted that the main outstanding question on the political front was the transition of the legislature.

"The Joint Declaration and the Basic Law both provide for the legislature of the HKSAR to be returned by elections," she said.

She said it was crucially important that elections for the legislative assembly of SAR were demonstrably free and fair so as to enjoy the community's confidence.

"Hong Kong is a free and open society. All political parties which have the support of Hong Kong people should be allowed a voice in the process of the political transition."

She welcomed Director Lu Ping's recent remarks that all political parties including the Democratic Party could participate in post-1998 elections provided they complied with local laws.

Mrs Chan said the transition of the Executive arm of the Government was another important issue.

"As the head of the 190,000-strong civil service; I have emphasised to Chinese leaders during my visits to Beijing the need to preserve the essential meritocracy and political neutrality of our civil service.

"The civil service is well prepared for the transition - virtually all key posts are now filled by qualified local officers who under the Basic Law can continue to serve after 1997.

"Indeed, Chinese leaders have made it clear that they hope all civil servants will continue to serve the future SAR," said Mrs Chan.

Concluding her speech Mrs Chan said the difficulties which Hong Kong might encounter in the final phase of transition would not extinguish its indomitable spirit of progress and its will to win.

"Given the strength of our economic fundamentals, China's massive economic, political and diplomatic self-interest in a successful Hong Kong, but above all, the determination of Hong Kong people to succeed, and with their proven track record of beating the odds, I am sure in my own heart that we will get there," she said.

The Chief Secretary said she expected Hong Kong's friends and trading partners, including the Americans, would maintain an interest in and be with Hong Kong all the way.

San Francisco is the second leg of Mrs Chan's three-week long, seven-city tour of the United States.

End

CS states HK's case for extension of China's MFN status

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The Chief Secretary, Mrs Anson Chan, said Hong Kong would be lobbying the US Congress for its support for the unconditional renewal of China's Most Favoured Nation (MFN) status.

Speaking at a dinner hosted by the Asia-Pacific Research Centre of the Stanford University in the United States on Wednesday (May 29, San Francisco time), Mrs Chan said the openness of Hong Kong's economy made it very vulnerable to any action which impeded the free flow of trade.

"This is particularly true when trade tensions affect the relationship between our two largest trading partners, the United States and China," she said.

In stating Hong Kong's case for the unconditional extension of MFN for China, Mrs Chan said there were two components of Hong Kong's arguments.

Firstly, she said: "The general argument is that we in Hong Kong believe in free trade, and we believe that your (the United States) government's policy of constructive engagement with China is the only policy which offers the best hope of progress on the full range of issues of concern to you, to Hong Kong and to anyone who share our values.

"Secondly, the particular argument, or if you prefer it, the special pleading, is that Hong Kong could suffer severely if China's MFN status is not renewed or is conditional.

"We could lose up to 90,000 jobs. We could lose up to three-fifths of our expected GDP growth."

Mrs Chan said Hong Kong was grateful for the US Government's understanding on the issue and, in particular, for President Clinton's decision to renew MFN for another year.

The Chief Secretary hoped that the United States and China could reach an agreement on the control of intellectual property piracy before the June 17 deadline and that MFN status for China would be renewed without conditions.

End

Statement by Equal Opportunities Commission

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The Chairperson of the Equal Opportunities Commission (EOC), Dr Fanny Cheung Mui-ching, is fully aware of public aspirations for the Commission to eliminate discrimination in the community. She is fully committed to the cause of enhancing equal opportunities for persons with a disability and between women and men.

To help rectify discriminatory attitudes in the community, the Commission will map out a comprehensive public education programme and publicity strategy as a matter of priority.

EOC considers it irresponsible to publicly condemn or exonerate any party which may be a subject of complaint. This defeats the spirit of fair investigation and prejudices its outcome.

Simplified comments may not be the most effective way to help the public to understand the legal and contextual considerations involved in determining whether an act is discriminatory according to the Sex and Disability Discrimination Ordinances.

Dr Cheung has met and will continue to meet with women's and other concern groups to exchange views on ways to enhance equal opportunities for the disadvantaged groups.

On some recent incidents, Dr Cheung reiterated that employers should be more sensitive to changes in social norms and the needs of the employees in formulating dress code, with a view to eliminating unnecessary gender stereotyping.

She also believes that where misconceptions or misunderstandings are involved, it is important for the parties concerned to engage in dialogue and explain their views.

In the case of the primary health care centre in a residential development, the authorities can help by explaining to the residents as fully as possible about the facilities to alleviate any possible misconceptions and unnecessary worries. This helps facilitate their acceptance of the disadvantaged groups into the community.

End

HK should seize opportunities beyond transition: FS

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Please note that the following press release is embargoed until 8.30 pm this (Thursday) evening.

The Financial Secretary, Mr Donald Tsang, today (Thursday) urged the people of Hong Kong to pull together and seize the opportunities that lie beyond the transition.

Speaking at a luncheon hosted by the Hong Kong Association in London, Mr Tsang said the prospects for Hong Kong's economy were breathtaking if it adopted a long-term perspective now and developed the skills that were needed for a successful future.

"To continue to be successful Hong Kong must continue to excel in what Hong Kong has always excelled at - giving people what they want through the mechanism of the market," he said.

He said Hong Kong's economy and dynamism would be sustained increasingly by trade in goods and services in the region.

"Our markets will be in the most economically dynamic region in the world - East Asia - a region where GDP per head is doubling every 10 years and which is crying out for the type of sophisticated services that we must be ready to supply.

"In some cases our skills will be complementary to those offered in other regional centres, and I do not see Hong Kong competing head on with other regional economies.

"The East Asian market is simply too large. We should rather work together and contribute more effectively those services in our own niche.

"And let's not forget China, which is likely to enjoy continued sustained high real growth rates, forecast at between eight and nine per cent a year, well into the next century," said Mr Tsang.

He said the China market for Hong Kong goods, expertise, finance and skilled labour would keep on expanding.

He envisaged that the real growth of Hong Kong's economy would burst through the current five per cent level and reach six to seven per cent a year before the end of this century.

"Hong Kong already had a developed economy, so even I in my enthusiasm do not envisage a return to double-digit growth in future.

"Nor would I wish to see a return to the problems - in terms of inflation, critical labour shortages and resource constraints - that accompanies such high growth rates.

"And I can see Hong Kong taking its rightful place in the world of the 21st century - as a centre of excellence, management expertise and financial intermediation; as a regional financial and telecommunications hub; as a high-tech manufacturing centre and trading location second to none; and as the place for skills training," said Mr Tsang.

He said Hong Kong people should concentrate their mind on the opportunities that lie beyond July 1, 1997.

He also gave an outline on the preparation of next year's transitional budget.

The Expert Group set up under the Sino-British Joint Liaison Group for this purpose had worked pragmatically and was now set to embark on a joint enterprise of preparing it, said Mr Tsang.

"We already have agreement that the 1997-98 Budget will be a full 12-month budget, and so I have no concerns about its effect on a smooth transition," he said.

"We will thus have the funds to ensure continuity in all our public services and certainly in our financial and taxation policies. This is surely in the interest of everyone."

It would be a budget drawn up by the same team that drew up this year's budget, with the full co-operation of the Chinese side, and it would stick to the tried and tested system of financial management and fiscal principles that have served Hong Kong so well in the past, Mr Tsang said.

"All of this recognised by the Chinese side as being consistent with the Basic Law, and they fully agree that we should continue to abide by our principles in the transitional budget and beyond.

"There is no question of compromising our fiscal autonomy by working with the Chinese side," he said.

Mr Tsang said he expected next year's Budget to be as successful as the one for this year.

"We will move forward through the budgetary process on the basis of rapid consensus on each major issue as it arises, and with this the normal budget preparation timetable will be followed," he added.

End

Award of Queen's Commendation for Bravery in the Air

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Her Majesty The Queen has approved the award of the Queen's Commendation for Bravery in the Air to an Aircrewman of the Government Flying Service, Mr Raymond Chang Yao-teng.

The commendation will be officially announced in the Government Gazette tomorrow (Friday).

Mr Chang was the winchman of a Government Flying Service (GFS) helicopter which was tasked to rescue a seriously injured crew member of a fishing boat on Christmas morning 1995.

When the helicopter arrived at the fishing boat 125 nautical miles east of Hong Kong the conditions were very difficult. The wind was 30 to 35 knots from the north east and gusting to a much higher speed and the sea was extremely rough with waves estimated at 20 feet from trough to crest.

In addition, the fishing boat, which had few clear areas on which Mr Chang could make a winched landing, was pitching and rolling wildly through 20 to 30 degrees.

Mr Chang's first attempt at landing on the fishing boat only resulted in him being "dunked" in the very rough sea. Shortly after this unsuccessful attempt a radio message was received from the fishing boat that the casualty would die if he did not receive hospital treatment.

Mr Chang immediately insisted on making another attempt which this time was successful - albeit his landing on the pitching and rolling deck was very heavy.

Mr Chang then went immediately to the vessel's engine room and set about giving the injured man first aid and preparing him for the helicopter lift. He was compelled to work rapidly in the tiny engine room of the wildly tossing boat because of the casualty's deteriorating condition and the helicopter's limited endurance.

After 25 minutes the casualty was transferred to the stern deck of the boat, and the helicopter crew attempted to anticipate the movement of the boat before starting the lift. But as the cable was tensioned the boat pitched violently upwards and Mr Chang, who had the casualty positioned horizontally in a stretcher in front of him, collided heavily with the overhanging roof.

He suffered facial injuries and badly bruised ribs but he continued with the lift, and he and the casualty were successfully recovered to the helicopter. On arrival in Hong Kong the casualty was immediately transferred to hospital.

Mr Chang made his descent to the fishing boat in the full knowledge of the greater danger posed by the conditions. Once on board he worked coolly and skilfully under the most difficult circumstances. When he was injured during the helicopter lift from the boat he continued undeterred with the rescue of the casualty.

Mr Chang displayed selfless bravery and a total disregard for his own safety throughout this incident. The casualty undoubtedly owes his recovery, and very probably his life, to Mr Chang's courage and determination.

Meanwhile, three other GFS officers who took part in the same rescue mission have also been informed that they will be awarded the Governor's commendations for their flying skills, courage and determination in the operation.

They are: the captain of the aircraft, Volunteer Pilot, Mr Geoffrey Wayne Smith; Pilot I, Mr James Arthur Stokes; and Aircrewman, Mr Mason Ng Wai-cheong.

In a separate airborne mission on the same day, the part played by another three crew members of a GFS fixed-wing aircraft "Kingair" in a difficult search and rescue operation following the sinking of an ocean-going vessel in atrocious weather was also duly recognised with the award of Governor's Commendation.

The same aircraft and crew also acted as 'shepherd' during the helicopter rescue earlier in the fishing boat incident.

The three officers are: Pilot I (In Command), Mr Calvin Shum Chi-wai; Senior Pilot, Mr Wayne Franklin Parsons; and Aircrewman, Mr Libby Lee Kwok-leung.

End

One-way gyratory traffic management scheme for Kennedy Town

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The Transport Department today (Thursday) announces a new one-way gyratory traffic management scheme to be implemented from Saturday (June 1) to improve traffic flows in Kennedy Town.

A spokesman of the department said the new scheme would facilitate the redevelopment of Kennedy Town and enhance a smooth operation of the road network in anticipation of the opening of Western Harbour Crossing, Belcher Bay Link and Smithfield Extension.

The key elements of the scheme include:

- * re-routing of Catchick Street to one-way eastbound and Belcher's Street to one-way westbound. The two carriageways together with Sands Street and Cadogan Street will form a one-way gyratory system to carry local traffic;
- * opening of Rock Hill Street Extension to segregate through traffic via Sands Street, Rock Hill Street Extension, Forbes Street, Cadogan Street and Kennedy Town New Praya;
- * re-alignment of tram tracks to the southern side of Catchick Street for westbound stops and the provision of new eastbound tram platforms to enhance passenger safety;
- * adjustment of clearway restrictions to regulate kerbside activities; and
- * improvement of pedestrian crossing facilities at road junctions.

The spokesman said successful implementation of the scheme would improve existing traffic conditions in the Western District.

He said the new traffic management scheme would be reviewed when all remaining road works were completed.

It would be further assessed after the opening of Western Harbour Crossing next year, he added.

End

Policy of "Maximum Support, Minimum Intervention" stressed

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The Director-General of Industry, Mrs Regina Ip, today (Thursday) said continued adherence to the market-driven system coupled with maximum infrastructural support by Government was key to Hong Kong's success in maintaining a strong, regional manufacturing base into the next century.

In her keynote speech at a conference on "Business in Hong Kong: 2000 and Beyond" organised by the American Chamber of Commerce in Hong Kong, Mrs Ip said Hong Kong's remarkable economic success was clear evidence that the market-driven approach was much more effective than the heavy hand of the Government in propelling economic development.

"While the Hong Kong Government does not have an interventionist industrial policy, the Hong Kong Government firmly believes in the importance of the manufacturing sector and has consistently adopted a policy of 'Maximum Support, Minimum Intervention'.

"Notwithstanding the much lighter hand of Government in managing the economic life of Hong Kong, our market-driven system has delivered notable successes in many areas. The development of Information Technology is the case in point," she said.

Mrs Ip noted that propelled by market forces, Hong Kong entrepreneurs had built a highly sophisticated, advanced telecoms system providing a strong foundation for Hong Kong to make extensive use of the Internet.

"Whereas a regional neighbour intent on developing IT has only three Internet Service Providers (ISPs), by the latest count Hong Kong has over 60," she said.

With funding from the Industrial Support Fund, a local university has built the Hong Kong Internet Exchange to provide a common ethernet line to interconnect local ISPs via leased lines with T1 speed.

This year, it is proceeding to upgrade the existing backbone and build a regional information infrastructure to increase significantly the capacity of the existing backbone, and to provide for future anticipated broadband multimedia applications on the Internet.

The Director-General stressed that the Government was not always 'non-interventionist', and that 'non intervention' was not equivalent to absence of support.

"Although the Government steadfastly believes that it makes much better economic sense to let market forces rather than bureaucrats drive the economic life of Hong Kong, the Government has actually seen fit to intervene in the market-place from time to time, primarily where there is a market failure, or where the market is not functioning as effectively as it should," said Mrs Ip.

By virtue of the 'public goods' nature of scientific discoveries and knowledge creation, and the fact that Hong Kong firms generally have shorter time-horizons, and are constrained by small firm size, the Government has introduced the Industrial Support Fund, the Applied R andD Scheme, and the Co-operative Applied R andD Scheme in recent years to stimulate applied R andD that would help raise the technological level of Hong Kong's industries.

"To encourage applied R&D, technology transfer, product and process innovation, the Government has since April 1994 allocated nearly \$900 million to fund projects that contribute to technological upgrading," she said.

Mrs Ip pointed out that, apart from the Government's market-oriented policies, Hong Kong's strategic fit with China was another advantage which should provide a firm foundation for the territory's future success.

"Our proximity to China is important not only as a market but as a resource for the next stage of Hong Kong's industrial development.

"Given the vast pool of applied R&D expertise in China, and Hong Kong's happy knack for commercialisation and product development, there is plenty of room for collaboration between the Mainland and Hong Kong in undertaking applied R&D, developing new products and producing, marketing and distributing them", she said.

Mrs Ip also paid tribute to Hong Kong's entrepreneurs, who, without any subsidies or guidance from government, had scored many successes in manufacturing.

She pointed out they were noted for their quick response; ability to spot market trends and produce products which appeal to changing consumer taste; and their expertise in the management of global production.

End

Subsidy for elderly to install emergency alarm

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Elderly recipients of Comprehensive Social Security Assistance (CSSA) who are in need of the service of an emergency alarm system can apply a special grant for the installation.

Announcing this today (Thursday), a Social Welfare Department spokesman said the grant is payable on a reimbursement basis up to the prescribed maximum.

To qualify for the grant, he said, the recipient should be:

- (a) aged 70 or above (or aged 60 - 69 in receipt of a standard rate for being 100 per cent disabled or in need of constant attendance); and
- (b) a single person, or living with a family with no-one able to take good care of him (for example, the other family member is infirm or disabled).

"Eligible recipients are free to choose any emergency alarm system which they consider could best suit their needs," he said, adding that the current systems on the market charge either a one-off installation fee or a recurrent service charge.

The grant covers the one-off installation cost, up to a maximum of \$2,500 or the recurrent service charges, up to a maximum of \$100 a month.

"Where justified, higher amounts can also be approved," the spokesman said.

End

Revised fees for seafarers services to be gazetted

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The revised Merchant Shipping (Seafarers)(Fees) Regulation and Merchant Shipping (Fees) (Amendment)(No 2) Regulation 1996 will be gazetted tomorrow (Friday), a Marine Department spokesman said today.

The two amended regulations will provide the fees and charges system for implementing the various licensing systems and services provided under the Merchant Shipping (Seafarers) Ordinance.

"Certain rules presently provided for by United Kingdom enactments relating to seafarers which apply to Hong Kong will cease to have effect after June 30, 1997," a spokesman of the Marine Department said.

To localise United Kingdom legislation relating to seafarers, the Legislative Council passed the Merchant Shipping (Seafarers) Ordinance on June 14 last year.

To provide a comprehensive body of laws relating to seafarers, 28 sets of regulations/rules relating to health, safety and welfare of seafarers, and mercantile marine industry, have been prepared under the ordinance and were gazetted in last December and January this year.

"With the exception of the Merchant Shipping (Seafarers)(Fees) Regulation and the Merchant Shipping (Fees)(Amendments) Regulation 1996, the other regulations/rules have been endorsed by the Legislative Council," the spokesman said.

"In the absence of a proper fees and charges system for implementing the various licensing systems and services provide under the ordinance, it was not possible to bring the ordinance and its subsidiary legislation into operation as originally planned on March 1, 1996," he said.

The revised Merchant Shipping (Seafarers)(Fees) Regulation incorporated 132 fee items which are at present stipulated under other merchant shipping legislation and introduces 10 new fee items.

"Of these 132 items, 51 will simply be transferred from other existing legislation with no increase in fees; for another 74 items an increase of 10 per cent is proposed while the remaining seven fee items which have not been revised since 1966 or 1975 an increase exceeding 10 per cent is proposed," the spokesman said.

There are altogether 21 fee items under the Merchant Shipping (Fees)(Amendment)(No 2) Regulation 1996.

"It is proposed that all the fee items in this Regulation be revised by 10 per cent to bring them more in line with current price levels," the spokesman said.

"The proposed fees under the Merchant Shipping (Seafarers)(Fees) Regulation and the Merchant Shipping (Fees)(Amendment)(No 2) 1996 recover about 22 per cent and 41 per cent of the total costs incurred in providing the services respectively.

"The fees set under the two regulations have lessened the impact on service users. In practice many of the fee items under the Merchant Shipping (Seafarers)(Fees) Regulation are paid by the employers rather than seafarers and many of the fee items are one-off charges.

"The impact of the fee proposals under the Merchant Shipping (Fees)(Amendment)(No 2) Regulation 1996 will be insignificant as all the fee items are to be revised by 10 per cent.

"The overall effect on the livelihood of seafarers will be negligible."

The two regulations are expected to take effect on September 2.

End

Hong Kong to be honoured at Royal Tournament

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With just over one year to go before the transfer of sovereignty, Hong Kong is to be honoured with a special feature at this year's Royal Tournament, the famous and historic traditional military pageant held annually in London.

In an additional gesture which marks the vital contribution of the British Garrison over the years to the success story of Hong Kong, the Governor, the Rt Hon Christopher Patten, has been invited to take the salute at one of the performances.

The Hong Kong Military Service Corps (HKMSC), together with the Royal Hong Kong Police (RHKP) Band, are to perform jointly at the 1996 Tournament, to be held in London from July 9 to 20.

The 10-minute act will incorporate two 60-foot dragons, each uniquely be carried on motor cycles, and four lion dance teams, all performing to the music of the RHKP Band.

The teams will all be HKMSC soldiers who, together with the band, are flying to the United Kingdom specifically to take part in the event. It is believed to be the largest combined demonstration of dragon and lion dance teams ever seen in Britain.

The Royal Tournament, which is always attended by members of the Royal family and is broadcast live on national UK television, is a prestigious and high profile annual event staged in London by Britain's Armed Forces for over 50 years.

It will be held at the Earls Court Exhibition Centre with two performances on each day for 10 days and the pageant is watched by thousands of people.

The Governor will take the salute at the evening performance on July 13 and he will be escorted during his visit to the Tournament by Commander British Forces Hong Kong, Major General Bryan Dutton.

Invitations to take the salute at a performance of the Royal Tournament are issued by the organisers only to those whom they especially wish to honour.

A full dress rehearsal for the Tournament will be held at 3 pm tomorrow (Friday) in the Gun Club Hill Barracks and all members of the HKMSC dance teams as well as the RHKP Band will be participating.

To avoid the expense of air freighting, the display's motor cycles have already been shipped to UK. In this rehearsal, the teams will therefore be on foot when carrying the dragons.

End

Hiking safety booklet for public published

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A booklet outlining basic safety hints and guidelines for hikers is now available free of charge for members of the public.

The "Safety Hints on Hiking" can be collected at four Agriculture and Fisheries Department (AFD) managed visitor centres at country parks in Aberdeen, Tai Mo Shan, Clear Water Bay and Shing Mun; as well as the Lions Nature Education Centre, Tsiu Hang, Sai Kung.

Copies of the booklet are available on request now at the territory's 10 map sales centres and the Hong Kong Scout Association's offices in Oi Kwan Road, Wan Chai, and Austin Road, Kowloon.

As from Tuesday (June 4), it can also be picked up at the public enquiry service centres of all district offices.

The booklet, in Chinese only, was published by the Country and Marine Parks Authority and sponsored by the Friends of the Country Parks and Countryside Heritage Society of Hong Kong.

An AFD country park management officer, Dr Yeung Ka-ming, said the pocket-sized publication was produced with the main objective of promoting safety in hiking and hill walking in country parks.

He said the 20-page booklet comprised several sections including basic guidelines and hints, hiking preparations, points to note during journeys, potential dangers, methods of seeking assistance in accidents and a list of useful telephone numbers.

Although special techniques were not required for hiking, proper training and adequate preparation would always help hikers to cope with unpredictable changes in the countryside, he added.

While hoping that hikers would study the booklet carefully, he advised them to also make reference on other relevant written materials and the most up-to-date maps for planning their journeys.

End

Electrical workers reminded of registration deadline

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The Electrical and Mechanical Services Department (EMSD) today (Thursday) reminded electrical workers that the existing channel which allows them to register as Grade A electrical workers by experience will expire on November 1.

At present, an applicant is qualified to register under this grade if he satisfies the Director of Electrical and Mechanical Services (DEMS) that he has been employed as an electrical worker for at least six years, of which at least one year includes practical experience in electrical work.

"From November 2 onwards, whoever wishes to apply for registration as a Grade A electrical worker will have to, apart from having sufficient working experience in electrical work, possess the required academic qualifications or pass the Grade A Trade Test approved by the DEMS," said a spokesman for the department.

Meanwhile, the spokesman said, under the registration scheme, there were also Grade B and Grade C electrical workers who could perform more complex low voltage electrical work.

Any worker without formal academic qualifications who wishes to be qualified for registration as a Grade B or C electrical worker is required to pass an examination approved or set by DEMS.

The examination for registration as a Grade B worker is held regularly twice a year by the Hong Kong Examination Authority while the examination for registration as a Grade C worker will be available the first time this year.

The examination for registration as a Grade C worker is now jointly organised by EMSD, the University of Hong Kong, the Hong Kong Polytechnic University and the Hong Kong Institution of Engineers. It will be conducted in the first week of November each year starting from this year.

The spokesman said there would be no minimum entry requirement for the examination, although preference would be given to current registered electrical workers, in particular Grade B electrical workers.

"A candidate who has passed the examination will still have to fulfil the electrical work experience requirement as laid down in the Electricity (Registration) Regulations if he wishes to apply for registration as a Grade C electrical worker," he said.

Details of the examination syllabus and sample questions are contained in a booklet "Notes on Examination for Registration as a Grade C Electrical Worker" which is available free from:

- * Electrical and Mechanical Services Department Customer Service Office ground floor, 98 Caroline Hill Road, Hong Kong;
- * University of Hong Kong Department of Electrical and Electrical Engineering Room 601, Chow Yei Ching Building Pok Fu Lam Road, Hong Kong; and
- * Hong Kong Polytechnic University Department of Electrical Engineering Hung Hom, Kowloon

The spokesman added that in accordance with the Electricity Ordinance, all electrical workers engaged in electrical work on fixed electrical installations after June 1, 1992, had to register with EMSD.

"This is to ensure that electrical work is done only by qualified electrical workers to improve electrical safety.

"So far, 57,108 qualified electrical workers have been registered," he said.

End

Summer Youth Programme to start in July

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The 1996 Summer Youth Programme Committee will organise a full array of activities for local youngsters aged six to 25 this summer.

A total of 14,000 sports, social and recreational activities will be organised by participating units throughout the territory. It is anticipated that more than 1.15 million youngsters will be attracted to take part.

Speaking at a press conference today (Thursday) to announce details of the Programme, Chairman of the Committee, Mr Norman Lo, said in organising this year's programme, emphasis would be put on providing more social service projects.

"These community projects are aimed at serving the elderly and the disabled, the Chinese immigrants, young drug addicts, youth at risk and the recipients of Comprehensive Social Security Assistance.

"Apart from helping those in need, we also hope that these serve-the-community projects will foster a stronger sense of belonging and enhance the civic awareness of the participants," said Mr Lo.

With 1997 just around the corner, it is the intention of the local participating units of the Summer Youth Programme to initiate activities to enable the youngsters to have better understanding of the transfer of sovereignty.

Exhibition, talks and seminars on 1997 and China related issues will be organised. Hong Kong-China cultural exchange visits will also be conducted to provide opportunities for youngsters from Hong Kong and Guangzhou to meet each other.

The Scholarship Award Scheme will continue to give out awards to encourage outstanding volunteers who have participated in organising activities for the Summer Youth Programme.

In the past 10 years, about 300 outstanding volunteers were benefited from the scheme and took part in various outward bound leadership training programmes and overseas study tours.

An opening ceremony to officially kick off the 96 Summer Youth Programme will be held on July 6 at the Queen Elizabeth Stadium. A variety show - "Swinging Summer" - will be produced by Radio Television Hong Kong for about 3,000 audience. Admission is free.

A budget of \$39.25 million has been allocated to the Programme, out of which \$17 million is donated by the Hong Kong Jockey Club Charities Trust.

The Lord Wilson Heritage Trust Fund has committed \$348,000 to activities that are of historical and archaeological interests and the Swire Coca-Cola Hong Kong Limited has also contributed \$35,000 to the Programme.

End

Performance pledge programme in schools

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All government schools and four aided secondary and primary schools will launch a performance pledge programme tomorrow (Friday) to promote openness and accountability.

The Education Department had initiated a pilot scheme to explore the feasibility of implementing the Programme at the school level last year.

Members of the public, parents and staff of the participating schools consider it useful for enhancing understanding between schools and parents, improving the service standards and promoting the schools' image.

In view of the favourable responses, the department further extends it to all government schools.

In addition, four aided schools, namely, the Mission Covenant Church Holm Glad College, SKH Chan Young Secondary School, HKTA Shek Wai Kok Primary School and SKH Lui Ming Choi Memorial Primary School, also join the Programme.

It is hoped that through their direct participation, experience can be gained for extending the programme further to more schools in the aided sector at a later stage.

All government schools and the four aided schools will launch the same set of performance pledges targeting at parents and members of the public.

It will focus on providing information services for parents and members of the public; strengthening parent-school communication; and improving service environment in school.

Copies of the leaflet on the performance pledges will be distributed to parents of students by schools participating in the programme.

They are also available for collection at all participating schools or District Education Offices of the Education Department.

Enquiries should be directed to the Education Department on 2961 7432.

End

Unlicensed guesthouse operator fined

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Guesthouse operators were reminded today (Thursday) that they must operate their establishments only after having obtained a licence from the Home Affairs Department (HAD) or risk facing a maximum penalty of \$200,000 in fines and two years' imprisonment.

An HAD spokesman issued the warning after a guesthouse operator pleaded guilty to operating an unlicensed guesthouse in Tsim Sha Tsui and was fined \$35,800 in South Kowloon Magistracy.

Officers of HAD's Licensing Authority, acting on a complaint, inspected the premises at second floor, Champagne Court, 18 Kimberley Road, and found that it was being operated as a guesthouse without a licence, contrary to Section 5 of the Hotel and Guesthouse Accommodation Ordinance.

The spokesman said unlicensed guesthouses would not be tolerated and enforcement action would continue to be taken to eliminate such premises.

He appealed to members of the public to continue to help in the crackdown on unlicensed guesthouses by reporting them to the Licensing Authority on 2881 7034.

End

Hong Kong Monetary Authority money market operations

	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	1,550	0930	+413
Closing balance in the account	2,480	1000	+413
Change attributable to :		1100	+413
Money market activity	+405	1200	+408
LAF today	+525	1500	+408
		1600	+405

LAF rate 4.00% bid/6.00% offer TWI 124.3 *-0.3* 30.5.96

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.03	2 years	2805	6.30	100.29	6.23
1 month	5.05	3 years	3904	6.30	99.27	6.69
3 months	5.11	5 years	5103	6.75	98.09	7.35
6 months	5.23	7 years	7305	6.60	99.64	7.81
12 months	5.57	5 years	M502	7.30	99.48	7.58

Total turnover of EF bills and notes - \$9,673 million

Closed May 30, 1996

End