

OFFICIAL RECORD OF PROCEEDINGS

Wednesday, 6 October 1993

The Council met at half-past Two o'clock

PRESENT

THE PRESIDENT

THE HONOURABLE JOHN JOSEPH SWAINE, C.B.E., LL.D., Q.C., J.P.

THE CHIEF SECRETARY

THE HONOURABLE SIR DAVID ROBERT FORD, K.B.E., L.V.O., J.P.

THE FINANCIAL SECRETARY

THE HONOURABLE NATHANIEL WILLIAM HAMISH MACLEOD, C.B.E., J.P.

THE ATTORNEY GENERAL

THE HONOURABLE JEREMY FELL MATHEWS, C.M.G., J.P.

THE HONOURABLE ALLEN LEE PENG-FEI, C.B.E., J.P.

THE HONOURABLE MRS SELINA CHOW LIANG SHUK-YEE, O.B.E., J.P.

THE HONOURABLE HUI YIN-FAT, O.B.E., J.P.

THE HONOURABLE MARTIN LEE CHU-MING, Q.C., J.P.

THE HONOURABLE DAVID LI KWOK-PO, O.B.E., J.P.

THE HONOURABLE NGAI SHIU-KIT, O.B.E., J.P.

THE HONOURABLE PANG CHUN-HOI, M.B.E.

THE HONOURABLE SZETO WAH

THE HONOURABLE TAM YIU-CHUNG

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., J.P.

THE HONOURABLE LAU WONG-FAT, O.B.E., J.P.

THE HONOURABLE EDWARD HO SING-TIN, O.B.E., J.P.

THE HONOURABLE RONALD JOSEPH ARCULLI, O.B.E., J.P.

THE HONOURABLE MARTIN GILBERT BARROW, O.B.E., J.P.

THE HONOURABLE MRS PEGGY LAM, O.B.E., J.P.

THE HONOURABLE MRS MIRIAM LAU KIN-YEE, O.B.E., J.P.

THE HONOURABLE LAU WAH-SUM, O.B.E., J.P.

DR THE HONOURABLE LEONG CHE-HUNG, O.B.E., J.P.

THE HONOURABLE JAMES DAVID McGREGOR, O.B.E., I.S.O., J.P.

THE HONOURABLE MRS ELSIE TU, C.B.E.

THE HONOURABLE PETER WONG HONG-YUEN, O.B.E., J.P.

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE VINCENT CHENG HOI-CHUEN, J.P.

THE HONOURABLE MOSES CHENG MO-CHI

THE HONOURABLE MARVIN CHEUNG KIN-TUNG, J.P.

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

REV THE HONOURABLE FUNG CHI-WOOD

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE TIMOTHY HA WING-HO, M.B.E., J.P.

THE HONOURABLE MICHAEL HO MUN-KA

DR THE HONOURABLE HUANG CHEN-YA

THE HONOURABLE SIMON IP SIK-ON, O.B.E., J.P.

DR THE HONOURABLE LAM KUI-CHUN

DR THE HONOURABLE CONRAD LAM KUI-SHING, J.P.

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE ERIC LI KA-CHEUNG, J.P.

THE HONOURABLE FRED LI WAH-MING

THE HONOURABLE MAN SAI-CHEONG

THE HONOURABLE STEVEN POON KWOK-LIM

THE HONOURABLE HENRY TANG YING-YEN, J.P.

THE HONOURABLE TIK CHI-YUEN

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE SAMUEL WONG PING-WAI, M.B.E., J.P.

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

DR THE HONOURABLE TANG SIU-TONG, J.P.

THE HONOURABLE CHRISTINE LOH KUNG-WAI

THE HONOURABLE ROGER LUK KOON-HOO

THE HONOURABLE ANNA WU HUNG-YUK

THE HONOURABLE JAMES TIEN PEI-CHUN, O.B.E., J.P.

THE HONOURABLE ALFRED TSO SHIU-WAI

IN ATTENDANCE

THE CLERK TO THE LEGISLATIVE COUNCIL
MR CLETUS LAU KWOK-HONG

PURSUANT TO STANDING ORDER 6(2), HIS EXCELLENCY THE GOVERNOR, THE RIGHT HONOURABLE CHRISTOPHER FRANCIS PATTEN, ATTENDED TO ADDRESS THE COUNCIL.

Papers

The following papers were laid on the table pursuant to Standing Order 14(2):

Subject

Subsidiary Legislation	<i>L.N. No.</i>
Commissioner for Administrative Complaints Ordinance (Amendment of Schedule 1) (No. 3) Order 1993	282/93
Magistrates Ordinance (Admendment of Fourth Schedule) Order 1993.....	283/93
Hong Kong Royal Instructions 1917 to 1992 Standing Orders of the Legislative Council of Hong Kong Ending of 1992-93 Session	292/93
Import and Export (General) Regulations (Amendment of Schedules) Order 1993	293/93
Slaughterhouses (Regional Council) (Amendment) Bylaw 1993	294/93
Copyright Ordinance (Amendment of Schedule) Notice 1993	295/93
Boundary and Election Commission Ordinance (40 of 1993) (Commencement) Notice 1993	296/93
Chiropractors Registration Ordinance (12 of 1993) (Commencement) Notice 1993.....	297/93
Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) (Amendment) Regulation 1993 (L.N. 285 of 1993) (Commencement) Notice 1993	298/93
Import and Export (Strategic Commodities) (Amendment) Regulation 1993	299/93
Road Tunnels (Government) (Amendment) (No. 2) Regulation 1993	300/93
Hong Kong Airport (Control of Obstructions) (Consolidation) (Amendment) (No. 2) Order 1993	301/93

Pension Benefits Ordinance (Established Offices) (Amendment) (No. 2) Order 1993	302/93
Specification of Public Offices.....	303/93
Hong Kong Letters Patent 1917 to 1992 Authorization by the Governor.....	304/93
Import and Export (Amendment) Ordinance 1993 (62 of 1993) (Commencement) Notice 1993	305/93
Western Harbour Crossing Ordinance (72 of 1993) (Commencement) Notice 1993	306/93
British Nationality Hong Kong (British Nationality) (Amendment) Order 1993	308/93
Shipping and Port Control (Amendment) Regulation 1993.....	309/93
Air Pollution Control (Furnaces, Ovens and Chimneys) (Installation and Alteration) (Amendment) Regulation 1993	310/93
Air Pollution Control (Specified Processes) (Amendment) Regulation 1993	311/93
Air Pollution Control (Specified Processes) (Specification of Required Particulars and Information) Order.....	312/93
Air Pollution Control (Amendment) Ordinance 1993 (13 of 1993) (Commencement) Notice 1993	313/93
Gas Safety (Gas Supply) (Amendment) Regulation 1993	314/93
Gas Safety (Registration of Gas Installers and Gas Contractors) (Amendment) Regulation 1993	315/93
Gas Safety (Registration of Gas Supply Companies) (Amendment) Regulation 1993	316/93
Customs and Excise Service Ordinance (Amendment of Schedule 1) Order 1993	317/93
Pleasure Grounds (Regional Council) (Amendment) (No. 3) Bylaw 1993	318/93

Employees Retraining Ordinance (Amendment of Schedule 2) (No. 6) Notice 1993	319/93
Specification of Public Office	320/93
Film Censorship (Amendment) Ordinance 1993 (63 of 1993) (Commencement) Notice 1993	321/93
British Nationality Hong Kong (British Nationality) (Amendment) Order 1993 (L.N. 308 of 1993) Corrigendum.....	323/93
Exchanges (Special Levy) (Suspension) Order	324/93
Kowloon-Canton Railway Corporation Ordinance (Amendment of Second Schedule) Order 1993	325/93
Kowloon-Canton Railway Corporation (Land) (Extension of Term of Years) (Repeal) Order 1993	326/93
Shipping and Port Control (Dwelling Vessels) (Closed Areas) Order 1993.....	327/93
Employees Retraining Ordinance (Amendment of Schedule 2) (No. 7) Notice 1993	328/93
Television (Amendment) Ordinance 1993 (22 of 1993) (Commencement) (No. 2) Notice 1993	329/93
Television (Royalty and Licence Fees) Regulation (L.N. 233 of 1993) (Commencement) Notice 1993.....	330/93
Port Control (Public Water-Front) Order 1993.....	331/93
Merchant Shipping (Engine Room Watch Ratings) (Amendment) Regulation 1993	332/93
Merchant Shipping (Fees) (Amendment) Regulation 1993.....	333/93
Merchant Shipping (Liability and Compensation for Oil Pollution) (Compulsory Insurance) (Amendment) Regulation 1993	334/93
Merchant Shipping (Navigational Watch Ratings) (Amendment) Regulation 1993	335/93
Merchant Shipping (Registration) (Fees and Charges) (Amendment) Regulation 1993	336/93

Pilotage (Amendment) (No. 2) Regulation 1993	337/93
Port Control (Cargo Working Areas) (Amendment) Regulation 1993	338/93
Shipping and Port Control (Amendment) (No. 2) Regulation 1993	339/93
Shipping and Port Control (Hong Kong-China and Macau Ferry Terminals) (Amendment) Regulation 1993	340/93
Merchant Shipping (Certificates of Competency as A.B.) (Amendment) Rules 1993.....	341/93
Merchant Shipping (Certificates of Proficiency in Survival Craft) (Amendment) Rules 1993.....	342/93
Merchant Shipping (Safety) (Cargo Ship Safety Equipment Survey) Regulations (Amendment of Schedule 3) Notice 1993	343/93
Merchant Shipping (Safety) (Minimum Safe Manning Certificate) Regulation (Amendment of Schedule 2) Notice 1993	344/93
Securities (Dealers, Investment Advisers, Partnerships and Representatives) (Amendment) Rules 1993	345/93
Securities and Futures Commission (Annual Returns) (Amendment) Rules 1993.....	346/93
Building (Administration) (Amendment) (No. 2) Regulation 1993	347/93
Building (Demolition Works) (Amendment) Regulation 1993	348/93
Building (Oil Storage Installations) (Amendment) (No. 3) Regulation 1993	349/93
Building (Planning) (Amendment) Regulation 1993.....	350/93
Immigration Service Ordinance (Amendment of Schedule) Order 1993.....	351/93
Barristers Disciplinary Tribunal Proceedings Rules.....	352/93

Employees Retraining Ordinance (Amendment of Schedule 2) (No. 8) Notice 1993	353/93
Buildings (Amendment) (No. 2) Ordinance 1993 (68 of 1993) (Commencement) Notice 1993	354/93
Building (Administration) (Amendment) (No. 3) Regulation 1993	355/93
Port Control (Excluded Water-Front) (Repeal) Order 1993	356/93
Port Control (Public Cargo Working Area) Order 1993	357/93
Port Control (Public Water-Front) (No. 2) Order 1993	358/93
Solicitors (Professional Indemnity) (Amendment) (No. 2) Rules 1993	359/93
Specification of Public Office	360/93
Dangerous Goods (Shipping) (Amendment) Regulation 1993	361/93
Telecommunication (Amendment) Regulation 1993	362/93
Bankruptcy (Amendment of Schedule 2) Order 1993	363/93
Immigration (Vietnamese Migrants) (Detention Centres) (Designation) (Amendment) (No. 2) Order 1993	364/93
Immigration (Vietnamese Migrants) (Detention Centres) (Amendment) (No. 2) Rule 1993	365/93
Public Order Curfew (Variation) (No. 3) Order 1993	366/93
Western Harbour Crossing (Designation of Agreements) Notice	367/93
Colouring Matter in Food (Amendment) Regulation 1993	368/93
Public Health and Municipal Services (Public Pleasure Grounds) (Amendment of Fourth Schedule) (No. 5) Order 1993	369/93
Securities (Accounts and Audit) (Amendment) Rules 1993	370/93

Slaughterhouses (Urban Council) (Amendment) (No. 2) Bylaw 1993	371/93
Fees for Official Signatures and Miscellaneous Services (Amendment) Notice 1993	372/93
Hong Kong Airport (Control of Obstructions) (Consolidation) (Amendment) (No. 3) Order 1993	373/93
Hong Kong Royal Instructions 1917-1992 Standing Orders of the Legislative Council of Hong Kong Beginning of 1993-94 Session	374/93
Immigration (Vietnamese Migrants) (Detention Centres) (Designation) (Amendment) (No. 3) Order 1993	375/93
Prisons (Amendment) Order 1993	376/93
Immigration (Vietnamese Migrants) (Detention Centres) (Amendment) (No. 3) Rule 1993	377/93
Practising Certificate (Solicitors) (Amendment) Rule 1993	378/93
Trade Marks (Amendment) Rules 1993	379/93
Education (Amendment) Ordinance 1993 (42 of 1993) (Commencement) Notice 1993	380/93
Merchant Shipping (Limitation of Shipowners Liability) Ordinance (55 of 1993) (Commencement) Notice 1993	381/93

Affirmation

Mr Alfred TSO Shiu-wai made the Legislative Council Affirmation.

Governor's address

PRESIDENT: Would Members please remain standing for the Governor?

CLERK: His Excellency the Governor.

PRESIDENT: The Governor will address the Council.

**The Governor's Annual Address
to the Legislative Council**

CONTENTS

	<i>Paragraph</i>
INTRODUCTION	1 - 6
The Peking Talks	1 - 3
Raising Our Sights	4
Next Year's Goals	5 - 6
THE MOMENTUM OF GROWTH	7 - 15
Causes For Concern Abroad	9 - 11
The Economic Imperative	12
Competition And The Consumer	13 - 14
Fuller Disclosure	15
SPEEDING UP THE TRAFFIC	16 - 19
Record Road Densities	16 - 17
A Driver-friendly System	18
The China Freight Load	19
SERVING THE NEXT CENTURY	20 - 29
The Airport: Close To The Limits	23 - 25
The Port's Delays	26 - 29
THE ENVIRONMENT: A JOINT VENTURE	30 - 36
Environmental Audits	33 - 34
Cleaning up the Countryside	35 - 36
THE WORKFORCE	37 - 43
A Sorry Record	37 - 40
A Wider Retraining Net	41 - 43

	<i>Paragraph</i>
EXCELLENCE IN EDUCATION	44 - 56
Higher Teaching Standards	45
A Better Learning Environment	46 - 47
Focusing On Skills	48
The Language Fund	49 - 51
Computer Literacy	52 - 53
The Children At Risk	54
Opportunities For All	55
Pre-schooling Problems	56
HOUSING TO SERVE SOCIETY	57 - 62
Meeting Demand	58
The Quality Of Management	59 - 60
Home Ownership	61 - 62
PATIENT-CENTRED HEALTH	63 - 72
Cutting the Queues	64 - 66
Care For The Chronically III	67 - 68
A Hospice Programme	69 - 70
Support For Nurses	71 - 72
WELFARE: A FAMILY AFFAIR	73 - 81
The Year of The Family	73 - 74
Children's Allowances	75 - 77
The Mentally Handicapped At Risk	78 - 81
A SECURE OLD AGE	82 - 98
The Basic Tasks	83 - 84
The Health Priorities	85 - 86
The Infirmary Shortfall	87
A Nursing Home Network	88
The Family's Support	89 - 91
The Housing Solution	92 - 94
Retirement Incomes	95 - 97
A Protected Old Age	98

	<i>Paragraph</i>
A SAFE AND HONEST CITY	99 - 110
Against World Trends	99 - 100
Criminal Conspiracies	101 - 103
Corruption: A New Challenge	104 - 106
A Stronger ICAC	107
Business Anxieties	108
Codes Of Conduct	109 - 110
NATIONALITY ISSUES	111 - 112
AGAINST DISCRIMINATION	113 - 114
A Woman's Place	114
A FULLER LIFE	115 - 118
The Artistic Scene	115 - 117
Going For Gold	118
THE CIVIL SERVICE	119 - 137
Committed To Service	119
Pledges Performed	120 - 121
A Pension Fund	122 - 124
Principles Of Localization	125 - 132
Common Conditions Of Service	133 - 134
Training For Transition	135 - 137
THE CHINA RELATIONSHIP	138 - 146
A Long Standing Partnership	140
Government Contacts	141 - 143
The Flow Of People	144
The China Advantage	145 - 146

	<i>Paragraph</i>
The JLG Agenda	147 - 156
The Post-1997 Legal System	151
Localization Of Laws	152 - 153
Judicial Efficiency	154
Personal Freedoms	155 - 156
CONSTITUTIONAL DEVELOPMENT	157 - 170
CONCLUSION	171 - 190
ANNEX: LAST YEAR'S PLEDGES: ACTION SO FAR	Page 59
Progress Report on Individual Undertakings in the 1992 Policy Address	

GOVERNOR: Mr President, Honourable Members,

**HONG KONG:
TODAY'S SUCCESS,
TOMORROW'S CHALLENGES**

The Peking talks

In my first address to this Council last October, I set out an agenda for Hong Kong for the five years from 1992 to 1997. It covered social, educational, environmental and economic priorities. It sought to show how we would work to secure Hong Kong's way of life, a market economy operating within the rule of law, enjoying all the values of a free society. But most attention focused on the last major unresolved political issue of the transition from British to Chinese sovereignty. It is a difficult matter. Were it not so, I imagine it would have been satisfactorily overcome long ago. I refer, of course, to the arrangements for the last elections under British sovereignty.

2. The proposals the Government put forward last October had been deliberately framed to ensure that they conformed with the provisions of the Joint Declaration and the Basic Law. There followed a prolonged and vigorous debate during which those proposals were endorsed by this Council by a comfortable margin and were regularly supported in opinion polls by substantial majorities. We made it clear that these were proposals which we would like to discuss with our Chinese colleagues. However, it took six months to get discussions under way. They began when legislative debate was about to start in this Council.

3. Perhaps there is a lesson in that. There have now been 12 rounds or about 100 hours of talks. The British and Chinese Foreign Ministers met to consider progress for the second time on 1 October at the United Nations in New York. Later this afternoon, I will review the ground that has been covered with the Chinese negotiators, the solutions we have proposed and the work that lies ahead.

Raising our sights

4. In last year's policy address, I put forward 103 specific policy proposals aimed at improving the quality of life of Hong Kong people. Some were to be achieved in the longer term, others during 1993. I can report today that we have achieved, or are on schedule to achieve, virtually all of our commitments. I shall not go into the details this afternoon of where we have got to with each commitment. Instead, a detailed progress report is being made available to

Members and to the community with the printed version of today's policy address. This report lists progress, item by item. It is, I believe, an impressive record. But Members will not be surprised to hear that we are not perfect. There have been some serious shortfalls as well — relatively few — but we identify them alongside our successes and try to explain what we propose to do about them.

Next year's goals

5. Last year we made a bold start, and the Financial Secretary built on it in his Budget in March. This year, we can afford to do even better, setting new standards to meet the rising aspirations of our people. How can we afford it? Thanks, once again, to prudent financial management, continued economic expansion and, above all, the hard work and success of the people of Hong Kong.

6. I believe we should set — as a community — five priorities for the coming year:

- *first*, to do everything we can to agree with China fair, open and acceptable arrangements for the elections in 1994 and 1995 and, at the same time, to work out new ways of developing Hong Kong's relationship with China and its institutions at the practical level;
- *second*, to ensure that our economy remains strongly competitive in the international marketplace and even more accountable to its customers;
- *third*, to concentrate on specific improvements in our social service, education and housing programmes;
- *fourth*, to deliver real improvements in our care of the elderly, a growing proportion of our population; and
- *fifth*, to tackle head-on the recent upsurge in that most corrosive of evils, corruption.

THE MOMENTUM OF GROWTH

7. I will not restate at length this afternoon our fundamental economic policies — our commitment to low taxes, controlled public spending and free enterprise. We will remain committed to these principles throughout my governorship. Nor do I intend to review our economic prospects in any detail. I will leave that to our excellent Financial Secretary. I have just one thing to say on that score: how many other finance ministers in the world could have used their budgets this year simultaneously to cut taxes, raise spending and

increase the reserves? Our financial position today is sufficiently healthy to allow us to undertake additional commitments to much needed capital improvements to our schools, hospitals and clinics, as I will explain later.

8. There has been no letup in our economic advance.

- This year, we are set to overtake Australia and the United Kingdom in terms of GDP per head. Next year, we should draw level with Canada.
- Real GDP growth is likely to be about 5.5% for the year, an impressive performance, underpinned by the continuing strength of our exports, consumer spending and capital investment.
- Inflation has eased - but it is still too high. It is likely to average 9% or just under for the year, not the 9.5% we originally forecast.
- Meanwhile, the Hang Seng Index has shrugged off setbacks to reach a succession of new records. At the end of September, it was nearly 40% higher than at the same time last year. It is probably the best performing major stock market in the world.

Causes for concern abroad

9. This performance is all the more remarkable because of the difficult conditions in some of our major markets.

- The United States and United Kingdom economies have only recently begun to emerge from a long and painful recession.
- The other major European economies and Japan have yet to do so.

10. Hong Kong has taken these challenges in its stride, notching up another year of solid growth. But we cannot be complacent. As ever, difficulties lie ahead. On the trade front, the question of China's MFN status will come up again next spring to dog the relationship between our two most important trading partners. We will continue to fight for unconditional renewal, as we did vigorously — and with considerable impact — this year. But our task may be even more formidable next time than it was this year. Another worry is that the Uruguay Round of the GATT negotiations may miss yet another deadline, thus frustrating our hopes of greater trade liberalization and placing the multilateral trading system in jeopardy.

11. Closer to home, inflation has reached serious levels in China's major cities this year. The Chinese Government has acted to counter this threat. I applaud the way in which China acted to slow down growth without turning back from economic liberalization. If it can hold fast to its economic principles in times of

difficulty, it will win allies around the world, not least in support of its bid to rejoin the GATT. We hope the measures will succeed. If they do, the territory's economy will benefit considerably. Certainly, interdependence with the economy of southern China means that we are vulnerable to price pressures in China but, for the time being at least, our exports and re-exports retain significant competitive advantages. It may not be an easy year for the Chinese economy — yet another reason for us to be prudent in our economic management.

The economic imperative

12. For Hong Kong, nothing is more important than getting the economy right. I think this is a point well understood here. For Hong Kong, while it is true that our way of life sustains our economy, it is equally true that our economy supports our way of life. In setting out our policy goals, the economy comes first. We have to keep it fit and healthy.

Competition and the consumer

13. Last year, I asked my new Business Council to decide how to take forward the competition initiative announced in my policy address. Following consultation with the Business Council, we provided funds for the Consumer Council to conduct competition policy studies specific to individual industries. From what I have seen so far, they have done an excellent job. I expect the Government to follow up each market study by publishing a detailed response within six months of its release. It is important that the Consumer Council has the resources it needs to complete its work on competition policy. I therefore propose to provide an additional \$3.5 million next year to the Council for the employment of consultants to provide the necessary support.

14. Every government has a duty to protect consumers against unscrupulous behaviour by those businesses which put short-term profits ahead of the legitimate interests of their customers — not the least of which is safety. We intend to redress the balance in favour of the consumer, by proposing to this Council:

- a package of three Bills to impose clear obligations on the suppliers of goods and services to ensure that these are safe, of acceptable quality and open to inspection by the customer;
- a further Bill to enable the courts to strike down and rewrite contract terms which are manifestly unfair to consumers; and
- a grant of \$11 million to the Consumer Council to establish a Consumer Representative Action Fund to enable the Council to assist consumers in initiating class actions against a common

defendant and to commission legal consultancies on the operation of the Fund and other consumer-related matters.

Taken together, these measures will substantially improve the rights of the consumer in Hong Kong.

Fuller disclosure

15. An open society does not keep unnecessary secrets. Where monopolies are unavoidable, the Government has a duty to act in defence of the public interest through controls on profits or prices. In these circumstances, the community is entitled to the information it needs to judge whether or not the regulators are properly protecting its interests, as they are supposed to do. At present, the type of financial data publicly available varies greatly sector by sector, utility by utility. We intend to deal with this by asking all companies which provide essential utility or transport services, including those which are not publicly listed, to accept new standards of financial disclosure to the public. In addition to standard financial statements, such as a profit and loss account and balance sheet, these would include publication of separate information on the financial and operational activities of the regulated parts of their business.

SPEEDING UP THE TRAFFIC

Record road densities

16. Last year I said too little about transport, yet we all know that good transportation, both within our community and between us and our main markets, is crucial to our quality of life and our prosperity. For its size, Hong Kong has a great many cars. The number of private cars has increased by 62% over the last five years. We have 270 vehicles for every kilometre of road, compared to 68 in the United Kingdom and just 11 in China. It is a tribute to our transport system — to the individual driver as well as the police and the traffic engineers — that anything moves at all. In fact, our traffic is moving rather faster now than it did in the mid-1980s. Nevertheless, traffic densities at Hong Kong's levels can be extremely harmful to our environment, our economy and our well-being.

17. We have responded to Members' concerns on this score with an extensive road building programme to relieve these miseries. We will spend nearly \$9 billion on road construction and improvements next year, double the amount spent last year. Apart from the Airport Core Programme projects, major items will include the widening of Lung Cheung and Ching Cheung roads and completion of the Yuen Long Southern By-pass. We also propose to start building the Ting Kau Bridge.

A driver-friendly system

18. Our number one priority has to be to keep traffic moving, to make the road system as user-friendly as possible. That means making a determined effort to ease the strains on commuters and commercial vehicle drivers who have to brave the notorious bottlenecks in our road network simply to get to work. Over the next four years, we propose to spend nearly \$2 billion on a package of improvements. We will:

- construct new climbing lanes on the Tuen Mun Highway;
- introduce surveillance cameras to cover the entire length of the highway and the container port approaches, enabling us to take prompt measures to clear broken down vehicles before they cause traffic snarl-ups;
- upgrade and expand our computerized Area Traffic Control systems in Kowloon and the New Territories to cover 550 junctions. This should improve peak hour traffic speeds by at least 10% in the worst affected districts;
- reconstruct and upgrade many of our most heavily used local roads throughout the territory; and
- introduce tougher controls on road excavation, a major and particularly irritating cause of road congestion.

The China freight load

19. Within Hong Kong, traffic volumes have grown in recent years. But at the border they have positively mushroomed. We have seen an enormous expansion of our business with southern China, fuelling our economic power over the last decade. But there is a transport cost to pay.

- The number of heavy and medium goods vehicles is up 70% in the last five years.
- The volume of traffic entering Hong Kong from Guangdong is up 90% over the same period.
- By 1997, we expect the flow of road traffic entering Hong Kong to rise by a further 60%.

We will need to relieve the strain of cross-border commercial traffic on our road system in ways that promote our growing trade. And we shall have to give careful consideration to a new railway link through the western New Territories to the container port.

SERVING THE NEXT CENTURY

20. But the overriding challenge in developing our infrastructure is how to meet the demands both of our own economic expansion and of China's modernization. So we have to construct the port, airport, road and rail facilities to cope with continued economic expansion well into the next century. There are some projects which we can undertake and complete by 1997 entirely from our own resources. In other cases, financing or construction will require a longer time frame.

21. Our ability to proceed with major projects straddling 1997 depends in the last resort on our success in persuading the Chinese Government to agree to them. Sometimes securing agreement requires prolonged discussions. Where the length of these discussions threatens the completion of a project, I believe that we should still do everything we prudently can to take these vital projects forward as far as we are able. The alternative would be effectively to delay or abandon projects which encounter opposition, and I do not believe that would be right or acceptable to the people of Hong Kong.

22. Hong Kong's infrastructural needs are clear. We will continue to plan to meet them; press on with our endeavours to complete projects on time and within budget; and persevere in our efforts to win the Chinese Government's co-operation. Unless we can secure that co-operation soon over financing the new airport project and Container Terminal 9, Hong Kong faces the unhappy prospect of delays in the modernization of its port and airport facilities. At the end of the day, the best we can do is to emphasize to our Chinese colleagues that these projects are essential, not just to the future Hong Kong SAR but also to southern China.

The airport: close to the limits

23. A year ago, I said that the case for Hong Kong's new airport was overwhelming, that it deserved to be built and that it would be built. While continuing to seek an overall agreement with the Chinese Government, we have pressed ahead resolutely with the airport core projects in accordance with the Memorandum of Understanding.

24. And we are doing very well. Work on the Airport Core Programme (ACP) is moving forward in record time, with all the contracts let so far within budget and progressing well. In other words we are proceeding in typical Hong Kong fashion.

- ***Airport:*** the Site Preparation Contract for the new airport — one of the biggest civil engineering projects in the world — is well under way. Hong Kong is now home to the world's largest dredging fleet. Since November last year, about 250 hectares of the

airport island have been formed — nearly the size of Kai Tak airport (289 hectares).

- **Government works:** 28 major government contracts within the ACP, worth almost \$30 billion, are already under way. With the support of Members of this Council, 81% of the government works have now been funded, and of this funding 70% has now been contractually committed. Amongst these projects is the contract for the construction of the Tsing Ma Bridge — the world's longest suspension bridge carrying a railway as well as a road. One of the main towers for this bridge is close to its final 200 metre height — as tall as a Central skyscraper. All the key contracts for the North Lantau Expressway, the sections of Route 3 linking north Kowloon with the Lantau Fixed Crossing, and the West Kowloon Expressway have also been let.
- **Western Harbour Crossing:** with the support both of this Council and of the Chinese Government, the franchise for the Western Harbour Crossing has been granted and work on constructing the tunnel is now under way.
- **Airport Railway:** detailed design, route protection and other advance works are under way, although construction of the airport railway will not start until we have an agreement on its financing.

25. We have taken the pragmatic option of doing what we can to build the airport, as I said last year, "not for Britain, but for Hong Kong and southern China". But this pragmatism will not build the whole Airport Core Programme. The date is not far off when the start of some key airport contracts will be held up if we cannot secure the Chinese Government's agreement on financing.

The port's delays

26. By the same token, I regret to inform this Council that the Chinese Government's failure to agree to our proposals for the construction of Container Terminal 9 is causing worrying delay to essential port expansion.

27. Let me spell out what is involved here.

- The port and its related business generate 15% of GDP and jobs for 350 000 people.
- Last year, our port handled 87% of our external trade — 100 million tonnes of cargo, including 8 million containers.

- If CT9 is delayed by even two years, the economic loss to Hong Kong will be \$20 billion in the decade after 1997.

28. So the development of CT9 is urgent. The present delay will hamper our ability to service the export-led growth of southern China as fully as we would wish to — and as China has indicated it wishes us to do. Ships will be turned away, and they may not return to use our port. The delay will also lead to longer traffic queues at our existing port facilities, aggravating congestion throughout the rest of the transport network and directly reducing the quality of life for the public at large. Once again, let me reassure this Council that we will do our level best to move the development of our new container terminals forward.

29. Let me make three final points about all these great infrastructure projects which will contribute so much to Hong Kong's future.

- *First*, we have done all we can to take these issues forward. We do not link political and livelihood issues. For the Government of Hong Kong, the first priority is, and always has been, the well-being of the people of Hong Kong.
- *Second*, when negotiators reach agreement on these matters, they are not doing Hong Kong a favour. They are doing their job.
- *Third*, if we do not make the progress that we could and should make, it will be the people of Hong Kong and China, especially our neighbours in Guangdong, who suffer. I do not wish to see that. There is no excuse whatsoever for playing politics with Hong Kong's economic prospects.

THE ENVIRONMENT: A JOINT VENTURE

30. Just as important as our efforts to build — literally — for the future are our continuing endeavours to create a better and cleaner environment for our people. Hong Kong is gradually getting cleaner. But it is not nearly clean enough.

31. We will shortly publish the second review of the 1989 White Paper on Pollution in Hong Kong. It is a good document. We have done a good deal. But for all our achievements, there is one thing we have not managed to do and that is to mobilize the enthusiastic support of our community behind our efforts to clean up our environment.

32. To help us do better, I propose to establish an Environment and Conservation Fund for Hong Kong. This Council will be asked to approve an initial capital injection of \$50 million. The Fund will help to pay for environmental education and research. It will also allow us to give welcome

material assistance to "green groups" undertaking worthwhile environmental projects. Saving the environment needs everyone's commitment.

Environmental audits

33. Above all, we will have to recruit more business leaders to our campaign to protect the environment. It is they who must be in its vanguard. I am pleased to say that many of them have made it clear that they are willing to get involved. The work of the Private Sector Committee on the Environment is clear evidence of this. In particular, we will be inviting businesses:

- to conduct environmental and energy efficiency audits of their companies;
- to appoint a "green manager" within each of their organizations to promote environmental awareness; and
- to work closely with those bodies — such as the Centre of Environmental Technology, the Environmental Campaign Committee and the tertiary institutions — which can help them to become more environmentally aware.

34. All government departments will appoint their own "green managers".

Cleaning up the countryside

35. The most depressing example of the way in which we abuse our natural heritage is the New Territories. It is easy to romanticize the past and lament the growth of our new towns and industrial estates. I have no wish to turn back the clock. But existing legislation has failed to stop the haphazard conversion of farmland into storage and dumping sites. This has seriously affected the quality of life for many in the New Territories through flooding, health hazards and road congestion.

36. We therefore propose to set up a task force bringing together a number of government departments, with a commitment to clean up the New Territories over the next decade. This will be no easy task. It will involve tougher enforcement action against unauthorized land use, making available new sites for storage and undertaking major improvement works. In a place as small and as crowded as Hong Kong, we have a duty to make the best of what countryside we have left. Several billion dollars will be required over the period. We will be coming to this Council shortly with proposals on how to start this work during the coming year.

THE WORKFORCE

A sorry record

37. Hong Kong's only real natural resource is its people. We have an excellent record on education, training and retraining and employment law. But there is one area where an otherwise impressive record is a great deal less impressive — industrial safety. Our record here is unacceptable. In Hong Kong, a worker's chances of being injured at work are several times higher than that of his or her counterparts in most other developed economies.

38. And that is only half the picture. There are even worse statistics. In the construction industry, each worker has a 30% chance of being injured every year. Of the 65 people killed in industrial accidents in Hong Kong last year, 48 were in the construction industry. The horrific lift accident in June at a North Point construction site brought home to me the urgent need to replace the culture of carelessness which leads to accidents with a culture of safety. We must try much harder to prevent accidents like that from happening again. The Factory Inspectorate has been doing a valiant job, often in the face of indifference and complacency, to make things better. We will ensure that it has additional staff to police the workplace more effectively in the future. But the Factory Inspectorate cannot transform things on their own. The primary responsibility for preventing accidents lies with employers, contractors and workers. We intend to get very tough with those, both employers and employees, who continue to believe that the laws to promote safety at work do not apply to them.

39. In the coming months, we will be presenting to this Council legislative proposals designed:

- to make the employment of safety officers compulsory on construction sites employing 100 or more people;
- to increase substantially penalties for breaching safety-at-work regulations;
- to prohibit untrained young people from working on construction sites;
- to introduce new regulations on suspended working platforms; and
- to introduce stricter controls on the maintenance of passenger hoists on construction sites.

40. The Government has a duty to set an example by demanding the highest standards from those who undertake projects on its behalf. We will be bringing forward proposals to strengthen safety on construction sites in particular. Contractors who fail to meet safety standards will not be awarded government

work. Through the recently established Construction Advisory Board, the Government and the private sector are working together to transform safety attitudes throughout the workforce.

A wider retraining net

41. The Government's role in securing the well-being of the workforce goes beyond industrial safety. Members of this Council have frequently drawn attention to the need to provide training for those who lose their jobs because of industrial restructuring and technological decline. Last year, we established the Employees' Retraining Fund to provide such workers with new skills. Since its foundation, it has enrolled over 4 000 trainees. They have had no difficulty in moving on to new jobs.

42. Experience over the last year indicates that the Fund has the capacity to provide retraining for more groups than the most obvious casualties affected by industrial relocation and reorganization. The Fund's coverage should be extended to others in need of such assistance:

- to help the victims of industrial accidents to return to employment, often in different trades or industries; and
- to help, through retraining, elderly and disabled workers to become productive members of the labour force.

43. If ordinary members of the workforce are regarded as in special need of retraining facilities in order to deal with the impact of economic restructuring, how much more vulnerable must be those injured in industrial accidents, the disabled and the elderly? We shall co-operate with the Vocational Training Council and the Employees' Retraining Board to ensure that these groups have the training opportunities they need to acquire the work skills to equip them for employment.

EXCELLENCE IN EDUCATION

44. Nothing is more important to parents than securing the best possible future for our children. And that means, as it has always done, making sure that they get a first class education. Hong Kong has come a long way in the last 15 years. Although we only embarked on universal lower secondary education in 1978, by next year we will have provided first-degree places for four out of five of our sixth-formers who qualify for entry into tertiary institutions. Now we need to go one better. As I said last year, it is not just quantity but quality that counts. We need the best possible results from our education system. We must raise teaching standards. That is the message from Members of this Council, from the teaching profession and from parents.

Higher teaching standards

45. You cannot expect to get higher quality teaching without even better qualified teachers. I made an initial commitment to this goal in last year's policy address. Now, we can go further towards meeting the targets set by Education Commission Report No. 5. Between now and 1997, we intend to spend a great deal more money — an extra \$354 million, in fact:

- to upgrade about 860 primary school teaching posts to graduate level; and
- to expand the number of graduate teachers in our secondary schools by an additional 800 by 1994.

A better learning environment

46. But it is no good having first-class teachers teaching in second-rate school buildings. We cannot expect our children to perform at their best in noisy and uncomfortable classrooms. Over the last year, we have installed air-conditioners in 24 schools under the Noise Abatement Programme — and another 2 300 classrooms will be air-conditioned this year. I hope that will take some of the heat out of the issue, and out of the classroom. But it is becoming obvious that we need to tackle the larger problem of older schools built to specifications of yesterday rather than today.

47. The Education Commission has identified the need for additional teaching space, better facilities for teachers, more room for extracurricular and student activities, as well as for a library in each primary school. This Council will be asked to approve the establishment of a School Improvement Programme, the initial stage of which will cost over \$600 million. Its first target will be to modernize 60 primary and 50 secondary schools over the next two years. This is an important investment in providing our students with the physical facilities they need in order to excel.

Focusing on skills

48. Better teachers, smaller classes and more comfortable classrooms. Three key improvements, which will allow our schools to devote more attention to improving the skills which our youngsters will need during their careers. There are three other areas in which we need to make a special effort:

- *first*, much better standards of Chinese (including Putonghua) both in response to our growing interdependence with the Chinese economy and in preparation for 1997;

- *second*, high standards of English to meet the demands of the global business community and to maintain Hong Kong's position as the premier Asian business location; and
- *third*, computer literacy so that our young workers have the primary employment qualification of the next century.

The Language Fund

49. The importance of Chinese language skills will grow substantially in the future. There will be increasing calls for men and women with immaculate Putonghua and written Chinese. Partly this will reflect Hong Kong's changed political circumstances after 1997. But economic pressures are already driving the demand for more and better Mandarin speakers, pressures which will surely intensify in the run-up to 1997 as our business firms look more and more beyond Guangdong province and ever deeper into China for new projects.

50. But if we need to do something about Chinese, we have to do something about English as well. Many people believe that standards of spoken and written English in Hong Kong are declining. We cannot afford to let that happen. The truth is that English is the global language of business and science and will remain so after 1997. People in China seem to have noticed that fact — at least 60 million of them take part in the BBC's English courses. Our current teaching methods clearly do not achieve the results that parents, prospective employers and the students themselves want. We need a new approach.

51. I therefore propose that a Language Fund should be created, with an immediate initial allocation of \$300 million, to launch programmes to improve proficiency in both Chinese and English. The first step must be to upgrade the skills of our language teachers. There will be new, intensive courses to help them. We will develop additional teaching materials to support the teacher in the classroom. We also need to improve the language learning opportunities for students, not only in the classroom but also through extracurricular activities. We will be looking for the most up-to-date approaches for achieving this goal.

Computer literacy

52. Computing skills, the ability to use basic word processing, database and spreadsheet programmes, will be vital to our continued development as an international services centre in the next century. Currently, we have fewer than 5 000 computers in our schools, and only about one in three of our secondary students pursues some sort of computer training. Both figures are far too low. We cannot begin to raise standards of computer literacy until the computer is as common in the classroom as a blackboard.

53. Hong Kong has one of the highest rates of home computer use in the world. We now have to transfer that enthusiasm for computing to the classroom. To achieve that, we will provide a computer for every place on a computer course in secondary schools. As a result, the number of computers in schools will double next year to over 9 000, at a cost of \$114 million.

The children at risk

54. Life is competitive in Hong Kong, more competitive than in most other places. There are few areas that are more competitive than education. This is an issue on which Members of this Council have expressed considerable concern. This community cares passionately about schooling. But none of us would want to impose excessive burdens on our children — or on parents. Push hard, yes. Over the limit, no.

Opportunities for all

55. Fostering excellence does not mean discarding the less gifted. Over the next three years, each school with a high proportion of Band 5 students will receive an additional graduate teacher to assist in teaching this group of students. We will also set up a team to develop a special curriculum for this category of students and to produce appropriate teaching aids. It is only fair that these students should find a full opportunity for developing their talents throughout their school careers even if they lack an aptitude for examinations. We need a workforce which has the very best qualifications. But we should not make the mistake of believing that the search for paper qualifications is the exclusive yardstick of a successful schooling, important though it undoubtedly is.

Pre-schooling problems

56. More than 85% of children under six now go to kindergartens before joining primary schools. And a good thing too. A good kindergarten can lay firm foundations for a child's future education. So we cannot ignore this sector of our educational system as we strive for quality. That is why we propose to bring forward to next year, from the original 1997 target date, the scheduled improvements to the Kindergarten Fee Remission Scheme. We propose to spend an additional \$42 million over the next four years. This means that those parents who send their children to kindergartens, but who face difficulties in affording the fees, will be able to obtain further financial assistance. Over the next four years, about 20 000 families will benefit from this measure. That is a worthwhile investment in our children, and an excellent investment in Hong Kong's future.

HOUSING TO SERVE SOCIETY

57. Another important investment for the future is our housing. Our public housing programmes are among Hong Kong's greatest achievements. Over the last four decades, we have created an impressive supply of decent, affordable public housing, which has steadily improved in terms of design and facilities over the years. That is a considerable feat, a great tribute to all involved and the envy of many other cities in the world. But as most of your postbags tell you, and as my visits to districts tell me, there is a great deal more to do.

Meeting demand

58. The Housing Authority has not only met, it has actually beaten, the targets I set out in last year's address by producing an average of 140 units per day against the objective of 100, and by rehousing 12 000 temporary housing area (THA) residents this year. This means that we may well be able to do better than our original target over the next three years and, hence, offer flats to all current THA residents by 1997. By 1996, we should also be able to clear the THAs built before 1984.

The quality of management

59. For over 40% of our population, life in Hong Kong means life in a public housing estate. Our quality of life as a community is very much to be judged by the quality of life on these estates.

60. I have asked the new Chairman of the Housing Authority to consider the following proposals:

- improved commitments to prompt repairs and higher standards of maintenance;
- improved security measures on the estates; and
- a long-term commitment to higher quality housing management.

Home ownership

61. Over the years, Members of this Council have drawn attention to the special difficulties of the sandwich class in becoming home owners. Last year, I announced a major initiative to help this group to buy its own homes. The first phase of the interim low-interest housing loan scheme has been launched and went well. It was oversubscribed three and a half times, a very good start. Planning is in hand for the production of flats under the longer-term scheme, to be ready for sale in 1995. But the price spiral for private residential flats is still

making it too expensive for many first-time buyers to enter the market. We will continue to discourage speculation.

62. An immediate practical measure is to speed up processing of private sector housing projects. We intend to give additional staff to the Lands Department in the coming year to improve processing time for lease modifications and land exchanges. That way, an extra 2 000 flats — on top of the current 15 000 or so — should reach the market each year.

PATIENT-CENTRED HEALTH

63. We all want to be well-housed, and Hong Kong has invested heavily in meeting the community's needs. We are also investing heavily in the health of our people. The Hospital Authority has made considerable improvements since its establishment in 1991. I pay warm tribute to all who work in our hospitals and clinics — our doctors, our nurses, all those who care for us when we are sick.

Cutting the queues

64. For the community as a whole, the immediate measure of the quality of hospital service is waiting times, particularly for surgery. Let me remind Members of one or two of the facts about the present position. Patients who require urgent surgery of course get the treatment they need right away. They are not put on a waiting list. Waiting lists apply solely to elective surgery.

65. But we must make a further assault on all delays and queuing times for medical treatment. Among other improvements, the Hospital Authority will next year reduce:

- average waiting times for non-urgent ear, nose and throat surgery from four months to below three months;
- average waiting times for a first appointment in 80% of specialist out-patient clinics from four months to less than three months; and
- average queuing times for a consultation at 10 specialist clinics from 120 minutes to under 90 minutes.

All public hospitals will be asking patients what they think of the services provided. Some are already doing so. I urge patients to let hospitals have their views. Only by knowing what you think can we serve you better.

66. While the standard of medical treatment is generally high, the amenities in many of our clinics and hospitals fall well below the standards of efficiency, cleanliness and comfort which Hong Kong expects. Last year I announced a

major drive to improve our general clinics. We must now upgrade our specialist clinics and hospitals.

- We intend to spend \$287 million over the next four years to refurbish and expand the specialist clinics at the Queen Elizabeth and Prince of Wales Hospitals. In the process, we shall cut average waiting times for first consultation by around 25%.
- We intend to spend \$565 million over the same period to establish a Hospital Improvement Programme. This money will help us to renovate buildings, modernize operating theatres, extend air-conditioning and improve support facilities, initially at 13 hospitals.

Care for the chronically ill

67. We must all be thankful that for many formerly life-threatening illnesses, modern medicine offers treatment even though the condition cannot be "cured". However, patients with chronic illness require continuing care and advice to enable them to lead as full and comfortable lives as possible. Diabetics, for example, need expert medical advice on how to adjust their diets and care for themselves to minimize the danger of complications.

68. Services for these groups are relatively new in Hong Kong and have been largely pioneered by dedicated volunteers from the medical, nursing and social work professions and by patient-support groups. They do a very good job, and they deserve our continuing support. In 1994, I propose to allocate an additional \$32 million:

- to expand our renal dialysis programmes to provide additional life-saving services and support for an extra 135 kidney patients; and
- to provide rehabilitation services for 3 900 chronically ill patients, significantly improving their quality of life.

A hospice programme

69. Despite all the wonderful advances in medical science, there are still some in our community who have to cope with illness for which there is no cure. Any civilized community has a duty to ensure the maximum degree of comfort and dignity for these people. Hong Kong is fortunate that it already has the nucleus of a hospice service, for which we are indebted once again to the dedication of volunteer doctors, nurses, other professionals and generous benefactors.

70. We will continue to rely on these inspiring people. But they also need our help. The time has now come for the Government to support the rapid expansion of this service. In 1994, the Hospital Authority will provide hospice care for 500 additional patients, helping to relieve pain and to control symptoms, as well as offering psychological, spiritual and bereavement support.

Support for nurses

71. The quality of patient care in our hospitals depends in large measure upon the quality and numbers of nurses. Over the past two years, the Hospital Authority has been able to put 1 100 extra nurses on to the wards, an increase of 7% over 1991. We forecast that recruitment will increase from 1 845 in 1992 to 2 020 this year. But more hospital beds mean that, in addition to replacements for those who leave the service, we will need another 500 nurses every year for the next four years if we are to keep up with even the current ratio of nurses to patients. The Hospital Authority is confident that it will be able to achieve this target.

72. We are determined to enhance the professional status and expertise of nurses. So we will:

- sponsor selected individuals to attend degree conversion courses;
- offer nurses additional training within the Hospital Authority and the Department of Health;
- provide more degree places to allow young people to take up nursing qualifications at the tertiary level; and
- create additional specialized posts within both the Hospital Authority and the Department of Health.

WELFARE: A FAMILY AFFAIR

The Year of the Family

73. In 1994, the world will mark the "International Year of the Family". I hope we will be able to use this occasion to reaffirm the family's role as the basic building block for a stable society.

74. Children are at the heart of the family and any effort to strengthen the family unit must surely begin with them. Families with children requiring special attention deserve an especially high priority. We now intend to supplement existing services with a package of measures costing \$29 million a year:

- to recruit more staff to enable family social workers to spend more time with each client;
- to support "resource centres" for parents and relatives;
- to develop programmes for autistic children in Special Child Care Centres; and
- to relieve the strain on parents by providing centres where disabled children can be looked after for short periods during the day.

Children's allowances

75. We should also see what extra financial help families in need require. Last year, I announced a major improvement in the levels of social security.

- The total benefits for a single person receiving Comprehensive Social Security Assistance now average \$2,000 a month. This is a real increase of 10% over average total benefits this time last year.
- The total benefits for a four-person household receiving Comprehensive Social Security Assistance now average \$5,880 a month. This is a real increase of 13% over average total benefits this time last year.

76. Despite these real improvements, many Members argued persuasively that our social security benefits still need adjustment to meet the special circumstances of particular groups. This is very much the case with children who depend on social security. I, therefore, propose that, from April next year, the monthly allowance paid to these children should be raised by \$100. This means that a disabled child will then receive \$1,995 per month, an able-bodied child \$1,095.

77. This is by no means all the social security benefits available to children in need. A very broad range of grants — from school fees to meal costs, travel and other expenses can be tailored to meet the needs of the individual child.

The mentally handicapped at risk

78. Already 7 850 mentally handicapped people are benefiting from places provided in training institutions, hostels and homes. This year, we are spending \$405 million on providing services for them. Next year, we propose to increase recurrent spending on the mentally handicapped by 23% in real terms.

79. Last year I pledged the necessary funds for meeting in full key targets in rehabilitation services by 1997. This means there will be an additional 3 930 residential places for people with various disabilities, as well as an extra 3 760 places in day services for mentally handicapped people. An urgent task must be to press forward to achieve these targets. We must reduce the time that mentally handicapped people have to wait for places in sheltered workshops and special hostels.

80. We cannot accept the lengthy queues for these facilities because of the additional burden they impose on those caring for the mentally handicapped. Moreover, if they are given proper care and training at an early date, mentally handicapped people can often learn to live reasonably independent and productive lives. This year, we have cut the waiting time for admission to hostels for the severely disabled by 20%. This is a good start. The Secretary for Health and Welfare will be looking for further practical measures to reduce waiting times which can be taken in the coming year. These could include mobilizing community support for expansion of services through non-governmental organizations and the promotion of open or self-employment.

81. Meeting the needs of the mentally handicapped — and the mentally ill — can be frustrated if some sections of the community resist the establishment of facilities in their neighbourhoods. The Government has a responsibility to encourage a caring approach through consultation exercises and educational programmes. Over the next three years, we propose to spend \$20 million on public education activities in this field. But we have an even greater responsibility to look after our neighbours' children who suffer from these disabilities and to protect them from prejudice and abuse. As a caring community, we must respond to the problems of our disabled members with support and compassion.

A SECURE OLD AGE

82. Social change has the tiresome habit of creeping up on communities — and their governments — and taking them by surprise. There is, however, one change going to take place in our society, the early signs of which are already visible and whose effects we can actually prepare for. Already this Council and many groups in the community have started to focus attention on the impact of Hong Kong's ageing population.

- *First*, in mid-1997, nearly 11% of the population will be aged 65 and over. By then, we will have an extra 87 000 elderly men and women to look after.
- *Second*, the numbers of very old people are steadily rising. By mid-1997, we will have an extra 44 000 men and women aged 75 and over to look after, many of them very frail or unable to live independently.

- *Third*, advances in medicine will make it increasingly possible to prolong the lives of the elderly, even after serious illnesses, but only at very considerable cost in terms of expensive medical technology and hospital care.

The basic tasks

83. People have a right to a dignified and comfortable old age. We already do a great deal to help them achieve that. This year, we are spending close to \$6 billion on services targeted at the elderly. Old people currently account for almost 40% of our hospital patients. Nevertheless, despite our present efforts, too many of our elderly people feel vulnerable.

84. I am keen that we should try to dispel some of their anxieties. I have decided to set up a special Working Group. It will report directly to me on what more could and should be done to provide the sort of integrated care for the elderly that they need and which Hong Kong can afford. That will obviously take a little while. But we cannot just sit back and do nothing while we wait for its recommendations. We must begin work immediately on an interim but far-reaching programme to tackle the most serious shortfalls in existing services.

The health priorities

85. We must start with health. The highest priority for all elderly people is access to first-class medical care. The standard of treatment they receive is the difference between crippling discomfort as a result of health problems and a return to a relatively active and independent life. It is all too easy to think of old age itself as an illness and to look upon the hospital or infirmary bed as the appropriate way to deal with the increasing frailty and disability that old age brings. All too often, communities fail to recognize the elderly person's capacity for recovery or rehabilitation. I believe that, in Hong Kong, we must take great care to avoid falling into traps of this sort.

86. Let us start with the most serious health needs of our elderly. I want to reassure our elderly community:

- *first*, the provision of hospital facilities for acute geriatric cases has been made an urgent priority; and
- *second*, by 1997, we will provide an additional 461 acute beds and day places for elderly patients. This will enable us to meet demand in full.

The infirmary shortfall

87. The story is less good when it comes to looking after those old people who need care and treatment — but not necessarily in a hospital. At the moment, our facilities are limited. Already we have 5 400 people waiting for infirmary places. By 1997, we expect to have 7 800 elderly people requiring some form of residential medical and nursing care. But on present plans, we will have only 1 200 extra beds to cope with them. That is a problem that will go from bad to worse unless we act decisively now.

A nursing home network

88. The answer, I believe, is for us to develop as rapidly as possible a network of nursing homes with medical and nursing facilities. These homes could then care for elderly patients who would otherwise have to remain in hospital or in an infirmary. The Secretary for Health and Welfare is drawing up plans for an initial seven nursing homes providing 1 400 beds at a capital cost of about \$800 million and an annual recurrent cost of \$150 million. We plan to have them in operation by 1997. How to fill the remaining shortfall will be an urgent priority for the new Working Group.

The family's support

89. Sometimes institutional care is unavoidable. But wherever possible, we should seek alternatives. The best solution is care in the family. And thankfully Hong Kong families are usually very happy to look after their elderly members. But they are entitled to expect expert support.

90. We have made a start through creating specialist medical teams. Next year, these will provide health care, assessment and rehabilitation services for a total of 55 700 elderly people living in the community. We have also backed the development of home help teams to assist old people to continue to lead independent lives or to remain with their families. A total of 6 500 elderly people will benefit from this service next year.

91. I want the new Working Group I have announced to look at two other areas: whether current levels of community support services are sufficient; and what else we could do to enable our elderly to lead their own lives and to remain in the community, close to family and friends. Wherever possible, this should be our main aim.

The housing solution

92. We also need to look closely at how we house our elderly. Families cannot care for their elderly relatives if they lack the necessary space and

facilities. Nor can elderly people be expected to live happily in accommodation designed for young, growing families rather than for the problems and difficulties of old age.

93. I have asked the new Chairman of the Housing Authority to see what we can do to provide more accommodation specially designed to meet the needs of the elderly and their families. The Authority has considerable experience of providing accommodation for the elderly. It already offers special inducements to families which take care of an elderly relative. It has introduced the concept of sheltered housing successfully. With this experience, I know we can rely on the Authority to come forward rapidly with specific proposals:

- to clear the backlog of around 4 000 elderly single people on the waiting list by 1997;
- to give priority to the elderly who apply for public housing from now on; and
- to tackle urgently the much larger problem of some 27 000 elderly men and women who are not on the waiting list at all but who have all but resigned themselves to substandard accommodation.

94. That said, whatever our efforts to keep the elderly with their families and to provide sheltered housing for the older age groups, there will also be some who require a degree of institutional care. We now urgently need an additional 800 care-and-attention places over and above our White Paper targets. We aim to provide these over the next two years.

Retirement incomes

95. Almost the worst worry to have in old age is money. This is an anxiety that gnaws away at old people's peace of mind. It is an anxiety that has generated a protracted debate on how best to provide for a financially secure old age. The current position in Hong Kong is basically this.

- Some 850 000 employees, or 30% of the workforce, are already members of retirement schemes provided by their employers.
- A further 137 000 men and women, or 5% of the workforce, hold pensionable posts in the Civil Service.
- Altogether, 35% of the workforce is currently covered by some form of pension or provident fund arrangement.

96. This is quite a solid base. But where do we go from here? And how do we get there? We finished our extensive consultation exercise early this year. This showed very clearly what the two fundamental issues for us are.

- Should Hong Kong start a compulsory scheme or continue to rely on voluntary arrangements between staff and their employers?

- Should funds be centrally managed or left to be privately invested?

And it showed equally clearly that the community is some way from having made up its mind. Views were also divided on important practical matters, such as who should be covered by the scheme and what the Government's involvement should be.

97. Nevertheless, there is a powerful sentiment within this Council and among the community at large in support of more comprehensive arrangements to cover the entire workforce. The Government is in the final stages of identifying how to respond to this sentiment. This is an intensely difficult issue, one of the most difficult we will face in the next few years. It goes to the heart of our attitudes towards saving and investment, as well as to provision for the elderly. Clearly, this Council will need to be satisfied with the outcome, and will play a key role in shaping it. It will take time to establish a consensus in the community for the right way forward, but in my judgement, we would be well advised to take our time and get things right. Notwithstanding the complexity and difficulty of the issue, the community expects a clear indication of the Government's thinking. I intend to announce our proposals on the way forward before the end of the year.

A protected old age

98. The steps I have announced today will go a long way, I hope, to relieve the anxieties which overshadow old age. A long way to remedy the worst shortfalls in the provision of services for the elderly. A long way to empower families to provide the warmth and shelter of continued family care for their elderly relatives.

A SAFE AND HONEST CITY

Against world trends

99. Old people, young people, all of us want a safe community to live in. Throughout the world, cities impose enormous pressures on the family and other traditional social institutions. As they grow in size and wealth, cities become more difficult to police, the pickings for criminals grow bigger and bigger, while poorer neighbourhoods can become dominated by criminal gangs.

100. Compared with other large cities, Hong Kong has done pretty well. Unlike most cities, key crime rates here — already low — are actually falling. This year, violent crime is down by 6%. Vehicle theft, a major cause of concern last year, is down by a quarter. Why has crime fallen? The answer is

complex and clearly a buoyant economy with full employment, coupled with subsidized housing and an effective social services safety net, are part of the explanation. But a great deal of the credit must go to our excellent police force who, day in day out, fight the criminal on our streets. Professional, disciplined and courageous, they are one of the finest police forces in the world. In recent weeks, we have witnessed once again the dangers they face as a matter of routine in the difficult job they do. I pay warm tribute to them all, and to all the other law enforcement agencies who work alongside them.

Criminal conspiracies

101. So much for the good news. But behind the figures are still too many crimes, too many lives risked, too many innocent victims. So our drive against crime must continue — without letup. We will continue to fight crime by giving our police officers the legal weapons they need to deal with organized crime and by putting as many police as we can on the beat through our successful recruitment programme. I am delighted to tell this Council that so far this year, we have recruited a thousand more police officers.

102. Criminal organizations remain a threat. Today's triad bosses are a far cry from the bully boys and street fighters of the past. They are well-organized criminal entrepreneurs, who frequently use legitimate business operations to conceal their intimidation and extortion.

103. The police urgently need the powers contained in the Organized and Serious Crimes Bill already before this Council for 16 months. Of course Members must scrutinize the Bill's provisions for their impact on the rights of the individual. But our policemen and women are facing a serious threat now. They need the powers to crack down hard on criminal gangs as soon as possible. I urge the Council to press on speedily with your work on this Bill.

Corruption: a new challenge

104. If we are to maintain Hong Kong's reputation as a city in which people can live, work and carry on their business free from intimidation and extortion, we have to deal ruthlessly with corruption. The very low level of corruption that Hong Kong has achieved over the last two decades has been a major asset in our development as an international business centre.

105. Hong Kong already makes relentless efforts to enforce the highest standards of personal integrity within the public service. The criminal convictions this year of personnel from the disciplined services, and even a member of this Council, show that we cannot lower our guard. For its part, the Civil Service values the respect and co-operation from the community which a reputation for professionalism and honesty has brought. This reputation owes a great deal to the work of the Independent Commission Against Corruption over

the last 20 years. In 1994, the ICAC will start its third decade of operations. As ever, its first priority will continue to be to ensure that the Civil Service continues to set a conspicuous example to the rest of the community of freedom from malpractices of any kind.

106. Despite our past successes, Hong Kong has become increasingly alarmed about corruption over the last year. In the first eight months of 1993, the ICAC recorded a 44% rise in complaints about corruption received from the public over the same period in 1992. The increase affects the private as well as the public sector.

A stronger ICAC

107. I am determined that we give no quarter to corruption. We will provide the resources next year for the ICAC to set up another investigation group with nearly 40 officers. This will give the Operations Department more bite. The extra resources will also enable the ICAC to respond effectively to complaints during the 1994 and 1995 elections. In addition, another 30 officers will be redeployed to form a special working group to establish tighter links with the private sector.

Business anxieties

108. The community is, of course, worried that our business sector is becoming more vulnerable to corrupt practices. Equally, business leaders have urged me repeatedly to ensure that as the barriers to trade and investment are reduced around the world, Hong Kong's barriers to fraud and corruption are not lowered. Hong Kong has an interest in the removal of all obstacles to the flow of trade and investment. But there is mounting apprehension that our business sector will become tainted by the lower ethical standards it encounters when it embarks on production or financial operations elsewhere. Our businessmen are aware that our standing as Asia's leading business location would be in danger if we relaxed our vigilance against malpractices.

Codes of conduct

109. In order to defend our business standards, I have directed the ICAC to launch a campaign in co-operation with the major business associations and professional bodies.

110. The ICAC has considerable experience in helping businesses to develop voluntary codes of practice to prevent business malpractice. I intend to build on this experience, and we have set the following targets.

- The ICAC will invite listed companies to urge their officers and staff to conduct fair and open dealings with all customers, suppliers and contractors according to a corporate code of conduct. The code will identify effective channels of complaint from the public. We hope that other companies and businesses will quickly follow their example.
- The ICAC will then invite all firms employing 100 staff or more to adopt similar codes of conduct to enhance the integrity of their business operations.
- Chambers of Commerce and similar organizations will be asked to urge their members to follow procedures which minimize the opportunities for malpractice according to a code of conduct.
- The bodies which represent lawyers, accountants, engineers, surveyors and all the other professions vital to our commercial well-being will be asked to ensure that their existing codes of performance also encourage their members to be proactive in reporting corruption and in closing loopholes which allow malpractice to survive.
- Legislation has recently been introduced to give auditors of financial institutions protection in reporting fraud and other irregularities. This will be extended to the auditors of all listed companies.

NATIONALITY ISSUES

111. I wish to turn briefly to an issue to which Members have devoted a great deal of time and effort: the question of British nationality for British passport holders among the non-Chinese ethnic minorities in Hong Kong and for the wives and widows of Hong Kong's ex-servicemen. It is very proper for this Council and for our society to ensure that the anxieties of these people are not forgotten.

112. I have conveyed these concerns very vigorously to Ministers in London. They have responded with formal reassurances both in statements to Parliament and in responses to the Executive Council and Members of this Council. I have to say that these have not gone as far as Hong Kong would want. Let me assure this Council that I will continue to press the British Government as strongly as I can for a better deal for our ethnic minorities and for the wives and widows of our ex-servicemen.

AGAINST DISCRIMINATION

113. In a modern, urban society it is all too easy to ignore the rights and personal dignity of the individual. It is particularly important that the Government should set its face against such attitudes. I am therefore asking the Secretary for Home Affairs to take responsibility for human rights issues and for related policy areas such as press freedom and data protection. This arrangement will make it easier for the Government to respond to the concerns of this Council and the community at large, some of which concerns we heard on the subject of press freedom only this week.

A woman's place

114. Freedom from discrimination is one of the cornerstones of our open society. But I know that many people believe that we have given insufficient attention to whether half of our population, Hong Kong's women, are fairly treated and adequately protected. We issued a Green Paper on women's rights in August to ascertain the views of the public on how to promote equal opportunity and end discrimination. From the comments we have already received, it is clear that the big issue for many people is whether Hong Kong should join CEDAW — the Convention on the Elimination of All Forms of Discrimination Against Women. We shall consider constructively the very strong views expressed by Members and the public on this point, and I hope to be able to announce our decision early next year.

A FULLER LIFE

The artistic scene

115. For the community as a whole, higher personal incomes and increased leisure mean that the arts have come to be enjoyed by a much wider section of the community.

116. Not surprisingly, a vigorous lobby has grown up which advocates a much greater public commitment to the arts. We are currently spending over \$500 million each year to subsidize the arts. But there is widespread support for the creation of a statutory Arts Development Council to give a new direction for the arts in Hong Kong and to ensure that, in the years to come, the vitality and pluralism which are features of the local arts scene are nurtured.

117. We have decided to establish a Provisional Arts Development Council in early 1994 to prepare the ground for the establishment of the full Council. We propose to give the full Council a generous financial start with a grant of \$100 million. The additional funds will provide seed money to enable the Council to make an impressive start. They will enable the establishment of an independently staffed and managed Council, supporting new art forms and

activities. To do the job effectively I will wish to appoint capable, committed members to the Council, people who represent a wide cross-section of the arts community, and performers as well as patrons. I am pleased that Sir Joseph HOTUNG has agreed to serve as Chairman of the Provisional Arts Development Council.

Going for gold

118. In Hong Kong, we have the coaches and the dedicated sportsmen and sportswomen to achieve sporting excellence. We now have the facilities, the showpiece of which will be the new 40 000 capacity stadium due to be opened next year. The Sports Development Board and the Hong Kong Sports Institute will be amalgamated from 1 April 1994, under a Bill now before Members. We have spent more than \$2 billion on new sporting facilities over the past few years, and have recently injected \$100 million into high performance sports development and training to prepare our young athletes for the highest level of international competition. Hong Kong is desperately keen to see its teams and athletes take on and beat the world's best. I hope the sporting community will rise to this challenge and bring home to Hong Kong a clutch of Olympic medals in 1996.

THE CIVIL SERVICE

Committed to service

119. There is one particular group that I would like to make special mention of this afternoon. I pay tribute to their conscientiousness, their loyalty and their dedication to the people of Hong Kong. I am talking, of course, about our excellent civil servants. I know it has not always been an easy year for them. But I work with them closely every day, and I know how they perform. Hong Kong is very lucky indeed to have them. The high standards reached by our Civil Service owe a great deal to the dedication and leadership shown by Sir David FORD. When he leaves his post of Chief Secretary at the end of next month, the Civil Service, this Council and the community as a whole will owe him a considerable debt of gratitude for the commitment he has shown to Hong Kong's interests throughout his distinguished career. At the same time, I would like to take this opportunity to welcome warmly Anson CHAN to her new post. I know that she will be an outstanding Chief Secretary and provide inspiration and leadership to the Civil Service in the challenging period ahead.

Pledges performed

120. The Civil Service responded enthusiastically to the call in last year's address for a new commitment to serving the community. Wherever I go, those

civil servants who work most directly for the public talk of the difference it has made to their clients and to their own job satisfaction.

- Already some 30 out of 50 government departments directly serving the public have produced performance pledges. By the middle of next year, all will have done so.
- Some 20 departments have user or customer liaison groups already in place.
- Over 4 400 government forms have been reviewed; 800 have been abolished or combined; and over 1 600 have been made more user-friendly. That is good for the Government, good for the public.
- Over 30 000 civil servants have attended training courses on the new service culture.

121. Encouragingly, the concept of performance pledges and the service culture has found a ready audience throughout the public sector as a whole. The Hospital Authority, the MTR and the KCR have taken the lead in this. Five other statutory bodies have published pledges at our invitation. Others will follow.

A pension fund

122. In December last year, we announced that we would investigate the feasibility of establishing a pension reserve fund for the Civil Service. As we stressed at that time, pensions are already secure.

- They are both a statutory right and a statutory charge on the general revenue, with pensions increased each year in line with inflation.
- In addition, both the Joint Declaration and the Basic Law guarantee that pensions will continue to be paid after 1997 on terms no less favourable than before that date, and irrespective of nationality and place of residence.

123. Nevertheless, I recognize that civil servants are worried about the future payment of their pensions after 1997. After detailed study, we now feel able to recommend that a pension reserve fund be established by resolution of the Legislative Council under section 29 of the Public Finance Ordinance. Subject to this Council's approval, we also propose to inject \$7 billion into the Fund over two years, beginning this year. The Fund's resources would be used exclusively to pay pensions in the unlikely event that they would not be covered from general revenue. I cannot myself imagine Hong Kong ever facing a financial crisis of this sort. But I believe that the fund will contribute to the Civil Service's confidence in its future.

124. Much work on the detail still needs to be done before putting the matter to the Executive Council and this Council. The Chinese Government has indicated support for the general concept but we will have to explore its views in detail. We also need to consult staff representatives. I trust, however, that civil servants will take my announcement today as evidence of the Government's determination to act as a good employer and to respond to the concerns of its staff.

Principles of localization

125. I would like to turn to the future of the Civil Service.

126. As the head of the executive, I have a special responsibility to pave the way for Hong Kong people running Hong Kong. To me this is not an abstract political concept, nor is it concerned just with the representation of the people. It also means we must ensure that before 1997 the Government is led as far as possible by local people, in particular by people who can meet the requirements to serve as Principal Officials after 1997 in accordance with the Joint Declaration and the Basic Law. In other words the posts of Chief Secretary, Financial Secretary, the Attorney General, the Policy Secretaries and some others will be filled by Chinese nationals who have no foreign right of abode. It is my intention to have in place a team which can meet the requirements of the Basic Law in good time before the change in sovereignty.

127. Localization has been our policy for a great many years now. We have always preferred the gradual approach. Over the last decade the proportion of overseas officers in directorate ranks in the Civil Service as a whole has declined from 55% to 35%.

128. The trend towards localization therefore continues. But of course progress is never completely even. There are always areas which are ahead of the trend and those which are lagging behind, for whatever good reasons. From time to time we have to take special measures to deal with particular situations, and there are two such that I want to mention today.

129. The Legal Department is one of the most important government departments. It is of course one of those which must be headed by a qualified local person in 1997. Despite our best efforts to date, localization has been slower than we and many others would like. Although the special measures we have already taken, such as the so-called "Double Ladder" and "Development Posts" schemes, are bearing fruit, it is clearly going to take time for them to work through the system.

130. I have already said that we are aiming to fill all "Principal Official" posts, including that of Attorney General, with local officers who can meet the requirements of the Basic Law in good time before 1997. In the Legal Department we also need a pool of qualified local people at the tier immediately

below the Attorney General's level to provide for the future. This is not going to happen unless we take more positive action. Therefore, we will be making special arrangements to ensure that three of the five Law Officer posts will also be filled by local people by the end of 1995. To provide a better foundation for the future, we shall also be enlarging the Development Posts Scheme and extending it to provide opportunities for local officers to be groomed and to act at the Principal Crown Counsel rank.

131. The Legal Aid Department is in a special category. Over 90% of its clients are Chinese speaking. Its professional staff have direct contact with the public, dealing with subjects which are often of a very personal nature. Chinese language skills are an obvious asset. We therefore aim by 1995 to ensure that the Director and two of the three Deputy Directors in the department are proficient in the language. We will also work to increase the percentage of officers in the other directorate ranks of the department who are able to communicate with their clients in Chinese.

132. I hope what I have said will be seen by Members of this Council and by the community as evidence of the Government's continuing commitment to localization. The dominance of local people in the management of programmes and services is in my view essential. Nevertheless, we must not forget that Hong Kong is an international city in which overseas officers continue to have an important place, a fact recognized by the Joint Declaration and the Basic Law. Those who cannot continue to be accommodated must be treated fairly. We shall need to work with the Chinese Government on these issues as 1997 approaches.

Common conditions of service

133. The existence of two sets of conditions for civil servants, one "local", the other "overseas" has helped fuel the localization debate. We have narrowed the differences and indeed removed them entirely at the most senior ranks. We need to do more. The historical justification for the present system has worn very thin in the last decade of the 20th century.

134. We propose that those taking up employment with the Hong Kong Government should now do so on common terms and conditions of service. Consultation with government departments and staff will begin soon. We will also need to discuss our proposals with the Chinese Government.

Training for transition

135. A smooth transfer of sovereignty in 1997 involves a major effort to prepare the Civil Service for transition. This requires development of the knowledge, understanding and the skills required to work effectively with China. Specialized short courses to familiarize civil servants with China's

systems and current issues are a standard feature of the Government's training activities. We started a highly successful sponsored visit programme in 1987, involving exchange visits between senior Chinese and Hong Kong Government officials. In July of this year, we began the Chinese Studies Course in Peking for senior staff. By 1997, all our Administrative Service and directorate level officers should have participated in a formal training course of some kind related to the transition.

136. The demand for a much deeper knowledge of China and its systems exists at all levels of the Civil Service. To fill this need, the Civil Service Training Centre will continue to develop training programmes for all civil servants covering different aspects of China's political and economic life. We also look forward to building up more contacts between Chinese and Hong Kong Government officials through work, visits and training courses.

137. Let me emphasize the priority which the Government attaches to preparing the Civil Service for the transfer of sovereignty. We must do everything necessary to see that the men and women in our Civil Service have the background and expertise to continue to provide an effective administration for this territory after 1997, as laid down in the Joint Declaration and the Basic Law. We will provide every support and encouragement for the Civil Service to do so. We look forward to co-operating with the Chinese authorities in this process.

THE CHINA RELATIONSHIP

138. Since my arrival in Hong Kong, I have been repeatedly asked about the territory's future. In particular, I am asked to explain why I should feel confident about Hong Kong's ability to remain one of the world's most attractive cities to live in after 1997 when we seem to have had so many disagreements with Peking over important issues which affect the future.

139. I want to emphasize again that I am confident about Hong Kong's future as a good place in which to raise a family or make a career. Provided that the "one country, two systems" concept is fully implemented and respected, Hong Kong's special way of life is bound to flourish far into the next century.

A long standing partnership

140. Let me explain why I believe that our community can take such a robust view of its future. First, I am greatly encouraged by the breadth and depth of our relationship with China — a relationship which, in most areas, is constructive and beneficial to both sides. The level of business ties is the most obvious example of the successful relationships which we enjoy.

- Hong Kong's entrepreneurs led the world's business into China in the 1980s. They have the biggest stake in China's modernization, accounting for about two thirds of external direct investment in the country. They have helped to make Guangdong probably the fastest growing region in the world.
- China's leading state enterprises have long played a major role in banking, transport, distribution and other key sectors of the Hong Kong economy. Their more recent investments in aviation, telecommunications and construction have given them an additional stake in Hong Kong's prosperity.
- The international business community has responded enthusiastically to the way Hong Kong institutions such as our Stock Exchange are forging new areas of partnership with their China counterparts. Some 672 international corporations have established their regional headquarters here in the past four years.

Government contacts

141. The Government, too, is heavily involved. The figures speak for themselves. In the first half of this year, six policy branches and 38 departments made a total of 166 official visits to their Chinese counterparts. And the flow is in both directions. Over the same period, 130 groups involving almost 1 000 Chinese officials came to Hong Kong.

142. Policy branches and departments have developed an extensive network of direct contacts with their Chinese counterparts at the working level. Contact with Chinese government agencies and their staff is an increasingly regular feature of their normal working day. Let me mention just a few examples.

- Banking supervision: co-operation between the People's Bank and our Monetary Authority covers both supervision of institutions and exchange of information.
- Infrastructural planning: co-operation started with shared environmental concerns. But the range of contacts has expanded to cover wider planning issues.
- Cross-border crime: Chinese Liaison Officers are posted to Hong Kong to work with our Police Force.
- Staff exchanges: Hong Kong offers training opportunities in a range of skills, from regulation of financial markets to airport management.

143. I am particularly encouraged that, in these meetings, we have wholly constructive discussions about common interests within the framework of the Joint Declaration. Hong Kong can do business with China, now and in the future, without losing its special identity and way of life.

The flow of people

144. The relationship goes beyond the worlds of business and government. It involves an enormous tide of people in both directions, creating increased co-operation and understanding on both sides. The projections for this year show how fast the flow is growing.

- Cross-border flows will reach a new peak, with nearly four cross-border trips for every man, woman and child in the territory.
- The number of mainland visitors to Hong Kong will reach 1 million.
- The number of passengers to and from China passing through Kai Tak will be over 2.5 million, a 60% increase over five years, and representing one in seven of all passengers.
- About half of our external telecommunications traffic will be with China.

The China advantage

145. This close relationship with China is the product of culture, location and history. We have benefited enormously over the last decade from the increasing China dimension to Hong Kong's life. This is destined to expand still further. It is vital that we continue to take the fullest advantage of the opportunities which China's modernization offers us.

146. In the months ahead, we intend to discuss with the Chinese authorities practical measures to develop co-operation in the main areas of importance to our working relationship:

- the exchange of information on major infrastructural projects in Hong Kong and Guangdong;
- the creation, with the advice and support of the Industry and Technology Development Council, of an applied research centre, drawing together the expertise of our tertiary institutions and of the Chinese Academy of Sciences;

- measures to encourage the cross-border flow of a wider range of telecommunications services; and
- our proposal, strongly supported by the Hong Kong haulage industry, for the opening of a 24-hour border crossing at Lok Ma Chau.

THE JLG AGENDA

147. I now turn to a matter which I know is of great concern to people in Hong Kong because it vitally affects their future and the nature of the society in which they will live: this is the work of the Joint Liaison Group (JLG). Britain and China have agreed in the Joint Declaration that they will intensify their co-operation in the Joint Liaison Group in the second half of the transition period. We are now well into the second half. Yet the expected acceleration of the work of the JLG has failed to materialize. Instead, it seems that its work has almost come to a halt.

148. It is, therefore, essential that we inject a new sense of urgency into the JLG. Hong Kong has a right to expect that the JLG performs and completes the task set for it in the Joint Declaration. There is no specific British interest to be served by resolving the outstanding issues on the JLG agenda, other than our aim of governing Hong Kong as well and as competently as possible. But settling these matters will be of direct benefit to the Hong Kong SAR and China. Failing to do so will create unnecessary uncertainty and confusion about the transition and will call into doubt the continuation of Hong Kong's vital legal and commercial relations with the outside world.

149. The issues involved are not generally political. They are, almost always, technical or practical matters which have a direct bearing on the lives of people in all walks of life in the territory. Let me give a few examples of what I mean.

- The Hong Kong Government has put forward proposals to preserve existing arrangements for visa-free travel overseas for Hong Kong people after 1997. Ease of travel overseas is a convenience which Hong Kong people rightly enjoy; it also facilitates trade and tourism and thus makes an important contribution to Hong Kong's prosperity. If we cannot reach agreement on this in the JLG, it would be difficult to see how these arrangements could survive 1997.
- We are in the process of negotiating a network of air services agreements between Hong Kong and key aviation partners which will extend beyond 1997. A number of initialled agreements are now under consideration in the JLG. If we are unable to complete this programme, the effectiveness of Hong Kong's existing civil

aviation relationships will be called into doubt and Hong Kong's reputation as a major centre of international civil aviation will suffer.

- We are negotiating agreements with a number of countries to enable Hong Kong to return fugitive criminals to their country of origin and to get back criminals who flee from Hong Kong. These agreements play an important role in the fight against international crime. If these agreements are to remain valid after 1997 they must be cleared through the JLG. If they are not all in place by 1997, our ability to fight international crime will be impaired and Hong Kong risks becoming a haven for criminals.
- The JLG is currently discussing who will be entitled to enjoy the right of abode in the territory after 1997. This is an issue of vital concern to people both of Chinese and non-Chinese origin in this community. If the JLG were to fail to reach clear-cut conclusions on this important issue, some members of our community would face real uncertainty about their future in the territory.

150. These are just a few illustrative examples. The full list of outstanding JLG matters is a daunting one. But there is no acceptable reason why the experienced teams on both sides should not be able to deal quickly and efficiently with these matters. They owe it to the people of Hong Kong to ensure that their agenda is completed by 1997.

The post-1997 legal and judicial systems

151. We must also look to Hong Kong's legal and judicial systems. Legislation will be drafted to establish a Court of Final Appeal on the basis agreed by the JLG in 1991. I appreciate that some Members have expressed reservations in the past over the agreement reached with the Chinese Government. It will be incumbent on the Administration when bringing the Bill forward to convince both you and the community that it is a sensible and honourable agreement, one that is consistent with the relevant provisions of the Joint Declaration. The ultimate decision will rest with this Council. But nothing, I believe, will do more to build trust and confidence in our judicial system than the smooth and effective operation of a Court of Final Appeal well in advance of 1997 — with the firm guarantee of a life beyond that year.

Localization of laws

152. It is urgent that we prepare for the change of sovereignty in 1997 by pushing ahead with adapting and localizing our laws to bring them into line with the provisions of the Basic Law. A special unit has been established in the Legal

Department to advance this important work. In the years ahead, we intend to allocate additional funds to the unit to ensure that work remains on schedule.

153. We will need to introduce into this Council a large number of Bills in the next three years to localize our legislation. We have included 10 in the 1993-94 legislative programme. There is a great deal to be done, and not much time to do it, if we are to ensure that we have a complete set of laws capable of continuing beyond 1997. If progress in the JLG does not speed up significantly, there is a high risk that the work will not be finished before 1997, and we will then face a legal vacuum. It would be irresponsible of us to let that happen, and I am determined that we should do everything possible to keep to our target for this extremely important exercise.

Judicial efficiency

154. It will also be vitally important during the transition to improve the efficiency of our courts. With this end in view, this Council has approved the appointment of a Judiciary Administrator to take responsibility for promoting a service-orientated culture within the judicial system. We expect to have the new Administrator in place by the end of this year. At each level of the court system, judicial leaders will be appointed, again tasked with promoting efficiency. In addition, the Chief Justice will chair a high level working party comprising members of the Judiciary, the legal profession and the public through which a thorough review of existing administrative systems will be conducted to determine how and where improvements can be made.

Personal freedoms

155. Getting the mechanisms, the systems, the agreements in place cannot be our only goal. No less important is the task of developing confidence and commitment about the long-term prospects of Hong Kong among the community at large and among Hong Kong's partners around the world. In the last resort, confidence in the future depends on individuals being convinced that 1997 will not mean an undermining of the personal liberties which they enjoy and which are a vital ingredient in our separate system, our special way of life.

156. Both the Joint Declaration and the Basic Law seek to provide the community with assurances on this score. But there is more that could be done. The Joint Declaration lays down that the provisions of the two International Covenants, on Civil and Political Rights and on Economic, Social and Cultural Rights as applied to Hong Kong will remain in force after 1997. But it would be a very welcome step if the Chinese Government were to become a signatory to these two covenants.

CONSTITUTIONAL DEVELOPMENT

157. One year ago, I announced in this Council a number of proposals for constitutional development. These fell into two groups. The first group of proposals was designed to strengthen the effectiveness of our executive-led Government and its accountability to this Legislative Council. I proposed that to enable the Executive and Legislative Councils each to play their proper roles, the non-official membership of the two bodies should, for the time being, be separate. This has now been achieved. I proposed a new Executive Council without representatives of political parties, and we now have that too. I proposed last year that the Governor should be replaced as President of the Legislative Council by an elected President. You, Mr President, then took office and I am now answerable to this Council as head of the executive. Over the last year, I have attended 10 question and answer sessions of this Council.

158. I also proposed that the Government should work with Members of this Council to develop new arrangements for your own administration and support facilities. Much work has been done on that, and I am glad that a new Legislative Council office will soon be established. Finally, in this first set of proposals, I suggested a Government-LegCo Committee, where the Administration could discuss with Members of this Council the handling of the Administration's legislative and financial programmes. I remain convinced that some form of mechanism is needed for the purpose I have identified, and I am ready to consider any recommendations that Members may have.

159. Those then were the first set of proposals that I put forward last year. Generally there has been good progress on them and I believe that both the executive and the legislature have benefited.

160. My second set of proposals last year concerned the arrangements for the 1994 elections to the District Boards and the 1995 elections to the Municipal Councils and the Legislative Council. The purpose was to ensure that those elections were open, fair and acceptable to our community and, at the same time, within the framework of the Basic Law, so that continuity through 1997 could be achieved.

161. There were six proposals:

- *first*, the reduction of the voting age from 21 to 18, as in China, Britain and elsewhere;
- *second*, a single vote, single seat voting system for geographical constituencies;
- *third*, replacement of corporate voting by individual voting in all the present functional constituencies, and arrangements for the nine new functional constituencies to enfranchise all the remaining eligible voters in our working population;

- *fourth*, developing the role of District Boards and abolishing appointed membership on these and on the Municipal Councils;
- *fifth*, the establishment of a Boundary and Election Commission; and
- *sixth*, that the Election Committee which will be needed for 1995 should comprise members who have themselves been elected. I suggested that the simplest way to achieve this would be to draw all or most of its members from the directly elected District Boards.

162. Of these six proposals, only the fifth — the establishment of a Boundary and Election Commission — has so far been fully implemented. The first part of my fourth proposal — developing the role of District Boards — has been implemented. But all the rest remain, so far, unimplemented and are the subject of discussions with the Chinese Government.

163. I explained last year why it was necessary to discuss these proposals with China. It is clear that our community wants fair, open elections. It is also clear that the community wants continuity after 1997. People naturally want to be confident that the members they elect in 1995 may expect to serve a full four-year term in this Council. That is why I said last year that my proposals would require serious discussion with Peking; and why I made it plain that they were proposals, not final decisions. From the outset, we were prepared for a serious negotiation.

164. In the event it took many months to get talks under way. There have now been 12 rounds, the British team being very ably led by the Ambassador in Peking, Sir Robin McLAREN, and including members of my Administration. In addition, the Foreign Secretary and the Chinese Foreign Minister have discussed these matters twice in the last three months. It is a matter of regret that I am not yet able to report agreement on any of the matters covered by my proposals.

165. The negotiators have agreed that the content of their talks shall be confidential, and I shall not breach that understanding. But Members of this Council have a right to know about the British approach to the talks and the status of my proposals, particularly in the light of press leaks about new proposals tabled by the British side. I can confirm that the British side did table revised proposals in July and August this year. These differ, in respect of the arrangements for functional constituencies and the Election Committee, from the proposals I offered in this Council last year: in all other respects the proposals are the same. They are proposals that we would be prepared to recommend to this Council if they formed part of a satisfactory overall agreement which must, of course, include acceptable arrangements for the "through train".

166. Because of the confidentiality undertaking I do not want to be specific about the nature of the revisions. In general terms, however, we have made two major moves in an attempt to meet Chinese concerns. First, we have devised a new proposal for the nine new functional constituencies, based on organizations as the Chinese have argued, and with a total eligible electorate of about a third of that in my original proposal. We continue to insist that electors should vote individually, not corporately. Secondly, we have tried to meet China's preference for a four-sector Election Committee of the kind set out in the Basic Law for the post-1997 Election Committee. We continue to argue that all members of the Election Committee should themselves be elected.

167. I repeat, these are major moves. They were not made lightly and they are not mere negotiating ploys. They are evidence of our sincerity, our flexibility, and our determination to make a success of these talks. But our room for manoeuvre is limited if we are to remain, as we must, true to the principle that election arrangements in Hong Kong should be fair, open and acceptable to the community. That is what the debate is about. It is not about the pace of democratic development; the pace is set out in the Basic Law and will not change unless the Basic Law itself is changed. It is about ensuring that democratic development is fair and open. If we allow a system to develop in which elections may be compromised, we invite corruption; we endanger the rule of law, on which our success depends; and we risk losing many of the freedoms that protect our way of life and which both the Joint Declaration and the Basic Law seek to guarantee.

168. We shall stick to our principles. We shall also continue to seek from the Chinese Government an agreement on objective criteria for the "through train", so that those who may want to run for election to this Council as well as those who vote for them in 1995, know before they do so what the rules of the game will be.

169. We believe strongly that it should be possible to reach an agreement with the Chinese Government which is fully compatible with the Joint Declaration, any other agreements and the Basic Law, and which satisfies both our principles and Chinese concerns. But we now have only weeks rather than months to conclude these talks. There will then be a great deal of work to do to ensure that orderly elections can be held on time.

- We must take the views of this Council, reflecting the wider debate in the community.
- We may then need to set the law draftsmen to work on developing what is already complex draft legislation.
- We must leave time for full consideration of draft legislation by this Council.

- And we must complete the process by July 1994 at the latest if we are to have time to complete all the necessary follow-up action for the elections.

170. Some have suggested that we should separate the 1994 District Board elections from the 1995 Municipal Council and Legislative Council elections. This would not work. The proposals affecting both sets of elections are inter-related. They need to be considered as a package in the talks with China and then in this Council. The conclusion is clear. We have little time left in which to take the first step of securing agreement, if we can, with the Chinese side.

CONCLUSION

171. One 20th century commentator, a historian, when asked what he thought was the significance of the French Revolution in 1789, replied, "It's too soon to tell". How then, so hard up against the events of the last year, can we tell their significance?

172. Even so close to the canvas, we can pick out the main features of the picture. It has been a year of success in every area but one. Our economy has thrived. Our social programmes have expanded. Our quality of life has improved. All those statistics of success tell a tale of promise achieved in the pages of the progress report that we are publishing today with my policy address.

173. Where have our efforts failed to bear fruit? In an area where no one wants failure: in the attempt to create a closer understanding with China, to replace baleful suspicion with confident trust.

174. Why have we failed so far? Not for want of trying. Not for lack of the will to make our relationship work better. As China's market opens up and blooms, economic convergence becomes a happy fact of life. So why not convergence elsewhere?

175. Alas, we have still not succeeded in convincing Chinese officials that Hong Kong's extraordinarily modest aspirations for political development are legitimate, that they deserve to be met, that they are part of the natural evolution of an increasingly mature and sophisticated society, and that they are, in a sense, a condition of our continuing success as a great international trading community. These aspirations pose no threat to China now, nor in the future. Indeed, the concept of "one country, two systems" should accommodate them comfortably.

176. The argument, as I have said, is not about whether we should accelerate the pace of democracy in Hong Kong, though many of you think — perhaps understandably — that it should be. The argument turns on whether the agreed

steps towards democracy will give the people of Hong Kong a real opportunity to choose, and on whether those steps are credible or not.

177. In order to try to win agreement, we have — as you will have observed — been prepared to make substantial moves in our talks with China to take account of Chinese concerns. I will leave it to the Chinese side to say how far they have been prepared to move.

178. We will go on working as hard as we can for an agreement. We believe it should be possible to reach an accord that meets the concerns of both sides. But we are not prepared to give away our principles in order to sign a piece of paper. What would that be worth?

179. We believe that the people of Hong Kong deserve a credible legislature, fairly and openly elected. Anything less than that would surely undermine the rule of law, and that rule of law is essential to the maintenance of Hong Kong's prosperity and freedom. The argument fuses together what is right — what is moral, if you like — with what is expedient.

180. In this Chinese city, we know that a free society governed under the law works, and we know that freedom must be firmly rooted, as it is — for example — in the Joint Declaration. Otherwise Hong Kong will spend its future forever looking over its shoulder. Why keep a bird on a string unless you want to tug it back from time to time?

181. We passionately want Hong Kong to have the best possible relationship with China before 1997 so that it can prosper and grow in strength as China prospers and strengthens in the years ahead. But at the end of a century in which again and again we have seen hope and promise so often turn to ashes when men and women failed to stand up for what was right and for what they believed in, there is a point beyond which I do not believe that we could justifiably go, even in pursuit of an agreement to which we genuinely aspire.

182. Is what Hong Kong stands for a throw back to the past or a wave of the future? Will the world be happier and more prosperous, or less happy and less prosperous as more of it shares our values and copies our success? We know the answers to those questions.

183. "One country, two systems". That is what I wish to see. I must and I will stand up for our system. That is my responsibility, but, in the final analysis, the Government can only defend that system, that way of life, with the community's support. And I say this to all of you. If we are not prepared to stand up for Hong Kong's way of life today, what chance of doing so tomorrow?

184. I say that we can only be as bold as you. That is not a surrender of leadership. It is a statement of fact.

185. We cannot be bolder than you because liberty stands in the heart. When it shrivels there, nothing can save it.

186. And there is another reason, too.

187. We do not yet have full democracy here in Hong Kong. But democracy is the road which the Chinese Government has agreed Hong Kong should follow. The Joint Declaration lays down that "the legislature of the Hong Kong Special Administrative Region shall be constituted by elections". It also prescribes that the executive "shall be accountable to the legislature". There can be no doubt, therefore, that we are destined to be moving firmly in the direction of democracy.

188. Let me tell you what I believe this democratic goal means for us. It means that your Government cannot claim to be any stronger, any wiser, any more determined than the community itself. And in the last resort, it is you — above all, you the community's legislature, the legislature that as the Joint Declaration says, holds the executive accountable — it is you who set the limits to the Government's power to protect and strengthen our system.

189. The democratic ideal (clearly enshrined in the Joint Declaration) means that the community, through its elected legislature, makes the laws that govern it. You are both the rulers and the ruled. That is why democracy is both a high privilege and a heavy responsibility.

190. I say all this because I believe it to be true. And I say it as well because I am growing to love Hong Kong as you who have created it from rock and scrub love Hong Kong. And I want, as you want, to see Hong Kong as it confidently enters the next millennium under Chinese sovereignty, a blazing beacon of good fortune, a dazzling example of what free men and women — putting adversity and hardship behind them — can together achieve. That is what we want. And that is what we can achieve. All we require is to keep our confidence in the values that bind us into a thriving community. With the courage that has brought success in the past, and the confidence that success has earned, everything is possible. I believe that. And I believe that you believe it, too.

(Clapping)

Suspension of sitting

PRESIDENT: In accordance with Standing Orders I now suspend the sitting until 2.30 pm tomorrow afternoon.

Suspended accordingly at fifteen minutes to Five o'clock.

ANNEX

LAST YEAR'S PLEDGES : ACTION SO FAR

Progress Report on Undertakings in the 1992 Policy Address

LAST YEAR'S PLEDGES : ACTION SO FAR

Progress Report on Undertakings in the 1992 Policy Address

CONTENTS

	Page
OVERVIEW	61 - 67
Appendix: Detailed report on individual undertakings	68 - 87
1. The Economy	68 - 69
2. Education	70 - 71
3. Infrastructure	71 - 73
4. Social Welfare	73 - 76
5. Health	76 - 78
6. Housing	78 - 79
7. The Environment	79 - 81
8. Law and Order	81 - 83
9. Serving the Community	83 - 85
10. Constitutional Development	85 - 87

LAST YEAR'S PLEDGES : ACTION SO FAR**OVERVIEW**

Last year's Legislative Council address set out an ambitious list of pledges covering many areas of government activity. Some of these pledges were to be met almost immediately; others over a period of up to five years. With a year now gone, it is time to review how well we are doing. The Appendix tells of progress made against each of last year's undertakings. In most areas, we have either met our objectives, or exceeded them. In a few important cases we have encountered problems which have held up progress. We will work hard to overcome these problems.

2. The overall picture is very encouraging. It is a tribute to those who have worked hard to turn last year's pledges into reality.
3. We set out below an overview, by sector, of the major achievements — as well as the difficulties.

1. MEASURES TO BOOST THE ECONOMY

We have gone a long way to meet the pledges which the Governor announced last year.

We have:

- kept growth in public expenditure within the trend GDP growth rate;
- introduced reform initiatives to improve the efficiency and management of the public sector;
- started to tackle labour shortage problems by importing 22 000 workers under the General Labour Importation Scheme with another 3 000 expected later this year;
- introduced anti-speculation measures on residential property;
- helped, through the measures listed above, to ensure that inflation has stabilised in recent months;
- injected \$300 million into the Retraining Fund and retrained more than 4 000 people;

- boosted funding for academic research for 1993-94 by 27.5% to \$155.6 million;
- made sure consumers are better protected: new toy safety legislation is in force and outbound travellers will be better protected from October.

2. EDUCATION

Good progress is being made to cut pupil/teacher ratios and to expand tertiary education.

We have:

- ensured that over 15% of school-leavers now have access to first-year, first-degree places: that's 12 520 full-time equivalent places in 1993-94;
- provided one more teacher to every standard-size primary school in the 1993-94 school year;
- reduced class sizes for Primary One to 35 for conventional classes and 30 for Activity Approach classes;
- pushed ahead with plans for the development of the new Hong Kong Institute of Education;
- pledged \$10 million to assist tertiary institutions to develop degree courses for serving teachers.

3. INFRASTRUCTURE

Last year, we promised a \$78 billion programme of spending on public works by 1997. We are lagging behind on this. The reasons include:

- more time taken to get projects under way;
- implementation delays;
- negotiation delays on projects bridging 1997.

As announced in the Financial Secretary's 1993 Budget speech, we are taking urgent steps to get the programme back on target.

4. *SOCIAL WELFARE*

There have been major achievements in this sector.

We have:

- injected \$2.3 billion into the Lotteries Fund to meet the recurrent costs of various social welfare and rehabilitation services up to 1996-97;
- introduced a Comprehensive Social Security Assistance Scheme, with new rates in effect since 1 July 1993;
- made it possible for the elderly and disabled to be away from Hong Kong for up to 180 days and still receive social security allowances;
- provided 18 more school social workers in 1993-94.

But we have done less well in other areas:

- we had planned to provide 611 additional residential places in 1993-94 for the mentally-handicapped and the physically disabled: we have only provided 571 places;
- we had planned to provide 420 additional places in sheltered workshops for the mentally handicapped this year: we have only provided 280 places;
- we had planned to provide 400 additional places in day activity centres for the mentally handicapped this year: we will only be able to provide 360 places.

Progress has been held up because of difficulties in identifying suitable premises and resistance within local communities to providing extra facilities for the mentally handicapped and other disadvantaged members of our society.

We are making extensive efforts to overcome these problems by more vigorous efforts to locate suitable premises, by early local announcement of projects and more effective public education programmes. We very much hope the shortfalls will be made good over the next year or so.

5. *HEALTH*

We are well on target to meet all the pledges in last year's Address in the health sector.

*On resources:**We have:*

- increased funds for the Department of Health in 1993-94 by over 5.5% in real terms to \$1,676 million;
- boosted funds for the Hospital Authority by 9.5% to \$12,054 million;
- raised total recurrent spending on health care in 1993-94 to some \$13,700 million — up 9% over and above inflation.

On better patient care:

- an extra 316 hospital beds have already been provided, with 634 coming onstream in 1993-94;
- two new health clinics have been opened, with two more under construction;
- the average waiting time in public hospitals for accident and emergency cases is down from one hour to less than 30 minutes;
- an advance appointment system for chronic patients has been introduced in all general out-patient clinics;
- drug labelling has been extended to eight specialist clinics and seven public hospitals.

On medical care for new target groups:

- a pilot elderly health centre will be set up early next year; and
- a pilot well-woman clinic will be opened next year.

On mental illness

- overcrowding at Castle Peak Hospital has been substantially reduced, although we have some way to go to remove the problem completely;
- the redevelopment of the Hospital is on schedule;
- three new psychogeriatric teams have been set up.

6. HOUSING

- 39 980 flats have been built since the 1992 Address: an average of 146 flats a day, well above the 100 a day target set last year;
- on home ownership, we are a little behind on our target of nearly 60% of families to own their homes by 1997:
- but we are tackling the causes of slippage and aim to be back on course soon;
- the clearance programme for urban squatters on Government land is on schedule;
- 12 000 people in temporary housing areas have been rehoused;
- the first phase of the interim sandwich class scheme is well under way.

7. THE ENVIRONMENT

We have taken specific steps in the last year to make Hong Kong a cleaner place to live in. *For example:*

- the chemical waste treatment facility on Tsing Yi Island was commissioned in April 1993;
- the Government introduced legislative controls on chemical waste in May 1993;
- we have increased the Government's contribution to the high priority sewage programme to \$8.1 billion, which will cover the full capital cost;
- detailed design work on this programme has started;
- construction work is planned to begin in mid-1994;
- we are consulting the community on plans to introduce sewage charges next year;
- the contract for two strategic landfills in west and southeast New Territories has been awarded;
- all Executive Council papers with environmental implications now have to carry an environmental assessment.

8. LAW AND ORDER

On public safety:

- over 800 more police officers now patrol our streets than in October last year;
- LegCo is considering the Organized and Serious Crimes Bill: effective legislation is urgently needed to crack down on organized crime.

On cross-border crime:

- the arrival of two Chinese Liaison Officers has further improved communication on cross-border crime;
- we have had constructive discussions with the Chinese authorities on triads, smuggling, illegal immigration and maritime crime;
- we need to intensify our efforts in this area.

On public order:

- it has taken longer than we expected to bring revised Public Order legislation to LegCo: we needed to be sure that the requirements of law and order were compatible with individual liberty;
- an Amendment Bill will be submitted to LegCo early in this legislative session.

On corruption:

- the ICAC has maintained its three-pronged attack on corruption by new initiatives in the areas of detection, prevention and the education of the public;
- but the number of reported cases of corruption continues to rise;
- so we are allocating more resources and announcing an intensified campaign requiring the support of the whole community to tackle this menace.

9. SERVING THE COMMUNITY

The public service has made a good start in adopting performance pledges and a new client-based approach:

-
- 30 out of 50 departments directly serving the public have published pledges;
 - 800 unnecessary forms have been abolished and 1 600 have been made more user-friendly;
 - 30 000 frontline civil servants have attended training courses to improve customer service.

10. CONSTITUTIONAL DEVELOPMENT

The introduction of constitutional proposals in the form of legislation has been delayed while Sino-British negotiations continue. But undertakings have been met on other fronts:

- a new non-party Executive Council has been established;
- Mr John Swaine became the first elected President of the Legislative Council in February 1993;
- the general framework of an independent LegCo Secretariat has been agreed;
- a regular Governor's Question Session has been introduced;
- the Boundary and Election Commission Bill was enacted in May 1993 and the Commission set up in July 1993;
- District Boards now have a greater role in the management of district affairs and responsibility for more funds for local programmes.

LAST YEARS PLEDGES: ACTION SO FAR

Progress on individual undertakings in the 1992 Policy Address

<i>PLEDGE</i>	<i>PRESENT POSITION</i>
1. THE ECONOMY	
(a) To create a Governor's Business Council.	The Governor's Business Council was set up in October 1992. The Council has met six times, and given advice on inflation, competition policy, the labour shortage, the 1993-94 Budget, MFN and other matters.
(b) To work with the Consumer Council and the Legislative Council to protect consumers and to promote free markets.	Good progress has been made in enhancing consumer protection. The Toys and Children's Products Safety Ordinance came into force on 1 July 1993. The Travel Agents (Amendment) Ordinance, which aims at enhancing the protection of outbound travellers, will be brought into effect in mid-October. More consumer legislation is scheduled for introduction into the Legislative Council by the end of this year. \$800,000 has been allocated to the Consumer Council to conduct industry-specific studies on competition.
(c) To create a Hong Kong Monetary Authority.	The Hong Kong Monetary Authority came into operation on 1 April 1993.
(d) To inject \$300 million into the Retraining Fund for the retraining of more than 15 000 workers over the next two to three years.	\$300 million has been injected into the Retraining Fund and more than 4 000 persons have been retrained since the setting up of the Employees Retraining Board.

*PLEDGE**PRESENT POSITION*

- This is a good start, but we will need to quicken our pace if we are to meet our target. This should be achievable now the Board is in full operation and training facilities have been lined up.
- (e) To increase the funding for academic research.
- Funding for the academic year 1993-94 has been increased by 27.5% to \$155.6 million.
- (f) To attack inflation and enhance growth by promoting the best use of resources (including those in the public sector and the labour market).
- Consumer price inflation has been on a moderating trend. Taking the first eight months of 1993 together, the rate of increase averaged 8.5% which is considerably lower than the averages of 12% recorded in 1991 and 9.4% in 1992.
- Inflation is being tackled on various fronts:
- (i) growth in public expenditure is being kept within the trend GDP growth rate;
 - (ii) reforms have been introduced to improve the efficiency and management of the public sector;
 - (iii) effective use is being made of labour importation schemes with 22 000 workers here under the General Labour Importation Scheme and 3 000 more due; and
 - (iv) anti-speculation measures on residential property have been taken.

<i>PLEDGE</i>	<i>PRESENT POSITION</i>
2. EDUCATION	
(a) Recurrent spending on education to rise by 15.8% in real terms by 1997.	In 1992-93 it amounted to \$18,800 million. It is expected to increase to \$22,220 million in 1993-94.
(b) Almost one in five of those aged 17 to 20 to be studying for degrees by 1997.	Over 15% of the relevant age group is now enrolled in first-year, first-degree places. We are well on the way to achieving our target i.e. 18% of 17-20 year-olds having access to first-year, first-degree places by 1994-95.
(c) To provide about 2 200 additional teachers by 1997.	About 780 have been recruited for primary schools in the 1993-94 school year.
(d) To reduce pupil/teacher ratio to 24 in primary schools and to 20 in secondary schools by 1997.	The pupil/teacher ratio for primary schools has been reduced from 26.9 in 1992-93 to 25.2 in 1993-94, and that for secondary schools from 21.8 to 20.6.
(e) To work for the best education for all the children of Hong Kong.	An ongoing commitment.
(f) To continue the expansion of tertiary education.	An ongoing commitment.
(g) To make the improvement of primary and secondary schools a top priority.	An ongoing commitment.
(h) To ensure teaching standards are enhanced and teaching is directed to the different needs of individual children.	An ongoing commitment.
(i) To provide up to three more teachers for each standard-size primary school from 1993; and up to two more for each standard-size secondary school, one a year from 1994.	One more teacher has been provided to every standard-size primary school in the 1993-94 school year.

*PLEDGE**PRESENT POSITION*

- | | |
|--|--|
| (j) To reduce the size of school classes to 35 pupils each, starting in September 1993 with Primary One, and extending it to higher levels a year at a time. | The class sizes for Primary One have been reduced to 35 for conventional classes and 30 for Activity Approach classes. |
| (k) To introduce, where possible, whole day teaching in all new primary schools from 1993. | Three primary schools which commenced operation in the 1993-94 school year are whole day schools. |
| (l) To create a Provisional Governing Council for the new Institute of Education to plan for the improvement of teacher training. | The Council was set up in February 1993. It is now actively planning the development of the new Institute. |
| (m) To encourage tertiary institutions to develop degree courses for serving teachers. | A \$10 million course development grant will shortly be awarded to assist tertiary institutions to develop Bachelor of Education courses. |
| (n) To increase the proportion of qualified teachers in kindergartens by improving the Fee Remission Scheme. | The Scheme has been topped up by \$35 million in 1993-94. 615 additional kindergarten teachers have been trained during the 1992-93 school year. |

3. INFRASTRUCTURE

- | | |
|--|--|
| (a) \$78 billion to be spent on public works by 1997 (44% more in real terms than in the previous five years) in addition to the Government's spending on airport core projects. | 1. <i>We are behind schedule in spending the \$78 billion mainly because of:</i> |
| | (i) <i>more time taken to get projects under way;</i> |
| | (ii) <i>implementation delays;</i>
<i>and</i> |
| | (iii) <i>negotiation delays on projects bridging 1997.</i> |

*PLEDGE**PRESENT POSITION*

The Financial Secretary, together with the Secretary for Treasury and the Secretary for Works, are taking measures to achieve the spending target set out in the 1992 Address.

2. The aim of the remedial measures is both to speed up spending and to address the underlying causes of underspending. These measures include:
 - (a) bringing forward key projects or introducing new projects into the Public Works Programme;
 - (b) expanding the use of consultants and contracting work to outside agencies;
 - (c) examining existing public works procedures and practices;
 - (d) checking whether start dates and spending profiles of existing projects are realistic;
 - (e) forming Project Action Teams under the Secretary for Works to focus on delivery of key projects;
 - (f) carrying out stricter pre-vetting of projects;
 - (g) examining how to cut through the statutory, administrative and consultative processes needed to deliver projects, particularly the land acquisition process; and

*PLEDGE**PRESENT POSITION*

- (h) introducing a common computerised information link to all those in the Government involved in the Public Works Programme.

4. SOCIAL WELFARE

- | | |
|--|---|
| (a) To increase welfare spending by 26% in real terms by 1997. | A 7.8% real increase is expected in 1993-94 alone. |
| (b) To implement the key targets identified in the Social Welfare White Paper and the Green Paper on Rehabilitation. | We are on schedule for all the White Paper key targets and most of the Green Paper key targets. However, there are slippages in some residential and day facilities for disabled persons targeted for operation in 1993-94 due mainly to difficulties in identifying suitable premises and to local resistance. |
| (c) To ensure the targets are updated regularly to reflect the changing needs of different client groups. | This is being done. |
| (d) To inject \$2.3 billion into the Lotteries Fund to meet the cost of recurrent subvention for various social welfare and rehabilitation services up to 1996-97. | This was approved by the Finance Committee in November 1992. The provision included in the 1993-94 Estimates amounts to \$224 million. |
| (e) To increase residential places for the mentally handicapped, ex-mentally ill, aged blind and the physically disabled by over 100% (an addition of 3 930 places) by 1997. | 67 additional places will be provided by October 1993 and 504 places later this year. This represents about 93% of the target (611 additional places) for 1993-94. The slippage is mainly caused by difficulties in identifying suitable premises and local resistance. Measures to overcome the problem include more extensive efforts in locating suitable premises, early local announcement |

*PLEDGE**PRESENT POSITION*

- of such projects and more public education efforts. We expect the remaining 40 places to be provided in 1994-95.
- (f) To meet in full the demand for day services for the mentally handicapped by providing 2 110 additional places in sheltered workshops and 1 650 additional places in day activity centres.
- We are behind schedule. An additional 280 places in sheltered workshops will be provided later this year, which represents 67% of the target for 1993-94. As regards day activity centres, 90% (360 additional places) of the 1993-94 target will be achieved. The shortfall, once again, is mainly due to reasons given in paragraph (e) above.
- (g) To provide, by 1997, 5 000 additional places for the elderly in care and attention homes and homes for the aged.
- Our target is to provide 1 782 additional places (1 418 care-and-attention places plus 364 home places) in 1993-94. 838 care and attention places have been provided since 1993. Another 580 care-and-attention places and 364 home places will be available before the end of March 1994, to achieve in full the target of 1 782 additional places for 1993-94.
- (h) To establish 14 additional multi-service centres for the elderly by 1997.
- Our target is to establish three additional multi-service centres in 1993-94. One centre has commenced operation in October 1993 and the other two are expected to commence service in March 1994.
- (i) To establish 70 additional social centres for the elderly by 1997.
- Our target is to establish 18 additional social centres in 1993-94. Nine centres are already providing services and nine others are scheduled to commence operation before end-March 1994. Premises and operating agencies for these centres have been identified.

*PLEDGE**PRESENT POSITION*

- (j) To provide an additional 5 600 nursery places by 1997.
- The target is to provide 1 400 places in 1993-94. 488 additional nursery places have been provided and we are working towards the target of providing 912 more places within this financial year.
- (k) To provide an additional 1 200 day creche places for children by 1997.
- We aim to provide 273 additional day creche places in 1993-94. The premises and the non-governmental organizations for providing these places have been identified.
- (l) To provide an additional 200 foster-care places by 1997.
- We aimed to provide 160 of these additional places in 1993-94, and have done so.
- (m) To provide an additional 45 small group homes for children by 1997.
- Nine additional small group homes for children have been provided and we plan to provide 15 more by the end of the financial year, meeting in full the target for 1993-94. The premises and the non-governmental organizations have been identified.
- (n) To provide an additional 60 school social workers by 1997.
- We are on target. Nine new school social worker posts were created from April 1993 and nine more from September 1993.
- (o) To create 44 additional home help teams by 1997.
- Preparation work is in hand to provide the 12 home help teams targeted for 1993-94.
- (p) To introduce a Comprehensive Social Security Assistance Scheme, restructuring social security benefits and leading to real increases in means-tested benefits from July 1993 in addition to inflation-related increases.
- The Scheme was introduced on 1 July 1993 with the new rates implemented as scheduled.

*PLEDGE**PRESENT POSITION*

(q) To extend the permitted absence period from Hong Kong to 180 days for elderly and disabled recipients of Public Assistance and Special Needs Allowances.

The permitted absence rule has been extended to 180 days since 1 July 1993.

5. HEALTH

(a) Recurrent spending on health care to grow by 22% in real terms by 1997.

The provision for spending on health care in 1993-94 is \$13,730 million, representing a growth of 9% in real terms in this year alone.

(b) Spending in 1993-94 to increase by 4% in real terms for the Department of Health and approximately 8% for the Hospital Authority.

The provision for the Department of Health in 1993-94 has increased by 5.5% in real terms to \$1,676 million, and that for the Hospital Authority by 9.5% in real terms to \$12,054 million.

(c) To provide 4 200 additional hospital beds by 1997.

316 additional hospital beds have already been provided and another 634 beds will be coming on stream in 1993-94.

(d) To open 13 new clinics and expand 11 existing clinics by 1997.

Two new clinics have already been opened and two more are being constructed.

(e) To improve the quality as well as quantity of patient care.

An ongoing commitment. Please refer, for example, to items 5(l) and 5(m).

(f) To make the health services more responsive to patients' needs.

An ongoing commitment. Please refer, for example, to 5(i), 5(j) and 5(k).

(g) To meet the special needs of particularly vulnerable groups.

An ongoing commitment. Please refer, for example, to 5(n) and (o).

<i>PLEDGE</i>	<i>PRESENT POSITION</i>
<i>(h)</i> To make a sustained effort to improve the care of the mentally ill.	All camp beds in the Castle Peak Hospital have been withdrawn. The Castle Peak Hospital Phase I Redevelopment is on schedule.
<i>(i)</i> To reduce average waiting time in public hospitals for accident and emergency cases to less than 30 minutes.	Target achieved.
<i>(j)</i> To introduce advance appointments at general clinics for the chronically sick.	This has been done.
<i>(k)</i> To install air conditioners and other amenities in waiting areas.	Patient amenities (other than air-conditioning) have been improved in 15 general clinics. Air-conditioning of 15 clinics will begin shortly as planned.
<i>(l)</i> To standardise medical records at general clinics.	This is being done. Individual medical record systems have already been installed at 34 general clinics and will be extended to all other general out-patient clinics by August 1994.
<i>(m)</i> To extend drug labelling to all public hospitals and specialist clinics.	This is being done. Drug labelling has already been extended to eight specialist clinics and seven public hospitals.
<i>(n)</i> To establish seven new health centres to provide screening and other primary health care services to the elderly.	A pilot elderly health centre will be established early next year. Fitting out of the centre is in progress.
<i>(o)</i> To create three "well-woman" clinics to provide primary health care, including gynaecological examinations and screening to women, especially those aged 45 and above.	Fitting out of the pilot "well-woman" clinic is in progress. It will open in early 1994. About 7 500 women aged 45 and above will benefit from the programme annually.

PLEDGE

(p) To reduce overcrowding at Castle Peak Hospital and provide approximately 900 additional psychiatric beds in other hospitals.

(q) To set up professional teams to treat the mentally ill in the community, starting in 1993-94 with elderly mental patients.

6. HOUSING

(a) An average of over 100 new flats to be built every day between now and 1997 by the Housing Authority and the Housing Society.

(b) Nearly 60% of families to own their homes by 1997.

(c) All urban squatters on Government land to be rehoused by March 1996.

PRESENT POSITION

Overcrowding at Castle Peak Hospital has been substantially reduced by transferring patients to other hospitals. We will need to continue to work on this. All camp beds in the Hospital have been withdrawn. The Castle Peak Hospital Phase I Redevelopment is on schedule. Renovation of the old block and replacement of electrical installations in Siu Lam Hospital are progressing well.

Three additional psychogeriatric teams have been set up to treat the mentally ill. Ten short-stay assessment beds for psychogeriatric patients have been provided since July 1993. Waiting time for first appointments for psychogeriatric out-patients has been reduced from three months to six weeks.

We have produced an average of 140 new flats per day, greatly exceeding the target.

Over the past year, there have been some signs of slippage in this area. But we should be able to ensure that we remain on course.

The clearance programme for urban squatters on Government land is on schedule with 22.5% cleared and rehoused so far.

*PLEDGE**PRESENT POSITION*

- | | |
|---|--|
| <p>(d) Almost three-quarters of people in existing temporary housing areas to be rehoused by 1997.</p> | <p>We have rehoused 12 000 THA residents this year. The clearance and rehousing programme is on schedule.</p> |
| <p>(e) To maintain the Government's commitment to the provision of public housing.</p> | <p>An ongoing commitment.</p> |
| <p>(f) To work with the private sector to maximise the supply of competitively priced private flats.</p> | <p>Continued efforts are being made in this area. The 1993-94 Land Disposal Programme agreed by the Land Commission is being put into action. The processing of building, land and planning applications is on course.</p> |
| <p>(g) (i) To assist the "sandwich class" to meet their housing needs;</p> <p>(ii) to introduce a new middle-income housing scheme, similar to the Home Ownership Scheme, to benefit about 13 000 families in the "sandwich class" by 1997; and</p> <p>(iii) to buy flats for the "sandwich class" as an interim measure before the flats from the new middle income housing scheme become available.</p> | <p>The first phase of an interim scheme for the "sandwich class" is being implemented. Planning for the production of long term scheme flats is in hand.</p> |

7. THE ENVIRONMENT

- | | |
|---|-------------------------------|
| <p>(a) To prevent and address the problems of pollution immediately rather than storing trouble for future generations.</p> | <p>An ongoing commitment.</p> |
|---|-------------------------------|

<i>PLEDGE</i>	<i>PRESENT POSITION</i>
(b) To handle safely and effectively the disposal of chemical wastes.	The chemical waste treatment facility on Tsing Yi Island was commissioned in April 1993. Legislative controls on chemical waste were brought into force in May 1993.
(c) To bring water pollution under control through measures funded by polluters, not taxpayers.	Please see item 7(h).
(d) To build sanitary landfill sites in remote areas, together with new refuse transfer stations, and to close urban landfills and incinerators.	Progress continues to be made on implementing the 1989 Waste Disposal Plan. The contract for two strategic landfills in west and southeast New Territories has been awarded.
(e) To build a waste treatment plant for toxic chemical wastes.	The chemical waste treatment plant on Tsing Yi Island was commissioned in April 1993 and is contributing to our efforts to abate pollution.
(f) To proceed with the Strategic Sewage Disposal Scheme for the proper collection, treatment and disposal of sewage generated around Victoria Harbour.	Detailed design of the principal collection and treatment system under the high priority programme has started and construction work is planned to start around mid-1994.
(g) To inject not less than \$3 billion from the Government's Capital Investment Fund so that an early start can be made to the high priority programme.	The Government's proposed contribution has gone up to \$8.1 billion. Legislative Council approval will be sought in the near future to establish a trading fund for Sewage Services in the Drainage Services Department, after which \$6.8 billion will be injected into the fund. This, together with the \$1.3 billion already approved under the Capital Works Reserve Fund, will cover the full capital cost of the high priority programme.

*PLEDGE**PRESENT POSITION*

- | | |
|---|--|
| (h) To introduce charges for sewage services. | The community is now being consulted on the plan to introduce sewage charges in 1994. |
| (i) To require environmental impact assessments to be included in all relevant papers submitted to the Executive Council. | This has become a standard practice. |
| (j) To put forward other environmental initiatives. | Two pilot environmental audits are under way within the Government. Energy Managers have been appointed in some government premises and the coverage of the scheme will be extended progressively. A committee has been formed to steer through new environmental initiatives arising from the Earth Summit. |

8. LAW AND ORDER

- | | |
|---|---|
| (a) To secure safe streets through a high level of policing. | An ongoing commitment. Hong Kong has a high level of policing with 460 officers per 100 000 of the population. Please also see item 8(g). |
| (b) To target organized crime as a special menace. | An ongoing commitment. Please also see item 8(h). |
| (c) To intensify joint efforts with Chinese authorities to tackle cross-border crime. | An ongoing commitment. We are talking with the Chinese authorities about tackling matters of mutual concern including triads, smuggling, illegal immigration and maritime crime. The arrival of two Chinese Liaison Officers has further helped efforts to tackle cross border crime. |
| (d) To maintain the attack against corruption as a high priority. | Computerised information and surveillance systems have been introduced to improve ICAC's |

*PLEDGE**PRESENT POSITION*

- | | |
|---|---|
| <p>(e) To pursue, at all times, the requirements of law and order in ways compatible with individual liberties.</p> | <p>capability. They have intensified their efforts in the areas of detection, prevention and community education. The number of reported corruption cases continues to rise, however. Further resources, and a concerted campaign involving the public and private sectors and the community as a whole, will be needed to tackle corruption effectively.</p> |
| <p>(f) To attack exploitation of illegal immigrants.</p> | <p>An ongoing commitment. The review of the Public Order Ordinance has taken longer than expected to ensure that the requirements of law and order are compatible with individual liberties. The Amendment Bill is being finalised and will be introduced into the Legislative Council in the new session.</p> |
| <p>(g) To put about 800 extra police officers on the streets in 1993.</p> | <p>Illegal immigration remains a problem given our prosperity and shortage of labour. We have focussed successfully through a new publicity drive on the exploitation of illegal immigrants. The problem seems to be under control but we will remain vigilant.</p> |
| <p>(h) To enact the Organized and Serious Crimes Bill to reinforce the ability of the police and judiciary to tackle organized crime.</p> | <p>This has been achieved mainly through redeployment and improved recruitment.</p> |
| <p>(h) To enact the Organized and Serious Crimes Bill to reinforce the ability of the police and judiciary to tackle organized crime.</p> | <p>The Organized and Serious Crimes Bill is being examined in detail by the LegCo Ad Hoc Group. The proposed Bill will provide the police with special investigative powers to crack down on organized crime. The Administration has held several meetings with the LegCo Ad Hoc Group to discuss and clarify the concerns of the</p> |

*PLEDGE**PRESENT POSITION*

(i) To propose a joint anti-smuggling drive to Chinese authorities.

Group. Both the Administration and the Legislative Council are keen to press ahead as quickly as possible.

A joint anti-smuggling drive with the Chinese is under way, with regular exchange of intelligence and increased co-ordination of anti-smuggling action on both sides. Good results are being achieved.

(j) To abolish the death penalty.

The Crimes (Amendment) Ordinance 1993 to abolish the death penalty was enacted earlier this year.

(k) To propose deterrents to prevent illegal immigrants from finding employment.

New deterrents against the employment of illegal immigrants have been pursued. Housing Authority contracts now require workers to display identity cards on site. Both the Government and the Housing Authority now penalise contractors with convictions for employing illegal immigrants by suspending them from tendering. The Courts have started to impose prison terms on the employers of illegal immigrants.

9. SERVING THE COMMUNITY

(a) To achieve greater openness and accountability in the Government.

One of the key objectives of the performance pledges programme is to encourage greater openness and accountability. We have also introduced Programme Management into most government departments. This will provide the basis for clearer reporting of performance targets and achievements in e.g. the Controlling Officer's Reports in the Estimates as far as practicable.

PLEDGE

- (b) To review laws which might infringe press freedom and look again at what might be done to extend access to official information.
- (c) To develop a customer-based service culture in the public sector.
- (d) All government departments providing direct services to the public to adopt performance pledges and the first pledges to be introduced by the end of 1992.
- (e) The public to be involved in monitoring performance pledges through "Users' Committees".
- (f) To review Government forms and documents to ensure that they are necessary, simple and user-friendly.
- (g) Civil Servants dealing with the public to identify themselves.

PRESENT POSITION

The review was completed in March 1993. It concluded that press freedom is secure under Hong Kong law but some provisions might either be obsolete or at odds with the Bill of Rights. These are in the process of being repealed or amended. We have also taken measures to improve access to official information. They include: access to personal data supplied by individuals; publication of the posts and responsibilities of Government staff; and access to classified files older than 30 years.

An ongoing commitment. Please see items 9(d)-(i).

The first pledges were introduced in 1992. So far, some 30 out of 50 government departments directly serving the public have adopted performance pledges. By the middle of 1994 all will have done so.

Some 20 departments have user or customer liaison groups already in place under the performance pledge programme. Our aim is that those departments with most contact with the public should establish such links with their customers by the end of 1994.

Some 4 400 government forms used by the public have been reviewed: 800 have been abolished or combined and over 1 600 have been made more user-friendly.

This is now general practice.

<i>PLEDGE</i>	<i>PRESENT POSITION</i>
(h) Correspondence from the public will get a reply within 10 days.	This is now general practice.
(i) To run training courses to enhance Civil Service courtesy and helpfulness.	About 30 000 frontline staff have attended training courses to improve customer service.
(j) To improve the administrative complaints system by providing for:	The Amendment Bill to provide for various improvements to the Commissioner for Administrative Complaints system was introduced into the Legislative Council in July 1993. We hope it will be enacted by the end of this year. It will provide direct access to the Commissioner for Administrative Complaints, publication of investigation reports and extension of the Commissioner's jurisdiction to six major statutory bodies.
(i) the public to have direct access to the Commissioner;	
(ii) the Commissioner to be able to publicise his investigation reports; and	
(iii) the Commissioner's jurisdiction to be extended to include major statutory bodies.	
 10. CONSTITUTIONAL DEVELOPMENT	
(a) To strengthen to the maximum extent possible Hong Kong's political institutions within the framework of the Joint Declaration and the Basic Law.	An ongoing commitment.
(b) To appoint to the Executive Council independent members of the community who can give the Governor advice without the conflicting loyalties of active day-to-day political involvement.	A new non-party Executive Council has been established.
(c) Legislative Council's President to be elected by Council Members.	Mr John Swaine became the first elected Legislative Council President on 19 February 1993.

*PLEDGE**PRESENT POSITION*

- | | |
|--|--|
| <p>(d) To make arrangements for Governor's Question Sessions with Legislative Council.</p> | <p>The Governor has made himself available to address the Legislative Council on Government policies and proposals and answer Members' questions on a regular basis. He also reports to the Council on his major trips abroad and other developments. This arrangement will continue in the 1993-94 session.</p> |
| <p>(e) To work with the Legislative Council in developing proposals for its financial and managerial autonomy.</p> | <p>Members of Legislative Council have worked towards clear and separate management of their own affairs by developing their own administration and support facilities. The OMLEGCO will be wound up and replaced by an independent Legislative Council Secretariat by 1 April 1994. The recruitment of the Head and Deputy of the new Legislative Council Secretariat is in progress.</p> |
| <p>(f) The Legislative Council to develop its own proposals for a committee structure which reinforces the accountability of the Executive to the Legislature, as provided for in the Joint Declaration and Basic Law.</p> | <p>The Legislative Council has reviewed its existing informal panels and agreed to turn them into formal committees with a view to improving their operation.</p> |
| <p>(g) To create a Government-Legislative Council Committee to discuss the handling of the Government's legislative and financial programmes</p> | <p>The proposed Committee has not been taken up by the Legislative Council but existing channels of communication have continued. Apart from the Governor's sessions, there have been regular meetings between Legislative Council Members and senior officials of the Government.</p> |
| <p>(h) The District Boards to be given extended responsibilities and budgets to manage environmental improvement</p> | <p>This has been done. For the financial year 1993-94, District Board funds were increased by some \$25 million to \$75 million.</p> |

PLEDGE

projects, local public works, community halls and other district matters.

- (i) To create an independent Boundary and Election Commission.

- (j) To prepare for the 1994 and 1995 elections.

PRESENT POSITION

The Boards have been charged to manage these funds. They determine the priorities for implementing minor environmental improvement projects and other community involvement activities. District Board Chairmen now sit on District Management Committees to provide direct input to the management of their districts.

District Boards are also now responsible for overseeing the management of community halls.

The Boundary and Election Commission Bill was enacted in May and the Commission established in July. The Commission is preparing recommendations on the demarcation of geographical constituency boundaries for the 1994 District Board elections and the 1995 Municipal Council elections.

The Electoral Provisions (Miscellaneous Amendments) Bill was gazetted in March 1993, but has not been introduced into the Legislative Council. Meanwhile, talks are being held with the Chinese Government on the 1994-95 electoral arrangements.

