

OFFICIAL RECORD OF PROCEEDINGS

Thursday, 14 December 1995

The Council met at half-past Two o'clock

MEMBERS PRESENT

THE PRESIDENT

THE HONOURABLE ANDREW WONG WANG-FAT, O.B.E., 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 MARTIN LEE CHU-MING, Q.C., J.P.

DR THE HONOURABLE DAVID LI KWOK-PO, O.B.E., LL.D. (CANTAB),
J.P.

THE HONOURABLE SZETO WAH

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

THE HONOURABLE ALBERT CHAN WAI-YIP

THE HONOURABLE CHEUNG MAN-KWONG

THE HONOURABLE CHIM PUI-CHUNG

THE HONOURABLE FREDERICK FUNG KIN-KEE

THE HONOURABLE MICHAEL HO MUN-KA

THE HONOURABLE EMILY LAU WAI-HING

THE HONOURABLE LEE WING-TAT

THE HONOURABLE FRED LI WAH-MING

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

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

THE HONOURABLE HOWARD YOUNG, J.P.

THE HONOURABLE ZACHARY WONG WAI-YIN

THE HONOURABLE CHRISTINE LOH KUNG-WAI

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

THE HONOURABLE CHAN WING-CHAN

THE HONOURABLE CHAN YUEN-HAN

THE HONOURABLE PAUL CHENG MING-FUN

THE HONOURABLE DAVID CHU YU-LIN

THE HONOURABLE ALBERT HO CHUN-YAN

THE HONOURABLE IP KWOK-HIM

THE HONOURABLE AMBROSE LAU HON-CHUEN, J.P.

DR THE HONOURABLE LAW CHEUNG-KWOK

THE HONOURABLE LAW CHI-KWONG

THE HONOURABLE LEE KAI-MING

THE HONOURABLE LEUNG YIU-CHUNG

THE HONOURABLE BRUCE LIU SING-LEE

THE HONOURABLE MARGARET NG

THE HONOURABLE SIN CHUNG-KAI

THE HONOURABLE TSANG KIN-SHING

DR THE HONOURABLE JOHN TSE WING-LING

THE HONOURABLE MRS ELIZABETH WONG CHIEN CHI-LIEN, C.B.E.,
I.S.O., J.P.

THE HONOURABLE LAWRENCE YUM SIN-LING

MEMBERS ABSENT

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

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

DR THE HONOURABLE HUANG CHEN-YA, M.B.E.

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

THE HONOURABLE JAMES TO KUN-SUN

DR THE HONOURABLE PHILIP WONG YU-HONG

DR THE HONOURABLE YEUNG SUM

THE HONOURABLE LEE CHEUK-YAN

THE HONOURABLE CHAN KAM-LAM

THE HONOURABLE ANDREW CHENG KAR-FOO

THE HONOURABLE CHENG YIU-TONG

THE HONOURABLE ANTHONY CHEUNG BING-LEUNG

THE HONOURABLE CHEUNG HON-CHUNG

THE HONOURABLE CHOY KAN-PUI, J.P.

THE HONOURABLE LAU CHIN-SHEK

THE HONOURABLE LO SUK-CHING

THE HONOURABLE MOK YING-FAN

THE HONOURABLE NGAN KAM-CHUEN

PUBLIC OFFICERS ATTENDING

THE HONOURABLE MRS ANSON CHAN, C.B.E., J.P.
CHIEF SECRETARY

THE HONOURABLE DONALD TSANG YAM-KUEN, O.B.E., J.P.
FINANCIAL SECRETARY

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

CLERK IN ATTENDANCE

MR RICKY FUNG CHOI-CHEUNG, SECRETARY GENERAL

PURSUANT TO STANDING ORDER 4AA, HIS EXCELLENCY THE GOVERNOR, THE RIGHT HONOURABLE CHRISTOPHER FRANCIS PATTEN, ATTENDED TO ADDRESS THE COUNCIL AND TO RECEIVE QUESTIONS.

PRESIDENT: Will Members please remain standing for the Governor?

CLERK: His Excellency the Governor.

PRESIDENT: The Governor will make a statement on his visit to the Philippines and answer questions on the economy. A Member who has asked a question may for the purpose of seeking elucidation only ask a short follow-up question.

GOVERNOR: Mr President, let me begin by saying a few words about my visit to the Philippines and then I will be happy to answer questions on that subject or on the overall question of the economy.

I had a very useful and productive visit to the Philippines from 10 to 13 December. I am very grateful to President RAMOS for his kind invitation and for all the arrangements which were made for me and my party. I am particularly grateful to the Philippine authorities for helping to get me home yesterday.

I had an hour-long meeting over breakfast with President RAMOS on Monday, followed by a meeting with Archbishop Jaime Cardinal SIN. I spoke at a seminar organized by the Asia Pacific University, and also gave speeches to Hong Kong and Filipino business representatives. On Tuesday morning, I met the President of the Senate, Senator GONZALEZ, and the Chairman of the Senate Foreign Relations Committee, Senator MACEDA. I also visited Subic Bay and saw for myself the impressive developments underway there, which included of course investments from Hong Kong.

I believe that my visit helped to confirm the very strong commercial and trading relationship between Hong Kong and the Philippines, and will have strengthened our partnership in Asia-Pacific Economic Co-operation (APEC). Hong Kong is the second largest direct investor in the Philippines. Last year, we invested some US\$290 million there. So we have an important stake in the future of the Philippines, and it is important to keep our overall relationship in good repair.

I also had the opportunity of discussing with President RAMOS and others the position of the substantial Filipino community in Hong Kong. I assured the President that we would continue to do our best to ensure that domestic helpers, who constitute the overwhelming majority, although not the entirety, of the Filipino community in Hong Kong, enjoy proper legal protection. The President and his colleagues were appreciative of the efforts made by the Hong Kong Government and by the whole community on behalf of domestic helpers here.

I also took the opportunity to raise with President RAMOS the one cloud over the otherwise fine relationship between Hong Kong and the Philippines, namely, the position of Mr AU and Mr WONG who have been in prison since 1991 in Manila. I also sent one of my staff to see Mr AU and Mr WONG to underline to them the concern we have for their case, and to report to them my discussion with President RAMOS. As Honourable Members know, there is a great deal of concern in the community about this case, as well as in this Council and in the media. I intend to continue to take a close interest in what happens to Mr AU and Mr WONG. We will be keeping in touch with the case and with the Filipino authorities. Mr AU and Mr WONG will continue to receive regular visits from the British Embassy, who report back to us. President RAMOS assured me that he understood the concern in Hong Kong about the case and would be contacting the Justice Ministry about it. I told Mr RAMOS that we had no wish to interfere in the judicial process in the Philippines. We were asking for that judicial process to take place as rapidly as possible as both Mr AU and Mr WONG have been waiting for a very, very long time. I think that no one in the Philippines or in the Filipino Government will have been surprised at our concern about two of our citizens, given the concern which the Filipino authorities themselves have expressed about the position of Filipinos in difficulties overseas.

So, I repeat, a useful, busy, visit. I will be happy now to take questions from Honourable Members.

PRESIDENT: Would Members who wish to ask questions please raise their hands? Mr CHEUNG Man-kwong.

MR CHEUNG MAN-KWONG (in Cantonese): *Mr Governor, the economic prospects of Hong Kong depend on the rule of law. We are aware of the fact that Mr WEI Jingsheng was yesterday sentenced to 14 years' imprisonment by a court in Beijing for plotting to subvert the government. This incident reflected the rashness and the inequity inherent in the judicial system of China and aroused strong reaction as far as public opinion goes in Hong Kong. It has also made the people of Hong Kong worry about the prospects of the rule of law after the handover in 1997. According to the Agreement between the British and Chinese sides on the Question of the Court of Final Appeal in Hong Kong, the Court of Final Appeal of the future Special Administrative Region Government shall have no jurisdiction over acts of state such as defence and foreign affairs. This provision has created a big loophole in the common law system of Hong Kong because the legal concepts of China may be extended to Hong Kong. According to the Hong Kong Court of Final Appeal Bill passed by this Council, the act of subverting the Central People's Government may, in the future, be regarded as an act of state, and the courts of Hong Kong will then have no jurisdiction over these cases. This makes it possible for the "WEI-style" political trial to be held in Hong Kong after 1997. Can Mr Governor tell us whether he has ever considered plugging this loophole so as to remove the worries of the people of Hong Kong; and will Mr Governor take actions or what methods will Mr Governor use to reflect to the Chinese Government this widespread worry among the people of Hong Kong?*

GOVERNOR: Let me first of all agree with the Honourable Member about the relationship between Hong Kong's economic prospects, the main subject on which I was proposing to answer questions today, and Hong Kong's way of life. It is naive of people purporting from time to time to speak for Hong Kong or to speak for the business or economic interests of Hong Kong to argue that there is not a relationship between our freedoms, our pluralist values, the accountability of our legislature and our prosperity. There plainly is, and when you go to other countries in the region, that is a point that people make to me and to others explicitly. Hong Kong would not be so successful if it was not so free. So the first point on which I agree with the Honourable Member is that there is a clear and explicit and intimate relationship between the sort of place Hong Kong is and the extraordinary developments in Hong Kong's economy over the years.

Hong Kong has, of course, been a haven over the years for those who have fled from events elsewhere and arrived in Hong Kong with a very sharp and marked appreciation of the benefits of living in a free and open society.

Secondly, we know from the recent expressions of concern, by this Legislative Council and by the community, that the future of our way of life, the future protection of our civil liberties is a matter of major importance to people from all professions, from all backgrounds in Hong Kong. We know that when things were said by those who, sometimes it seems to me rather ill advisedly, tell People's Republic of China (PRC) officials what they think should happen in Hong Kong and when things were said by PRC officials about gutting the Bill of Rights, about removing from our statute book laws which brought our own legislative framework into line with the international covenants, it sends a real worry, a real shiver of concern around the community. I do not make those things up. If anything, I rather understate them. Just look at what the editorials in virtually the whole of the Chinese language press said about those matters. The Legislative Council, when it voted, was clearly in line with the overwhelming majority of opinion in this community.

So, against that background, it is not very surprising that an event like the sentencing of Mr WEI yesterday causes further concern in the community, because people understandably worry about how substantial our protections, their protections, are after 1997.

Now I add two things. First of all, as the honourable gentleman knows, I do not agree with him that after 1997, the agreement made this summer on the Court of Final Appeal means that anyone who wished could drive a coach and horses through the English common law in Hong Kong. I think it is defeatist to take the view that the tensions which undoubtedly exist between the Basic Law, Hong Kong's constitution, and the common law will not be worked out in the independent courts, by an independent judiciary, here in Hong Kong. I think that is an important point for us to recognize.

Secondly, I am sure that the international community will understandably express its concern about Mr WEI's position. The British Government, the present sovereign power in Hong Kong, was associated with and, strongly supported the European Union initiative that was made on Mr WEI's behalf in early December, and I am sure it will be discussing with its European colleagues and with others what more can be done to try to persuade the Chinese authorities

that what has happened to Mr WEI is understandably a matter of international concern and a matter which inevitably affects people's attitudes towards the PRC, a great country which surprises many people when it behaves in this way. Those who have understandable cause to be most clearly concerned are the people of Hong Kong because 1997 is an event in our calendar, not in anyone else's.

MR CHEUNG MAN-KWONG (in Cantonese): *Mr Governor, Article 23 of the Basic Law provides that the Hong Kong Special Administrative Region Legislative Council shall enact laws on its own to prohibit any act of treason, sedition, subversion and so on. Both the Chinese Government and the Preliminary Working Committee hold that the relevant legislative work would have to be handled after 1997. Will the Government inform us whether it will continue to strive to have discussion and communication with the Chinese Government over the legislative work in relation to Article 23 of the Basic Law at the forum of the Sino-British Joint Liaison Group; or has the Government ever considered proceeding with legislative work in this aspect before 1997? It is because the definitions of treason, sedition and subversion and their impact on those who hold dissenting political views will have far-reaching effects in the future.*

GOVERNOR: That is certainly what we would like to be able to do. We have put a number of proposals to Chinese officials in the Joint Liaison Group (JLG), for example, on official secrets as well as the matters that the honourable gentleman has mentioned. Our proposals are, in our judgement, entirely in line with the international covenants and with the Joint Declaration and the Basic Law, and I hope that we can make progress on them.

These matters have a great deal more resonance, have a great deal more impact and importance because of the particular circumstances in which Hong Kong finds itself. Under normal circumstances, I do not think anybody in this Legislative Council would be particularly worried about official secrets for example. We have never, so far as my researchers can tell me, actually used the official secrets legislation to prosecute anyone in Hong Kong, but because of our particular circumstances and because of events like yesterday's, this is the sort of thing which legislators are concerned about and which the whole community is

concerned about, because these worries cast a shadow over people's aspirations, over people's ambitions, over people's concerns about their way of life.

I repeat, the Legislative Council, the Administration and the Governor of Hong Kong, are not making these anxieties up and when people give the impression that they are, to Chinese officials, or when they give the impression that these things are simply fabricated, when they are talking to people in the United States or elsewhere, they are doing a profound disservice to Hong Kong.

PRESIDENT: Mr Howard YOUNG.

MR HOWARD YOUNG: *Mr Governor, welcome back to Hong Kong after your many attempts. I suppose three is a lucky number.*

I, myself, and many Members of the legislature, and also the tourism industry, are indeed very grateful for you having raised the case of Messrs AU and WONG in the Philippines, an issue which has been pursued by the tourism industry for four years now, and recently upgraded to the Legislative Council.

During your absence from Hong Kong it was shown on television that apparently during an interview with Mr AU, he seemed to convey the message that there was an option of dropping the appeal and just waiting for clemency. Now, I am a bit puzzled by that and I was wondering whether this option came up during your discussions with the Philippine authorities or whether, when your aides went and visited them in prison, they had expressed any indication of what they actually desired to do in this respect?

GOVERNOR: Can I, in expressing my gratitude, to the Honourable Member for his gratitude that I managed to return to Hong Kong — I know that view is widely shared in Happy Valley — say to the honourable gentleman that we are, in the Administration, grateful for the interest taken by him and other Honourable Members in the case of Mr AU and Mr WONG, grateful for the interest and support given by the Hong Kong tourist authority, and understand that until the case is resolved one way or the other, Honourable Members like the Honourable Member and other representatives of the community will continue to press both the Philippine authorities and the Hong Kong Government about the position in

which Mr AU and Mr WONG find themselves.

I am sure the Honourable Member will appreciate it when I say that legislators or governors are always in a difficult position when pursuing a case like this, because none of us wants to put ourselves in the position in which we are, as it were, second-guessing legal advice, in which we are jumping over the concerns of a family, in which we are steering or leading the opinion of those concerned, in a way which might be unjustified. It is very difficult to give advice responsibly in these circumstances.

It is true that in my discussions with the Philippine authorities, it was pointed out that a pardon can only be offered when all the legal hoops have been gone through. But that was not, I believe, an offer or a suggestion of a bargain; it was a straightforward description of what the position is.

I do not think that I can do more in my representations than to argue that the Philippine authorities should deal with the issue as expeditiously as possible. I do not think that I should do anything which appears to second-guess the judicial authorities in the Philippines or to intervene in the judicial process in the Philippines. But it is reasonable for us to say: this has been going on for an unconscionably long time.

These men were sentenced in 1991. Their appeal has, as the Honourable Member knows, been there since 1993. It is a matter of concern to the Legislative Council and to the community that they are having to wait so long for their appeal to be considered, and that is the point on which we have to press.

Now, we have been pressing. To my knowledge, the issue has been raised vigorously by two British ministers visiting the Philippines. To my knowledge, it has been raised by British officials visiting the Philippines on a number of occasions, and regularly raised by the British Ambassador. It has been raised with the Philippine authorities by Members of this Legislative Council. The Legislative Council have discussed it and made their own position absolutely clear.

I hope we can resolve it quickly. I pointed out to the President that we have an amicable relationship; that it is a relationship sufficiently robust to enable us to address one another on a matter like this in fairly vigorous terms. And I think that the President, who has after all addressed himself to similar issues with

equal or perhaps greater vigour, recognized that we had a legitimate interest and I assured him that I would be keeping in touch with him about this matter if it was not resolved quickly.

MR HOWARD YOUNG: *Thank you, Mr Governor. Tomorrow morning it will be exactly one month since I myself and five other legislators handed three letters to the Philippine Consulate asking for a date for us to go down to meet the President, to speak to their Parliament and also the Justice Minister, to express our views directly on the case. To date, we have not received any sort of reply.*

Now, during your discussions with Philippine officials, did you get the impression that they had not received our request, or thought it was not necessary, or was it at any time raised that we should be preparing ourselves to get a reply and go soon? Not that we want to add to the Christmas traffic peak season in the Philippines, but perhaps, I would have thought we would at least hope to go some time between Christmas and the Chinese New Year.

GOVERNOR: We will be happy to remind the Government in the Philippines of the Honourable Member's request and that of other Honourable Members. And I hope that that visit can be arranged, if it is necessary, reasonably quickly, but I hope it will not be necessary because I hope that Mr AU and Mr WONG will have their appeal heard sooner rather than later.

There have, as the Honourable Member knows, been one or two unfortunate events which have apparently delayed the appeal. But that said, judicial delay is always a cause of very considerable frustration, as anybody will know from reading *Bleak House*, or from other events in legal history.

PRESIDENT: Mr Frederick FUNG.

MR FREDERICK FUNG (in Cantonese): *Mr President, through you I wish to put a question to the Governor. Mr WEI Jingsheng was sentenced to 14 years of imprisonment yesterday. This incident has worried the people of Hong Kong tremendously, because in Hong Kong, there would emerge from time to time speeches and thinkings that are not in tune with the Chinese Government, or there may even be dissenting views. In the Hong Kong context, this is the freedom of speech. As to the issue of subversion, I understand from people in*

the legal field that the concept of subversion is not there in the common law, but a provision in this regard is incorporated in Article 23 of the Basic Law. Though the Governor already replied to the question of the Honourable Mr CHEUNG Man-kwong, as the British Government is going to hand back Hong Kong to China, has the Governor ever thought of asking the Chinese Government to explicitly explain the definition of subversion and its relationship with the common law?

GOVERNOR: On the first point that the Honourable Member made, I hope that if I do not set out again my thoughts on this particular case, the Honourable Member will think it is disrespectful or shows a lack of concern about Mr WEI's position. I think I set out my views in response to the earlier question fairly extensively and I would not want to go on repeating arguments which I feel very strongly.

On the second part of the Honourable Member's question, the question he raised is one that we will hope to be pursuing through the JLG when the Chinese authorities respond to proposals that we have put to them. But, of course, the honourable gentleman is correct in drawing attention to the difficulty of accommodating the concept which has plainly been implemented in Peking in the last 24 hours, with the common law. I could draw some parallels from English political history, but they might be parallels that got me into difficulty. I do think that there are tensions, as I have said before, between the Basic Law and the common law and that our independent courts are the right place to resolve those tensions. Many Honourable Members write and say things about the Hong Kong Government, but they are still here asking me questions today.

PRESIDENT: Dr John TSE.

DR JOHN TSE (in Cantonese): *Thank you, Mr President. The recent Gini Coefficient has shown a widening gap between the rich and the poor in Hong Kong. The motion on the Old Age Pension Scheme was carried in this Council last night, and we know that among the 600 000 old people in Hong Kong, only 70 000 are receiving the Comprehensive Social Security Assistance and many old people are living below the poverty line. I would like to ask Mr Governor how*

the problem of the widening gap between the rich and the poor would be solved without leading to "crashing the car and killing the passengers"?

GOVERNOR: Well, I do not think there is any danger of us crashing the car. We have after all passed the advanced motoring test, as the International Monetary Fund (IMF) have just pointed out. It is something to which I shall refer again if I get the opportunity. We have just had our regular consultation with the IMF, the so-called "article 4" consultations. The IMF reviews the economy of individual countries from time to time. They have given us about as favourable a report as one could possibly hope to receive. Their only concerns are that we might be encouraged to depart from the policies that we have been pursuing, but there is no question of us doing that. I very much hope that when the Chinese executive director of the World Bank is told about those findings by the United Kingdom representative to the IMF and the International Bank for Reconstruction and Development (IBRD), he will pass on the good news to other Chinese officials so they will be better informed in any future discussions of the Hong Kong economy and its management.

The Honourable Member refers to a widening gap between the rich and the poor in Hong Kong. I am not entirely sure what figures he is referring to, whether he is referring to increases in personal income or to other figures. What is true is that by and large, everybody has got better off, though some have become even better off than others. But the Honourable Member is right to say that as a prosperous community, we have a particular responsibility to those who are not well off, to those who are in need, to those who are deprived, to those who are handicapped, to those who are sick, to those who have other sorts of need, and we recognize that responsibility, which is one reason why social welfare payments have increased in the last five years by 66%, while at the same time we have kept public spending growth within the overall growth rate in the economy, because during the same period, spending as a whole has increased by 30% against a 32% increase in our GDP. So what we have been doing is reallocating resources sensibly so that while we have a prudent control of public spending, we give more to those who need it.

The Honourable Member also mentioned the pension scheme. I assume by his body language that the Honourable Member voted for the pension scheme yesterday. All I can say is, why did we not have the honourable gentleman a few months ago when we needed him? When we had a discussion about the

pension scheme in this Legislative Council, we would love to have had the honourable gentleman then supporting the Government in its hour of need. Unfortunately, when that debate took place, only one Member of the Legislative Council supported anything like the pension proposal we had put forward. We cannot, to and fro, come and go on this issue in favour of pensions in the spring and the autumn, in favour of mandatory provident funds in the summer and winter. We actually have to take a view and stick to it. We tried to implement the pension scheme. I do not recall when I was out arguing for it in front of the television cameras, very many legislators joining me in that enduring battle. Mr LAM Woon-kwong and I were out there arguing for it. I do not remember anybody else being around to help. When the Legislative Council gave that a thumbs-down, we conscientiously brought forward further proposals. They gained a mandate in this Council and we are now trying to implement them, and will continue to try to implement them, and if we cannot, then I am afraid any proposals for the long-term financial support of the elderly will have to wait. But it will not be the Government which is to blame for them waiting.

DR JOHN TSE (in Cantonese): *The Governor mentioned the mentally handicapped in his answer to the question on the huge gap between the rich and the poor. In fact, according to a recent report, the monthly income, I repeat, monthly income, of 80% of the mentally handicapped workers working in sheltered workshops is below \$500. The Government, being the biggest employer in Hong Kong with 180 000 civil servants in its employ, has only employed 34 mentally handicapped people. It works out to fewer than two mentally handicapped for every 10 000 civil servants. This is a very small ratio. Even a certain fast-food chain in Hong Kong employs more mentally handicapped people than the Hong Kong Government. Does the Governor have any ways to improve the employment opportunities of the mentally handicapped, in particular, by employing more of them in the Government so as to narrow the gap between the rich and the poor?*

PRESIDENT: We ask for elucidation only, but if the Governor is prepared to answer your question.

GOVERNOR: Always prepared to answer everything, (*Laughter*) sometimes in a more circumlocutory way than others.

We have had two extremely useful summit meetings on the employment prospects of those with disability, just as we have had now I think three similar meetings on the transport requirements of those with disability. I think we have been more successful at moving things forward on the transport front, not least thanks to the excellent reactions from the Mass Transit Railway Corporation and the Kowloon Canton Railway Corporation. But even on employment prospects for those with disability, we have made some progress. I think that we are in the Government making progress in offering more opportunities for those with disabilities, as a whole, though I am not sure of the breakdown and I am not sure exactly how many of those who are mentally handicapped feature among the quite large number of disabled whom we employ. But I know that some of the groups representing the disabled think that the Government sometimes draws the bounds of disability too wide in defining the employment prospects that it offers to the disabled. But we will continue to do more. We will continue to try to encourage our management to give the disabled the opportunity of applying for jobs and taking on jobs and we will continue to try to give a lead to other employers. I think it is fair to say that both the Housing Authority and the Hospital Authority give a very good lead. If one looks at the commercial sector, some firms in the sector do extremely well. One of our broadcasters does extremely well in offering employment prospects for those with disabilities, others do, it seems, very little. So there is plainly more that everybody could do and I will be holding another summit on this subject next year so that we can review progress since the last summit.

I say now, as I have said before, that Hong Kong needs everyone's talents; the talents of those with disabilities, I include, very high up on that list. We are not so prosperous that we can afford to do without the talents of any of our citizens.

PRESIDENT: Mr LEUNG Yiu-chung.

MR LEUNG YIU-CHUNG (in Cantonese): *Mr President, with the weak economy in Hong Kong in the last couple of years, many medium- and small-size businesses are withering, with many workers facing unemployment, lowered wages and even underemployment. This is the result of the Hong Kong Government or the community at large lacking a long-term industrial policy.*

Will the Governor please tell this Council what substantial actions will be taken by the Hong Kong Government or what role the Government is going to play in the face of the present difficult situation so as to solve the problems before us, to help more people get out of straits of unemployment?

GOVERNOR: I hope the honourable gentleman will not take it personally if I say that I take exception to his argument that we do not have a long-term economic policy and happen to think that the endorsement of the IMF, the World Economic Forum and the Heritage Foundation, are perhaps of greater moment than his criticism of government policy.

The one anxiety expressed by the IMF report is, and I quote in their own words, "highly positive and favourable", the one concern that they have is that we will not stick to present policies. Present policies which have brought us now, I think, 36 years of uninterrupted economic growth. Present policies which have made this community, as far as the region and the world is concerned, a model about how to run a free market economy.

Now, of course from time to time, we have to make adjustments, but I do not think that one of the adjustments that we should make is into — and I do not mean this in any political sense of course—old style socialism. I do not think that we should start getting into the sort of interventionist policies which have caused so much havoc elsewhere in the world.

That does not mean that we do not do anything to help our industry. Let me give the Honourable Member three examples of what I am talking about. First of all, the most helpful thing you can do with industry is to tax it less, and there is hardly any commercial activity in the region or the world which operates within a more benign tax regime than happens in Hong Kong.

Secondly, we do recognize that the substantial shift in employment to the service sector in Hong Kong means that we need to look again at our policies and the support that we give employment creation and wealth creation as a whole. That is why my honourable friend, the Financial Secretary, has set up a task force, including some Members of this Council, to look at the support that we give service industries and to see what more we can do for service industries, where I believe I am right in saying we have created about a million extra jobs in the last few years.

Thirdly, let me turn to the manufacturing industry. I recognize that even

though the share of employment in manufacturing has gone down in the last few years and even though the manufacturing share of GDP has gone down in the last few years, the manufacturing sector remains a vital part of Hong Kong's wealth creation. In the manufacturing sector, we are working in several ways to help employers and wealth creators.

First of all, we are helping through the provision of land and the provision of space for those who want to set up factories. That is what the Industrial Estates Corporation does; that is what the Industrial Technology Centre does; the latter, for example, providing space for companies to undertake their R&D.

Secondly, we are helping our manufacturing sector with the creation of the skills that are required for the industries of the future. That is what our universities are doing. That is what the Vocational Training Council is doing, not least in the work that it is doing on university campuses.

Thirdly, we are helping with technology transfer. That is what the Applied Research Centre is doing, that is what the Productivity Council is doing, that is what the Industrial Technology Centre — to refer to it again — is doing.

And fourthly, we are providing substantial amounts of money, for example, through the Industrial Support Fund where the allocation has gone up to \$210 million this year, to help them with high technology developments which can be commercially successful in Hong Kong.

So we help in a number of ways. It is not true that we do not have a long-term vision of Hong Kong. But my long-term vision of Hong Kong happens to be that it will stay the same open free economy that it is today.

PRESIDENT: Mr LEUNG, do you wish to have a follow-up?

MR LEUNG YIU-CHUNG (in Cantonese): *Mr President, Mr Governor just has mentioned that the Government has all along adopted the non-interventionist policy and gave quite a number of examples of the work done in this respect. However, past experience shows that their effect is not significant. Though Mr Governor talked about the Industrial Technology Centre and so on, our information tells us the Science Park the Government is keen to develop is in fact not aimed at developing technology in Hong Kong but at playing the role of an*

"entrepot", that is, to introduce foreign technology into China, or Chinese technology out to foreign countries. Therefore, it does not help industrial development in Hong Kong. Could I ask Mr Governor to do more in this respect, or to give us a detailed briefing on the real help the Science Park can offer local industries?

GOVERNOR: I am glad the Honourable Member is reminding me of things I did not mention, and the possibility of creating a Science Park is one of them. But I really do not believe that the creation of a Science Park would merely be, as it were, a sort of trampoline for technology from China to bounce out of Hong Kong into the wider world. A Science Park would be a way in which we could help not only local manufacturers but is also, conceivably, a way in which we could bring together Chinese researchers and local manufacturers, or Chinese researchers, Hong Kong researchers and local manufacturers, for the common or wider good.

I do not think that the Honourable Member should argue as though Hong Kong could succeed as a closed economy. We are an open economy — perhaps the most open in the world. We are an economy where in the first nine months of this year our exports in manufactured goods went up by 14%, our exports of services went up by 13%. We are an open economy where there is substantial inward investment from other communities into our own manufacturing. We are an open economy where the private sector will have increased its investment so far this year by over 20% in plants and machinery. So we are a successful open economy. And a successful open economy welcomes ideas and resources and people and skills from elsewhere, adds value to them and gets richer in the process.

PRESIDENT: Mrs Elizabeth WONG.

MRS ELIZABETH WONG: *Mr President, thank you. I would like to ask the Governor an important question on factors which will affect Hong Kong's future economic success.*

Mr Governor, according to some newspaper reports, it is reported that Mr LU Ping, your good friend, has said that our future Chief Executive might be a dark horse. Now, one would not care very much if it was a black horse or a white horse so long as it is a good horse. Mr President, I would like to ask one

question of the Governor. I will be grateful for his view as to what are the factors in the Chief Executive which will affect Hong Kong's economic success? What kind of a person? What kind of process should we go through to maintain Hong Kong's economic success in the future through a very important person, the Chief Executive?

GOVERNOR: First of all, the honourable lady has given me the opportunity of wishing Director LU a very Merry Christmas and a Happy New Year, and I hope that his recovery to full health continues. I hope that next year he will find more opportunities of visiting Hong Kong and visiting it frequently, and I hope that his diary will not on every occasion be so busy that he is not able to see the Governor of Hong Kong.

Secondly, whatever sort of horse the honourable lady or others have in mind, the one thing which is imperative is that the Governor of Hong Kong should not back it or bet on it, because if the Governor of Hong Kong bets on horses, they never win as I have discovered from two recent outings to Sha Tin and Happy Valley.

To be serious, I thought the general criteria which the Director of the Hong Kong and Macau Affairs Office set out seemed very sensible. It is not right for me to say who should be the Chief Executive of the Special Administration Region (SAR), and I do not seek to impose or insert my views into the process. But I think that taking the relatively narrow point raised by the honourable lady in her question, that is, what sort of qualities help towards the creation of a successful economy in Hong Kong, I would say that anyone who was dedicated 101% to the continuance of the rule of law in Hong Kong; anybody who was dedicated 101% to continuing to do business in Hong Kong on the same basis that we have in the past, that is, with clear and open procedures for franchises and public contracts; anybody who was determined to keep a levelled playing field for business in Hong Kong; anybody who was determined to continue to run Hong Kong as an open free economy with low taxes and prudent control of spending; anybody who was determined — determined — to ensure that Hong Kong's economy was run by him or her and Hong Kong people; anybody who had those attitudes would help to ensure that the Hong Kong economy continued to be prosperous.

I mentioned the last of those factors with some vigour because I think it is exceptionally important. When the IMF refers to our success, when the World

Economic Forum refers to our success, when others refer to our success, they are referring to the success created by Hong Kong people; Hong Kong people running this economy.

Does anybody seriously suppose that even though Britain is the sovereign power at the moment that the British Chancellor of the Exchequer or British Treasury officials tell us how to run our economy? They have got quite enough to do in trying to run Britain's economy without running this one.

The reason for our success is that we have been pursuing, ourselves, successful policies and we have not had others interfering and intervening. As a result of that, the fiscal reserves of Hong Kong in 1997 will total about \$150 billion; the fiscal reserves of Hong Kong by 1998, when you add in the Land Fund, should total about \$325 billion. Those are the best possible indications of success. And I hope that anyone who is Chief Executive of the SAR — and our prayers and best wishes will go to whoever he is — will be as successful in running the Hong Kong economy as Hong Kong officials have been for the last 40 or 50 years.

PRESIDENT: Dr David LI.

DR DAVID LI: *Mr Governor, in view of Hong Kong's sluggish economy, high inflation, soaring costs, rising wages and high rent, will you advise this Council what measures will be adopted to safeguard our competitive edge as an international financial centre?*

GOVERNOR: Heavens above! I wonder where the Honourable Member is talking about. The Honourable Member knows even more about the IMF than I do. I am sure that he will want to study as carefully as the rest of the Council, when the IMF's Report comes out. In view of the question he put, he will, presumably, be amazed by the IMF Report, but I do not think anybody else will be.

Of course, there are problems in Hong Kong. Inflation is higher than we

would like it to be, though at 5% it is almost 9% less than it was in the year before the 28th Governor arrived in Hong Kong. Of course we would like our GDP growth to be even higher than it is, but at around 5%, with that predicted to continue by the Asian Development Bank and others into next year, we are still doing pretty well. Of course, at 3.5%, unemployment is too high but we have created, I think, about 2.5% more jobs overall in our economy over the last year — and the problem has been that the workforce has increased by 4% with a resulting increase in unemployment. All those things could be improved, and I hope they will be improved.

What we will not, I think, see in the next year or so is any decrease in our competitiveness. We came third in the World Economic Forum's Table, that is one up on where we were last year. That seems to me to represent pretty good progress.

In the property sector, we have seen prices in the secondary market fall by about a quarter from their peak in April of 1994; we have seen the prices of new property decrease by between 30% and 40% from the peak, though prices are still above where they were in January 1993. So I think we have managed to dampen property prices pretty successfully.

Overall, there is always more to do and always new challenges to rise to, but I think at the end of the day, the success of the economy speaks for itself. And I am sure that at least a part of the success of the bank which the Honourable Member chairs with such distinction is due to the success of the Hong Kong economy as a whole.

One can always, when one looks at one's term report, see ways in which we can do better. But I do not think, in examining ways in which we can do better, we should forget just how well we have done — not the Governor of Hong Kong but his officials and those who actually make the economy hum.

PRESIDENT: Miss Emily LAU.

MISS EMILY LAU: *Mr President, I want to ask the Governor a question about the future of the 140 000 Filipino domestic helpers in Hong Kong, and whether that question was discussed during his recent visit. I am sure the Governor is*

aware of a lot of speculations within the community about their future. Many of these people think that they do not have a future. In fact some have, a few years ago, begun emigrating to Canada — like the rest of the more fortunate Hong Kong people. And some Hong Kong people, including Members of this Council, have said that the Government should not allow them to come, even before 1997. And maybe people in the mainland have said that there is this pot of gold, why should we allow foreigners to take advantage of it?

So there are all these speculations. Of course you will probably say that what will come after 1997 is none of your business. But I do not know whether you can share with this Council the current thinking of the Administration. It is because, after all, I think we owe these people something: to tell them, as far as we can see, what their future is, especially for those whose contracts may run out next year — whether their contracts will be renewed, whether the Government is in a position to renew their contracts, and whether you have been given any indication by the Chinese authorities that they are going to stay or they will all definitely be kicked out?

GOVERNOR: I did, of course, discuss this issue when I was in the Philippines. Understandably, it is of considerable concern to the Philippine authorities. There are at present 129 000 Filipino domestic helpers in Hong Kong. There are about 140 000 members of the Filipino community, but the others are either about 1 000 working in other labour importation schemes, or about 10 000 in professional and managerial capacities, including 1 000 members of the staff of Cathay Pacific.

129 000 Filipino domestic helpers — up 47 000 since I arrived in 1992 — a very steep increase over the last decade. And, I think, the whole community recognizes that those domestic helpers play an extremely important part in our society: first of all, in helping to keep together families in a stable way; secondly, giving spouses the opportunity to work who would not otherwise be able to do so. So they make a major contribution to our harmony as a society and to our economic prospects.

There are problems from time to time, and there are occasional abuses, and we have to deal with those. But by and large, it is a story of 129 000 people giving a lot of support to Hong Kong.

I did have to point out, when I was asked by President RAMOS and by

others, that there was a limit to how much reassurance I could give because the policy after 1997 would be one for the SAR Government. But let me underline that: it is a policy not to be decided by the authorities in Peking, but by the SAR Government. Under the Basic Law, labour policy is a matter for the SAR. It is not a matter for anybody else. So it will be for the Chief Executive and his or her team to decide whether or not the present policies regarding Filipino domestic helpers should continue.

I find it difficult to imagine any sense in which things could change so dramatically in 1997 as to mean that the reasons for employing 129 000 people in 1996 suddenly would not be there in 1998. It seems to me that if we concede, if we agree, that there is a substantial job for these 129 000 women, and a few men, to do before 1997, then that job is going to continue, in all probability, to be there after 1997, and I would find it difficult to imagine circumstances in which that would not be the case. I said all that to President RAMOS and to his officials when I was asked, and they seemed reasonably satisfied with the reply.

I also pointed out that under the Joint Declaration and the Basic Law, Hong Kong's economic and social systems were to stay the same after 1997, and the economic and social system, today, is one in which there are these 129 000 people working so well for us. So I hope that they will be reasonably reassured. We will continue to operate our labour policy until 1997, looking at applications for new contracts as they arise, and it will be for the SAR Government to do so afterwards.

Perhaps I can add one point. President RAMOS went out of his way to express his gratitude to Hong Kong for the way in which we offer a warm welcome to domestic helpers and ensure, by and large, that they work within the terms of the International Labour Conventions and with the full protection of the law. I think that many Filipinos would wish that their domestic helpers in other countries were protected as well as they are in Hong Kong.

MISS EMILY LAU: *Mr President, just a very short follow-up. Right now, of course, the Government has its own reasons for not allowing mainlanders to come to Hong Kong to work as domestic helpers. Do you think those reasons will still be valid after 1997, and hence there will still be a need for us to employ domestic helpers from the Philippines, Thailand and Indonesia?*

GOVERNOR: I imagine that by and large the same civil servants will be writing submissions on these issues after 1997. And the submissions that I would receive today on the question would, I am sure, point to the difficulties of the immigration tale which would follow if you were to try to replace 129 000 Filipino domestic helpers with domestic helpers from the mainland. I am sure that the same arguments would be put after 1997, but I have to be careful not to sound as though I am making post-1997 decisions.

PRESIDENT: Before I adjourn the Council for the Christmas break, may I take this opportunity to wish the Governor, Honourable Members and public officers and their families, a very holy Christmas and a most successful 1997 — I mean 1996. *(Laughter)*

GOVERNOR: I am sure next year will flash past, but we seem to have disposed of the Preparatory Committee. I am sure it will not pass that quickly. *(Laughter)*

Can I wish the President a Merry Christmas and a Happy New Year. Can I wish all Honourable Members the same. And can I wish some of those who would choose not to be spending Christmas in the circumstances in which they will find themselves, a Happy Christmas and a Happier New Year than the one they have only recently, alas, enjoyed.

ADJOURNMENT AND NEXT SITTING

PRESIDENT: I now adjourn the Council until 2.30 pm on Wednesday 10 January 1996.

Adjourned accordingly at twenty-seven minutes to Four o'clock.