S
812

PREM 19/1796

Future of Hong Kong

Territorial Leases

HONG KONG

19/1796

Pt 1 : JUNE 1979

Pt 18 : MAY 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~2/5/85~~		~~10.9.86~~					
~~6.5.85~~		~~24.9.86~~					
~~7.5.85.~~		~~25.9.86~~					
~~11.5.85~~		~~29.9.86~~					
~~14.5.85~~		~~2.10.86~~					
~~3.6.85~~		20.10.86					
~~12.6.85~~		PART 18 ENDS					
~~21.6.85~~							
~~4.7.85~~							
~~21.6.85~~							
~~25.7.85~~							
~~29.7.85~~							
~~1/8/85~~							
~~25.9.85~~							
~~25.10.85~~							
~~22.11.85~~							
~~4.12.85~~							
~~11.12.85.~~							
~~21.1.86~~							
~~24.1.86~~							
~~31.1.86~~.							
~~11.12.85~~							
~~15.2.86~~							

PART 18 ends:-

Hong Kong Telegram 3468 - 20.1086

PART 19. begins:-

PC to PM 18.11.86.

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(85) 35th Meeting, item 2	05/12/1985
OD(K)(85) 1	25/07/1985
CC(85) 26th Meeting, item 2	25/07/1985

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed J. Gray Date 26/9/2014

PREM Records Team

Foreign and Commonwealth Office documents

Reference: DD 1985/304 DESPATCH

Description: Hong Kong: A Change of Destiny.
The Governor of Hong Kong to the Secretary of State for Foreign and Commonwealth Affairs

Date: 3 July 1985

The above FCO documents, which were enclosed on this file have been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed J. Gray Date 26/9/2014

PREM Records Team

26

GRS 70

SECRET
DEYOU
FM HONG KONG
TO DESKBY 201200Z FCO
TELNO 3468
OF 200940Z OCTOBER 86

STRICTLY PERSONAL FOR HUM, HONG KONG DEPRTMENT FROM GOVERNOR

MY SECOND IPT : FUTURE OF HONG KONG'S MONETARY AND FINANCIAL SYSTEM

1. I THINK THE SECRETARY OF STATE APPRECIATED THE ARGUMENTS WHICH WE PUT TO HIM AND SHARED OUR CONCERN ON MANY OF THE POINTS. YOU WILL WISH TO CHECK WITH GALSWORTHY ON THEIR RETURN.

YOUDE

YYYY

HMLNAN 3547

LIMITED
HD. HKD.
PS.
PS/MR. RENTON
PS/PUS
MR. GILLMORE
MR. WILSON.

GRS 550

SECRET

25

SECRET
DEYOU
ORIEL
FM HONG KONG
TO DESKBY 201200Z FCO
TELNO 3467
OF 200940Z OCTOBER 86

STRICTLY PERSONAL FOR HUM, HONG KONG DEPARTMENT FROM GOVERNOR

MIPT : FUTURE OF HONG KONG'S FINANCIAL AND MONETARY SYSTEM

1. IN THE LIGHT OF THE FURTHER INFORMATION NOW AVAILABLE AND OUR DISCUSSION WITH THE SECRETARY OF STATE (MIPT), I OFFER THE FOLLOWING ADDITIONAL COMMENTS ON THE REVISED DRAFT OF THE PAPER TO MINISTERS (YOUR TELNOS 2278/80).

2. THE KEY POINT IS THAT NO PROGRESS CAN BE MADE ON THE QUESTION OF ANY MERGER INVOLVING HKSB (WHETHER WITH MIDLAND OR WITH ANYONE ELSE), UNTIL WE HAVE A CLEARER PICTURE OF THE IDEAS OF THE CHINESE AUTHORITIES ON THE FUTURE MONETARY AND FINANCIAL STRUCTURE OF THE TERRITORY AND UNTIL WE HAVE DEVELOPED OUR OWN THINKING ON WHAT CHANGES NEED TO BE MADE BEFORE 1997. THIS IS NOW SO SELF-EVIDENT AS FAR AS WE ARE CONCERNED THAT WE SUGGEST YOU CONSIDER REVERSING THE ORDER OF OPTIONS (I) AND (II).

3. IN ANY EVENT, IN DISCUSSION OF THE PRESENT OPTION (II) YOU SHOULD MAKE IT CLEAR THAT THE WIDER DIALOGUE IS SOMETHING WHICH, REGARDLESS OF THE PROPOSED MERGER, NEEDS TO BE INITIATED AS A MATTER OF SOME URGENCY, PARTICULARLY AS THE DEBATE ON FUTURE MONETARY AND FINANCIAL ARRANGEMENTS, AND IN PARTICULAR WHETHER HONG KONG NEEDS A CENTRAL BANK, IS HOTTING UP HERE IN HONG KONG (WE HAVE SENT YOU RECENT CONTRIBUTIONS FROM DAVID LI AND SIR MICHAEL SANDBERG) AND THE BASIC LAW DRAFTING COMMITTEE ARE LIKELY SHORTLY TO TURN THEIR ATTENTION TO THIS SUBJECT.

4. IT WILL ALSO BE NECESSARY TO ADD A PARAGRAPH UNDER THE EXAMINATION OF THE PRESENT OPTION (I), POINTING TO THE IMPOSSIBILITY OF LETTING THE BANKS GO AHEAD ON WHAT WOULD IN EFFECT BE A FALSE PROSPECTUS. THE VALUE OF HKSB'S CONTRIBUTION TO THE MERGED INSTITUTION CAN ONLY PROPERLY BE DETERMINED WHEN IT BECOMES KNOWN IN THE COURSE OF DISCUSSIONS WITH THE CHINESE AUTHORITIES TO WHAT EXTENT HKSB WILL BE ABLE TO RETAIN ANY OF ITS PRESENT CENTRAL BANKING FUNCTIONS. ADDITIONALLY WE HAVE ONLY THE MIDLAND'S ACCOUNT OF WHAT THEY WOULD LIKE TO SEE: THE HKSB HAVE NOT YET SHOWN THEIR HAND.

SECRET DEYOU/ORIEL

/5. I FEEL

5. I FEEL YOU SHOULD ALSO MAKE IT CLEAR THAT THE STRUCTURE REFERRED TO IN PARA 17 OF THE PAPER IS INTENDED ONLY TO BE ILLUSTRATIVE OF THE POSSIBLE MINIMUM ACCEPTABLE TO THE CHINESE. IT IS INCOMPLETE AND INDEED COULD NOT BE COMPLETED WITHOUT SUBSTANTIALLY MORE INFORMATION THAN WE HAVE ABOUT CHINESE PERCEPTIONS AND HKSB INTENTIONS ON THE FUTURE OF THE FINANCIAL SYSTEM. IT IS CERTAINLY NOT SOMETHING WHICH CAN BE FLOATED OVER EITHER HKSB OR MIDLAND. INDEED ANY FURTHER DISCUSSION WITH THESE BANKS ON THE SUBJECT OF STRUCTURE SEEMS TO US DANGEROUS AS IT WOULD BRING EVEN NEARER THE POINT OF TIME AT WHICH A ''NOTIFIABLE TRANSACTION'' REQUIRING PUBLIC DISCLOSURE OCCURS.

6. FINALLY, I THINK THAT THE PAPER AS A WHOLE NEEDS TO BRING OUT MORE CLEARLY THE POINT THAT WE NEED URGENTLY TO ADDRESS OURSELVES TO THE ISSUES SET OUT IN THE BANK OF ENGLAND PAPER WHICH I WAS SHOWN IN LONDON IN SEPTEMBER. THIS IS A PREREQUISITE FOR ANY SUBSTANTIVE DIALOGUE WITH THE CHINESE ON THE FUTURE OF THE HKSB, AND THUS FOR ANY FURTHER CONSIDERATION OF THE MERGER PROPOSALS.

7. IT FOLLOWS THAT I SEE NO POINT IN DISCUSSING IN DETAIL ON 24 OCTOBER THE IMPLICATIONS OF THE MIDLAND'S PROPOSED STRUCTURE NOR, IN THE LIGHT OF IT, OUR ILLUSTRATIVE IDEAS (LAST PARAGRAPH, YOUR TELNO 2294). IF, HOWEVER, YOU FEEL IT WOULD BE HELPFUL FOR DAVID NENDICK TO BE PRESENT AT THAT MEETING TO EMPHASISE THE REALITIES OF THE SITUATION IN HONG KONG AND THE POLITICAL ARGUMENTS AS SEEN FROM HONG KONG, I WOULD BE HAPPY FOR HIM TO ATTEND. HE COULD ALSO DISCUSS WITH THE BANK OF ENGLAND THE PAPER WHICH I WAS SHOWN IN LONDON IN SEPTEMBER, WHICH AS STATED ABOVE IS ONE OF THE KEY DOCUMENTS IN THIS WHOLE EXERCISE AND WHICH WE NEED TO DEVELOP AS A PREPARATION FOR THE EVENTUAL DISCUSSIONS WITH THE CHINESE.

YOUDE
HNLNAN 3546

LIMITED
HD. HKD.
PS.
PS/MR. RENTON
PS/PUS
MR. GILLMORE
MR. WILSON.

 DEYOU/ORIEL.

GRS 500

SECRET

SECRET

24

DEYOU

ORIEL

FM HONG KONG

TO DESKBY 201200Z FCO

TELNO 3466

OF 200940Z OCTOBER 86

STRICTLY PERSONAL FOR HUM, HONG KONG DEPARTMENT FROM GOVERNOR

MIPT : FUTURE OF HONG KONG'S MONETARY AND FINANCIAL SYSTEM

1. WE DISCUSSED THE ISSUES ARISING FROM THE MERGER PROPOSED WITH THE SECRETARY OF STATE ON 19 OCTOBER IN THE LIGHT OF OUR CORRESPONDENCE SO FAR AND THE PUS DISCUSSIONS WITH THE MIDLAND REPRESENTATIVES.

2. THE BURDEN OF OUR ARGUMENT WAS THAT THE FIRST PROBLEM WAS TO RESOLVE THE QUESTION OF HONG KONG'S FUTURE MONETARY SYSTEM, AND IN PARTICULAR TO DECIDE WHAT FUNCTIONS NOW CARRIED OUT BY THE HKSB SHOULD BE TAKEN OVER BY THE HKG BEFORE 1997. THIS WOULD REQUIRE EXTREMELY DELICATE DISCUSSION WITH THE CHINESE AND WITH THE HKSB. AT THE PRESENT TIME, WE CANNOT FORESEE HOW THESE ISSUES WILL BE RESOLVED.

3. THE OUTCOME OF THESE DISCUSSIONS IS BOUND TO HAVE A DETERMINING EFFECT ON THE ACCEPTABILITY OF ANY MERGER AND, IF ACCEPTABLE, ITS EVENTUAL FORM. TO SEEK TO DEAL WITH THE MERGER FIRST WOULD COMPLICATE THE DISCUSSION ENORMOUSLY AND INCREASE THE ALREADY CONSIDERABLE DIFFICULTIES RELATED TO THE MAINTENANCE OF CONFIDENCE IN HONG KONG. IT IS, THEREFORE, IMPORTANT TO DISENTANGLE THE QUESTION OF THE MONETARY SYSTEM FROM THE MERGER PROPOSALS: AND IN PARTICULAR NOT TO ALLOW THIS EXERCISE TO BECOME ''MERGER-LED''.

4. WE WERE CONCERNED THAT THERE WAS NOT SUFFICIENT APPRECIATION IN LONDON OF THE SERIOUS IMPLICATIONS OF FURTHER PREMATURE DISCUSSIONS WITH THE BANKS ON THE MERGER PROPOSALS, NOR OF THE DIFFICULTIES THAT WOULD BE POSED BY A CONSUMMATION OF THE MERGER BEFORE WE HAD COME TO SOME UNDERSTANDING WITH THE CHINESE WHAT CHANGES NEEDED TO BE MADE TO HONG KONG'S MONETARY SYSTEM BEFORE 1997.

SECRET DEYOU/ORIEL

15 WE CAN

5. WE CAN SEE THAT THE VULNERABLE POSITION OF THE MIDLAND BANK IS A CONTINUING SOURCE OF WORRY FOR HMG: AND THAT WE THEREFORE NEED TO SET OUT IN THE PAPER FOR THE MINISTERIAL MEETING A VERY STRONG CASE FOR INSSRUCTING THE BANKS NOT TO PROCEED WITH THE DISCUSSIONS. TO SEEK TO SOLVE THAT PROBLEM AT THE EXPENSE OF HMG'S RELATIONS WITH CHINA, AND AT THE RISK OF DESTABILISING THE HONG KONG FINANCIAL SYSTEM, IS IN NO-ONE'S INTEREST, NOT EVEN THOSE OF THE BANKS' THEMSELVES.

6. APART FROM BEING UNACCEPTABLE TO THE HONG KONG GOVERNMENT, THE MERGER PROPOSALS NOW BEING PUT FORWARD BY THE MIDLAND MIGHT WELL NOT BE CONSISTENT WITH THE HKSB'S OWN IDEAS. HMG SHOULD NOT THEREFORE ALLOW ITSELF TO BE PUT IN A POSITION WHERE IT APPEARED TO GIVE APPROVAL TO THE DETAILS OF A COMMERCIAL ARRANGEMENT. INDEED, IT WOULD BE INAPPROPRIATE TO DISCUSS THE MERGER ARRANGEMENTS ANY FURTHER WITH THE BANKS AT THIS STAGE. THE FIRST AND ESSENTIAL STEP IS NOW TO OPEN A CHANNEL TO THE CHINESE SEMICOLON HENCE OUR PROPOSALS THAT THE FS SHOULD TAKE UP THE INVITATION FROM THE DEPUTY GOVERNOR OF THE PEOPLE'S BANK OF CHINA. IT MIGHT BE APPROPRIATE FOR JACOBS TO TAKE WITH HIM A LETTER FROM THE SECRETARY OF STATE TO WU XUEQIAN TO SHOW THAT THE INITIATIVE HAD THE FULL SUPPORT OF HMG. WE COULD OBVIOUSLY NOT DISCUSS WITH THE HKSB OUR IDEAS ON WHAT NEEDED TO BE DONE BEFORE 1997 UNTIL WE HAD A CLEAR PICTURE OF CHINESE THINKING ON THIS.

7. MIFT CONTAINS SUGGESTED AMENDMENTS TO THE PAPER IN YOUR TELNOS 2278-2280 IN THE LIGHT OF THIS DISCUSSION.

YOUDE

YYYY

HMLNAN 3545

LIMITED.
HO. HKD.
PS.
PS/MR. RENTON
PS/PUS
MR. GILLMORE
MR. WILSON.

 DEYOU/ORIEL.

GRS 600

SECRET

Please file 23

SECRET
DEYOU
ORIEL
FM HONG KONG
TO DESKBY 201200Z FCO
TELNO 3465
OF 200940Z OCTOBER 86

STRICTLY PERSONAL FOR HUM, HONG KONG DEPARTMENT FROM GOVERNOR

YOUR TELNOS 2295 AND 2296 : FUTURE OF HONG KONG'S MONETARY AND FINANCIAL SYSTEM

1. I WAS NOT AT ALL ENCOURAGED BY WHAT THE MIDLAND BANK'S REPRESENTATIVE SAID AT THE MEETING WITH THE PUS. FAR FROM DEMONSTRATING A REAL UNDERSTANDING OF THE COMPLEXITIES AND SENSITIVITIES OF THE SITUATION IT SEEMED TO ME TO DEMONSTRATE NO (REPEAT NO) INSIGHT INTO EITHER THE POLITICAL OR FINANCIAL REALITIES AT THIS END OR IN PEKING. IT IS NOW CLEAR THAT IT IS THE MIDLAND BANK WHO ARE PUSHING HARD FOR THE MERGER, WHICH, AS THEY DESCRIBE IT, WOULD BE VERY MUCH ON THEIR TERMS. I WAS AMAZED BY THEIR SUGGESTION THAT SANDBERG MIGHT ACT ON HIS OWN ACCORD AT ANY TIME. FROM MY CONVERSATION WITH HIM, IT IS CLEAR THAT HE HAS NO SUCH INTENTION AND FULLY RECOGNISES THE COMMITMENTS HE HAS MADE TO THE PRIME MINISTER AND MYSELF.

2. THE MIDLAND BANK HAVE ESSENTIALLY PRODUCED YET ANOTHER VARIATION UPON A THEME, AND ONE WHICH CONTAINS ALL THE FEATURES THAT WE HAVE ALREADY IDENTIFIED AS BEING UNACCEPTABLE TO THE CHINESE AND ALSO TO THE FINANCIAL COMMUNITY IN HONG KONG. IT WOULD BE SEEN BY BOTH AS A FLIGHT FROM HONG KONG OF A BANK CENTRAL TO THE HONG KONG ECONOMY. THE ONLY SIGNIFICANT VARIATIONS FROM WHAT WAS EARLIER PROPOSED ARE FIRST, THE HIGHLY UNUSUAL AND SEEMINGLY INVIDIOUS TREATMENT TO BE ACCORDED TO HKSB SHAREHOLDERS, WHICH WOULD BE IMMEDIATELY RECOGNISABLE AS SUCH HERE: AND SECONDLY, IF WE UNDERSTAND IT CORRECTLY, THE FACT THAT HKSB RATHER THAN THE HOLDING COMPANY WOULD CONTINUE TO OWN BBME AND THE 51 PERCENT OF MARINE MIDLAND. WE WOULD DOUBT IF THIS LATTER CONCEPT IS IN LINE WITH HKSB THINKING OR WHETHER, IN THE CASE OF MARINE MIDLAND, IT WOULD BE ACCEPTABLE IN THE LONGER TERM TO THE US AUTHORITIES.

/3. IT MUST

3. IT MUST BE STRESSED, TOO, THAT THE PROPOSAL WOULD NOT (NOT) BE ACCEPATBLE TO THE HONG KONG GOVERNMENT EVEN BEFORE 1997. THE PRESENT CONFLICTS OF INTEREST WHICH ARISE BETWEEN THE HKSB'S COMMERCIAL INTERESTS AS A BANK FIRMLY ROOTED IN HONG KONG AND ITS QUASI-CENTRAL BANKING FUNCTIONS ARE BARELY TOLERABLE NOW. THESE CONFLICTS OF INTEREST WOULD BE INTENSIFIED TO THE POINT OF UNACCEPTABILITY ONCE STRATEGY FOR THE GROUP WAS DETERMINED FROM OUTSIDE THE TERRITORY.

4. WE HAVE THE FOLLOWING MORE SPECIFIC POINTS:

(A) PARAGRAPH 5:

WE DO NOT UNDERSTAND WHY IT IS THOUGHT THAT THE HKSB WOULD BE VULNERABLE TO TAKEOVER BY AN UNWELCOME PREDATOR. APART FROM THE POWERS VESTED IN THE BOARD OF THE BANK TO PREVENT ANY PERSON FROM HOLDING MORE THAN ONE PERCENT OF HKSB SHARES, IT MUST BE CLEAR TO THE HKSB THAT THE HONG KONG GOVERNMENT COULD, AND WOULD, OPPOSE ANY SUCH MOVE AND THAT THEIR OPPOSITION WOULD BE DECISIVE.

(B) PARAGRAPH 10:

THE 40-40-20 CONCEPT WAS, OF COURSE, REPORTED TO HAVE BEEN PUT FORWARD WHEN SIR KIT MCMAHON FIRST SAW THE GOVERNOR OF THE BANK OF ENGLAND IN SEPTEMBER.

(C) PARAGRAPHS 12 AND 14:

IT CANNOT BE ACCEPTED THAT THE MIDLAND BANK ENJOYS ANY SPECIAL RELATIONSHIP WITH THE CHINESE AUTHORITIES. CLAIMS OF THIS SORT ARE CONSTANTLY BEING MADE BY EVERY BANK SEEKING TO DO BUSINESS WITH THE CHINESE. NOR IS THE HKSB'S RELATIONSHIP PARTICULARLY CLOSE. TO PUT THE REFERENCE TO THE HKSB'S LICENCE TO OPERATE IN THE SPECIAL ZONE IN CONTEXT, IT IS NOTEWORTHY THAT THIS PRIVILEGE IS SHARED BY THE UBIQUITOUS BANK FOR CREDIT AND COMMERCIAL INTERNATIONAL (BCCI) WHOSE CHEQUERED HISTORY IS WELL KNOWN TO THE TREASURY AND BANK OF ENGLAND.

5. SEE MIFT FOR AN ACCOUNT OF MY MEETING WITH THE SECRETARY OF STATE YESTERDAY.

YOUDE
HMLNAN 3544.

LIMITED
HD. HKD.
PS.
PS/MR. RENTON
PS/PUS
MR. GILLMORE
MR. WILSON.

 DEYOU/ORIEL.

GRS 1200

Confidential

PS/No 10 Downing St

CONFIDENTIAL
FM PEKING
TO IMMEDIATE FCO
TELNO 1989
OF 141646Z OCTOBER 86
INFO IMMEDIATE HONG KONG

IMMEDIATE

DISTRIBUTION SELECTORS
FILE COPY

SENT 20 OCT 1986

Please file
AR

FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH JI PENGFEI: 13 OCTOBER

SUMMARY

1. JI CALLS FOR NO DRASTIC CHANGES IN HONG KONG BEFORE 1997 AND FOR 1987 REVIEW TO AVOID LEADING CONCLUSIONS IN FAVOUR OF ELECTIONS. THE SECRETARY OF STATE POINTED TO NEED FOR REVIEW TO BE GENUINE AND FOR HKG'S AUTHORITY NOT TO BE IMPAIRED.

DETAIL

2. THE SECRETARY OF STATE SPENT 45 MINUTES WITH JI PENGFEI ON THE AFTERNOON OF 13 OCTOBER.

3. JI SAID THAT THE SECRETARY OF STATE'S 'SPEECH' IN HONG KONG HAD BEEN VERY GOOD (WE ASSUME HE WAS REFERRING TO THE PRESS CONFERENCE). THE SECRETARY OF STATE REFERRED TO JI'S VISIT TO HONG KONG. JI DESCRIBED THIS AS HAVING BEEN VERY SUCCESSFUL.

4. THE SECRETARY OF STATE REFERRED TO THE PROGRESS SINCE JI'S HONG KONG VISIT OVER IMPLEMENTATION OF THE JD: THE JLG AND LAND COMMISSION WERE WORKING WELL: AGREEMENT HAD BEEN REACHED OVER GATT, ON AIR SERVICES AND TRAVEL DOCUMENTATION. THIS WAS IMPORTANT FOR SUSTAINING CONFIDENCE.

5. JI SAID THAT THE MAIN PURPOSE OF HIS HONG KONG VISIT HAD BEEN TO FAMILIARISE HIMSELF WITH THE JD'S IMPLEMENTATION AND THE DRAFTING OF THE BASIC LAW. PEOPLE FROM VARIOUS WALKS OF LIFE HAD GIVEN A NUMBER OF GOOD SUGESTIONS. HE HAD BEEN ABLE TO DISCUSS QUESTIONS WITH THE GOVERNOR AND TO CONTINUE THIS DIALOGUE DURING THE GOVERNOR'S SEPTEMBER VISIT. HE HAD DISCUSSED QUESTIONS RELATING TO CONVERGENCE WITH THE GOVERNOR. THE TWO SIDES AGREED THAT DUPING THE TRANSITIONAL PERIOD THE COMMON TASK WAS TO MAINTAIN HONG KONG'S PROSPERITY AND STABILITY. IF IMPORTANT REFORMS WERE TO BE INTRODUCED THERE SHOULD BE CONSULTATION IN THE JLG SO AS TO PRODUCE A 'GOOD RESULT'.

6. THE SECRETARY OF STATE SAID THAT IT WOULD BE IMPORTANT TO MAINTAIN A SUCCESSFUL RANGE OF CONTACTS. THERE EXISTED THE JLG, BLDC, AD HOC CONTACTS BETWEEN HIM AND WU, WHICH ENABLED BOTH SIDES TO KEEP IN TOUCH WITH EACH OTHER'S THINKING, AND THE GOVERNOR'S VISITS WHICH ALSO PROVIDED A VALUABLE POINT OF CONTACT.

7. THE SECRETARY OF STATE CONTINUED THAT THE BLDC'S WORK IF DESIGNED TO SECURE A SMOOTH TRANSFER OF GOVERNMENT IN 1987 WAS AN AREA ESPECIALLY VALUABLE TO THE SUSTAINING OF CONFIDENCE. THE DRAFTING OF THE BL WAS OF COURSE A CHINESE RESPONSIBILITY. WE HAD BEEN IMPRESSED WITH THE CARE TAKEN TO CONSULT AT ALL LEVELS. WE TOOK A CLOSE INTEREST: PEOPLE IN HONG KONG WERE ANXIOUS THAT THE BL SHOULD FAITHFULLY REFLECT THE JD. IT WAS IMPORTANT TO PEOPLE IN HONG KONG THAT THE BL SHOULD EMBODY CONCEPTS AND LANGUAGE WITH WHICH THEY WERE FAMILIAR, THIS WOULD HELP CONTINUITY. WE BELIEVED THE BLDC WAS TRYING TO ACHIEVE THIS. WE SHOULD BE HAPPY TO OFFER ADVICE.

8. THE SECRETARY OF STATE SAID THAT IN THE TRANSITIONAL PERIOD WE WOULD TAKE A RESPONSIBLE AND CONSTRUCTIVE ATTITUDE: OUR OBJECTIVE WAS TO MAINTAIN AN EFFECTIVE BRITISH ADMINISTRATION UP TO 1997 AND TO HELP CREATE ARRANGEMENTS FOR A SMOOTH TRANSFER OF GOVERNMENT IN 1997.

9. JI SAID WE SHARED A COMMON DESIRE. HE HOPED THAT IN THE TRANSITIONAL PERIOD THERE WOULD BE 'NO DRASTIC CHANGES', 'UPS AND DOWNS' OR 'SHOCKS' IN HONG KONG. IF CHANGE WAS NECESSARY IT SHOULD NOT BE DRASTIC. IF CERTAIN CHANGES WERE NECESSARY, THEY SHOULD TAKE PLACE AFTER CONSULTATION AND AFTER TAKING EFFECTIVE MEASURES TO AVOID ANY GREAT 'SHOCKS'. IT WAS NOT THAT THERE SHOULD BE NO CHANGE AT ALL: BUT CHANGE SHOULD TAKE PLACE AFTER CONSULTATION BETWEEN THE TWO SIDES.

10. JI CONTINUED THAT HE WISHED TO RAISE THE REPRESENTATIVE SYSTEM IN HONG KONG. THIS INVOLVED THE QUESTION OF DIRECT ELECTIONS. THE REVIEW WOULD TAKE PLACE NEXT YEAR. THE CHINESE SIDE CONSIDERED THAT IT WOULD BE BEST FOR THE REVIEW NOT TO TAKE PLACE OR TO BE DELAYED. HOWEVER, AS HKG HAD ALREADY UNDERTAKEN TO HOLD A 1987 REVIEW THE CHINESE AGREED THAT THIS COULD BE CARRIED OUT. THEY THOUGHT THAT IT WOULD BE BEST IF THE REVIEW DID NOT REFER TO DIRECT ELECTIONS: IF HOWEVER DIRECT ELECTIONS WERE MENTIONED IN THE REVIEW IT WOULD BE BEST IF NO DECISIONS WERE TAKEN. IN THE IN THE WORK OF DRAFTING THE BL, CHINA ATTACHED GREAT IMPORTANCE TO THIS ISSUE, ON WHICH HONG KONG OPINION WAS DIVIDED . IN PARTICULAR SOME FROM THE UPPER AND MIDDLE CLASSES OPPOSED DIRECT ELECTIONS. A CAUTIOUS ATTITUDE MUST BE ADOPTED. JI THEREFORE HOPED THAT ANY DECISION CONCERNING DIRECT ELECTIONS COULD BE DELAYED: WE COULD POINT TO THE DIVISION OF HONG KONG OPINION ON THE SUBJECT AND SAY THAT MORE TIME WAS NEEDED FOR FURTHER STUDY AND REFLECTION. AFTER PUBLICATION OF THE DRAFT BL IN 1988, THE PICTURE WOULD BE CLEARER. THE REVIEW FOLLOWING THE ONE IN 1987 COULD THEN DEAL WITH THIS ISSUE. DIRECT ELECTIONS WAS THE MOST IMPORTANT QUESTION AT PRESENT.

11. THE SECRETARY OF STATE AGREED THAT IT WAS AN IMPORTANT ISSUE. IT WAS MOST IMPORTANT THAT THE WAY IT WAS HANDLED SHOULD NOT DISTURB BRITISH ADMINISTRATION OF HONG KONG UP TO 1997, IN WHICH CONFIDENCE MUST BE MAINTAINED, THE PROSPECT FOR A SMOOTH TRANSFER OF POWER, OR

Confidential

THE

THE BALANCE BETWEEN THE TWO SIDES' RESPECTIVE RESPONSIBILITIES IN THE PERIOD BEFORE AND AFTER 1997. HE AGREED THAT THE ISSUE REQUIRED PRUDENT HANDLING TO AVOID ANY SHOCKS. BUT HKG MUST NOT BE SEEN TO RENEGE ON COMMITMENTS BECAUSE OF CRITICISM OR PRESSURE FROM THE CHINESE SIDE. THIS WAS WHY IT WAS SO IMPORTANT THAT THE 1987 REVIEW SHOULD PROCEED AS PROMISED. NEITHER HKG OR HMG HAD ANY PRECONCEIVED VIEWS ABOUT DIRECT ELECTIONS. THE REVIEW WOULD NOT BE SLANTED IN ANY PARTICULAR DIRECTION. WE WERE DISCUSSING A LIMITED MATTER ONLY: A PROPORTION OF SEATS PERHAPS BEING FILLED BY DIRECT ELECTION. OPINION IN HONG KONG ON THE SUBJECT WAS DIVIDED. THE POSSIBILITY OF DIRECT ELECTIONS WOULD BE REFERRED TO IN ANY GREEN PAPER IN THE MOST BALANCED AND PRUDENT WAY. IT WOULD NOT BE SENSIBLE FOR HKG TO TRY TO PREJUDGE THE OUTCOME OF THE REVIEW. ALL WERE CONSCIOUS OF THE NEED FOR CONTINUITY, BUT WE MUST LEAVE OPEN THE POSSIBILITY THAT A CONSENSUS OF OPINION MIGHT FAVOUR DIRECT ELECTION FOR SOME SEATS. THERE WOULD OTHERWISE BE CRITICISM THAT THE REVIEW WAS NOT GENUINE AND/OR HAD BEEN PRE-JUDGED BECAUSE OF CHINESE PRESSURE. WE MUST AVOID ANY SUGGESTION THAT BRITISH RESPONSIBILITY FOR HONG KONG UP TO 1997 WAS BEING DISLODGED.

12. JI SAID THAT THE REVIEW COULD BE CARRIED OUT BUT SHOULD NOT PAVE THE WAY FOR DIRECT ELECTIONS: THIS WOULD NOT BE APPROPRIATE. HE HOPED WE WOULD CONSIDER THE CHINESE POSITION. THEY DID NOT WANT TO INTERFERE. THEY RESPECTED THE UK'S RIGHT TO ADMINISTER HONG KONG UP TO 1997. BUT IN DRAFTING THE BL THEY MUST TAKE A DECISION ON DIRECT ELECTIONS. IN THE ABSENCE OF CONSENSUS, THIS WOULD BE DIFFICULT.

13. THE SECRETARY OF STATE SAID THAT HE DID NOT THINK THE DIFFERENCES BETWEEN US WERE VERY WIDE. HE WOULD FOLLOW UP THIS DISCUSSION WITH WU. BOTH SIDES MUST BE ALIVE TO THE CONCERNS OF THE OTHER AS WELL AS TO THE OPINIONS OF THE PEOPLE OF HONG KONG.

DAYA BAY

14. THE SECRETARY OF STATE THANKED JI FOR RECEIVING THE LEGCO DELEGATION AND FOR TAKING SUCH A POSITIVE ATTITUDE TOWARDS THE INVOLVEMENT OF HONG KONG PEOPLE. ANXIETY WOULD CONTINUE. WE WELCOMED THE CHINESE COMMENTS ABOUT SAFETY AND THEIR RECOGNITION OF THE NEED TO KEEP HONG KONG PEOPLE IN THE PICTURE.

15. JI SAID THAT EVERY EFFORT WOULD BE MADE TO ENSURE THE PLANT'S SAFETY. THE CHINESE GOVERNMENT MUST BE RESPONSIBLE FOR ALL ITS PEOPLE: THESE INCLUDED THE PEOPLE OF HONG KONG.

EVANS
YYYY
RENRANC537

LIMITED
HKD
FED.
NEWSD
INFO D
PLANNING STAFF
PS
PS/LADY YOUNG
PS/MR RENTON

PS/PUS
MR GILLMORE
MR WILSON

PS/No 10 Downing St.

Confidential

SECRET

FILE

MF

PC

22

10 DOWNING STREET

LONDON SW1A 2AA

2 October 1986

From the Private Secretary

Dear Tony,

HONG KONG: THE GOVERNOR AND THE CHIEF EXECUTIVE

Thank you for your letter of 1 October setting out the terms in which the Foreign Secretary might raise the issue of the appointment of a Chief Executive in Hong Kong in his talks with the Chinese Foreign Minister in mid October.

The Prime Minister is content that Sir Geoffrey Howe should speak as proposed. She agrees on the need for an early discussion in OD(K) both about the introduction of a Chief Executive into Hong Kong's Government structure and about the development of representative government in Hong Kong.

I am copying this letter to the Private Secretaries to members of OD(K) and to Sir Robert Armstrong.

Yours ever,

Charles Powell

A.C. Galsworthy, Esq., CMG,
Foreign and Commonwealth Office.

cc CO HO
M/S FCO WPO
MOD
DTI
WPSO
MOD
HMT

SECRET

SECRET

Prime Minister
The Foreign Secretary proposes a holding line on the Chief Executive at his meeting with Mr Wu. He would identify the problem & promise some further thoughts soon (after OD(K) has considered).
Agree? CDP 1/X.

21

Foreign and Commonwealth Office
London SW1A 2AH

1 October 1986

Dear Charles,

Hong Kong: The Governor and the Chief Executive

Thank you for your letter of 29 September. The Foreign Secretary discussed the issue further with the Prime Minister on the evening of 29 September.

Sir Geoffrey Howe explained why we need to indicate to the Chinese at an early stage that we see difficulty in their idea that the first Chief Executive of the Hong Kong Special Administrative Region (SAR) might be selected by the Chinese some time ahead of 1997 but not take up any functions in the administration of Hong Kong until 1 July 1997. Such an arrangement would mean an alternative government waiting in the wings in the crucial last years before 1997 and would inevitably cause serious erosion to the authority of the British Hong Kong Government. If we do not raise this issue with the Chinese soon there is a danger that this thinking will harden and/or become public: in either event it would be more difficult to persuade the Chinese to think again.

In Sir Geoffrey's view this danger might be reduced if he raised the issue briefly with the Chinese Foreign Minister in China in mid-October. He might say that

- one aspect of the need for convergence which is pre-occupying us is the introduction of the first Chief Executive of the Hong Kong SAR;

- this will need to be handled with particular care if a smooth transition is to be achieved;

- to select the Chief Executive in advance of 1997 but give him a role only on 1 July 1997, as the Chinese at present seem to have in mind, could cause problems;

- he hopes to share further thoughts on this with Wu later when we have been able to look at the problem, and its effect on our responsibility for the effective administration of Hong Kong before 1997 in more depth.

SECRET

SECRET

This essentially negative holding line will not be as persuasive to Foreign Minister Wu as one which identified, in however general terms, an alternative approach, based upon the idea of introducing a Chief Executive (Designate) into the government structure of Hong Kong before 1997. But it might help to hold the position and it would give OD(K) an opportunity to consider the matter more fully. There is no prospect of arranging a meeting of OD(K) before Sir Geoffrey's departure for China on 10 October: but he looks forward to a discussion, on the basis of a fuller paper, at a meeting of the sub-committee after his return. Sir Geoffrey notes the Prime Minister's wish that the planned OD(K) meeting should also consider the development of representative government in Hong Kong. We shall prepare a separate paper on this as a basis for discussion.

The Prime Minister will wish to know that the Executive Council of Hong Kong gave further consideration yesterday to the issue of the Governor and the Chief Executive. They confirmed their support for the general approach described in the paper circulated earlier to members of OD(K) and expressed the hope that the issue would be discussed with the Chinese as soon as possible.

There is likely to be some disappointment that the opportunity of the Foreign Secretary's visit is not being taken to put to Wu personally a considered paper on the subject: however Sir Geoffrey Howe will do his best to see that an approach on the lines indicated above does something to mitigate any dismay in EXCO. He would explain the position fully to the Council when he transits Hong Kong on his way to China.

I am copying this letter to the Private Secretaries to members of OD(K) and to Sir Robert Armstrong.

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street

SECRET

HONG KONG
FUTURE
PT 78

1. MS Powell to see
2. Prime Minister

F

Conservative Central Office

32 Smith Square Westminster SW1P 3HH
Tel. 01-222 9000 Telex 8814563

From
THE DEPUTY CHAIRMAN OF THE PARTY
The Hon. Peter Morrison, MP

NVW
2.10.

Political office.

PERSONAL & CONFIDENTIAL.

The Rt. Hon. Margaret Thatcher, FRS. MP.
10 Downing Street,
London,
S.W.1.

1st October 1986

Dear Prime Minister,

As you can see from the enclosed note to the Secretary of State for Trade and Industry, I feel very strongly about two points which I have made to Paul about Hong Kong.

As I told you I was going to when we met ten days ago, I spent three days in Hong Kong in the early part of last week. My feelings before my visit there were already beginning to stiffen up and the discussions that I had only served to reinforce them. I am sure that it would in any case be worthwhile looking again to see whether our present policy could not at least be modified to help both trade and inward investment.

I am copying this note to both Paul and Norman Tebbit.

Peter Morrison, MP.

cc. The Rt. Hon. Paul Channon, MP.
The Rt. Hon. Norman Tebbit, MP.

PRIVATE AND CONFIDENTIAL

TO:

Secretary of State
for Trade and Industry

FROM:

The Hon Peter Morrison MP

29 September 1986

HONG KONG

Apart from the points made in the attached report there are two matters which need action if DTI's show is going to get more on the road in Hong Kong. They arose out of private meetings with I organised on my own with "Real People" and which, for obvious reasons, have no "Minutes of the Meeting".

FIRST there is considerable feeling in the Business Community that the Governor in particular and hence the Government of Hong Kong could do more to help British firms to win Public contracts. They leave the impression that because of their fear of upsetting Peking, they must fall over themselves backwards to be seen not to favour Great Britain. So much so that possible contracts go the wrong way. When we meet I will give particular instances.

I am not quite sure what can be done about this, but the Foreign Office could be really put into bat to put pressure on the Governor.

SECOND I assiduously followed the "Line to Take" about Inward Investment - namely that we are quite neutral on this matter. I have to say that it is a complete farce, and seen to be so by our allies, which include Members of EXCO & LEGCO. Not surprisingly, being neutral, sounds and is interpereted by those who do not know the form as being negative, which results in the Kong Kong Chinese, many of whom want to invest in the United Kingdom deciding to take out their "1997 Insurance Policy" - and that is what it is-in Canada, the United States, and elsewhere.
Like every other sane individual I want to see the agreement with Pekin succeed and succeed well. But, if I read it correctly, the Foreign Office who, to give then their due set the scene brillantly for the agreement to come about at all, are now so entranced by their success at this stage that they yet again have totally forgotten about the "British" interest between now and the vesting date.

TUEBKY

So strongly do I feel on this point, not least because the "official line" in so arrogant, that I intend to see the Prime Minister personally about it.

JAPAN

The Seminar on Inward Investment went off better than even the greatest optimist could have dared to hope for.

The Conference Hall was packed. They listened intently to every word, and the organisers, JETRO/Barclays Bank and the Embassy had all done a good job in producing a very professional show. So with 250+ Japanese Companies showing interest at this stage, provided we play it right from now on, there should be very significant scope for quite substantial Japanese investment into the UK.

One particular point needs to be registered in the minds of the DTI Martians. If they continue to sound threatening and demanding about "Local content" they are now completely missing the point, and will only serve to drive the potential Japanese investors away. Because of the very high value of the Yen, every Japanese industrialist, to whom I talked, was keen, to put it mildly, to maximise local content.

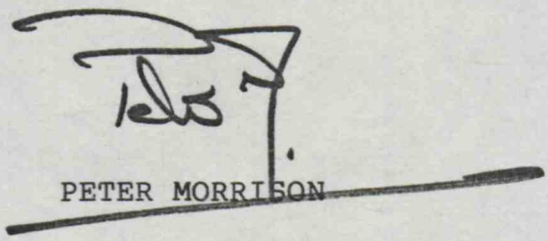
So the tone, from our end, needs to change quickly. Rather than laying down conditions about what percentage of local content is necessary to gain a grant, we should be positive. We must, and I mean must, do two things. First welcome immediately any potential Japanese Inward Investor regardless. Second we must scour the Country to find that Inward Investor potential supplies of component parts. When we meet I will enlarge on this point, but suffice it to say at this stage, that if the like of Lucas go around muttering about "unfair competition", they have not only missed the point and a fantastic opportunity, but more worrying will drive the Japanese Investor to France/Germany etc. It will be a hard task to get this across, because of what has gone on in the last few years, but it is essential that we do so.

The only other particular point which I need to talk to you about is Honda. I had twenty minutes alone with their "Top Dog" in order to ensure that he was 100% up to speed on all the political ramifications of a potential deal.

TUEBLC

I think, insofar as we can with such a conversation that he took on board the points that I was making, and I will be talking to Graham Day over the Weekend with my impressions. Unless I am mistaken they are keen to do a deal.

All in all a good trip and a worthwhile one, which is more than I can say for some of them.



PETER MORRISON

TUEBLC

SECRET

hle 20 ECh

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

29 September 1986

Dear Tony,

HONG KONG: THE GOVERNOR AND THE CHIEF EXECUTIVE

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 24 September and accompanying paper about the possible introduction of a Chief Executive (Designate) into the Government structure of Hong Kong before 1997. She has commented that the proposal is far too flabby and could be one of those famous expedients which land us in real difficulty at the time. She does not think that we can sensibly take a decision of principle about this or put a paper to the Chinese government until we have a much clearer idea of how the proposal would work in practice. She would therefore like a discussion in OD(K) on the basis of a fuller paper. This might also cover the question of what we want in Hong Kong by way of representative government.

I am copying this letter to the Private Secretaries to members of OD(K) and to Sir Robert Armstrong.

yours sincerely,

Charles Powell

(Charles Powell)

A.C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

SECRET

19 B

MR POWELL 25 September 1986

HONG KONG: THE GOVERNOR AND THE CHIEF EXECUTIVE

1. Your minute of 24 September.

2. I understand your worries, but we need to move fast with the Chinese. As was revealed during the recent meeting with Exco, Chinese thinking is developing faster than we had supposed. If we are to influence it we must feed in our views now. This is as true on the issue of the Chief Executive as on the more general question of the Basic Law. The Chinese have already revealed that they consider the Chief Executive must be chosen before 1997. But if he simply waits in the wings he will become a dangerous alternative focus of authority in the last years of our rule. The more reason to give the idea of a Chief Executive chosen before 1997 our slant. As the Prime Minister would gather from her meeting, Exco support the move.

3. It is true all the fine print of this proposal has not been worked out. The Foreign Office and Hong Kong are doing detailed work on the powers of a Chief Executive and the way he might be chosen. But these details will not cut across the broad proposal to be made to the Chinese, ie the possible creation of a Chief Executive post before 1997; whereas if we wait until every i. is dotted we may miss the bus.

4. Nor by acting in this way would we make our planning assumption of a British Governor until 1997 irrevocable. It would still be open to us to decide that there was need for a Hong Kong Chinese Governor in the last years, though I personally think this unlikely.

5. The other concern expressed by the Prime Minister over the idea of a Chief Executive post established before 1997, namely that the Chinese might try to insist that a candidate of their own be appointed, is I think fairly dealt with in paragraph 5 of the Foreign Secretary's minute. In practice we would have to find someone agreeable to both sides. But if we could get a suitable figure and slot him into the system before 1997 the transition would be infinitely smoother, confidence would be enhanced and our influence after the handover would be greater.

6. I think it worth playing for.

PERCY CRADOCK

SECRET

633.

16

SIR PERCY CRADOCK

HONG KONG: THE GOVERNOR AND THE CHIEF EXECUTIVE

I am troubled by the Foreign Secretary's minute (attached). The Prime Minister is likely to argue that we are trying to run before we can walk. The paper admits that the definition of the powers of a Chief Executive before 1997, his relationship to the Governor and the methods by which he is chosen are highly sensitive. The paper puts forward no very firm proposals on them, yet it appears to be proposed that we should take a decision in principle to create a Chief Executive before our position on these issues - described as "subsidiary" - is settled; and that we should put a paper to the Chinese as early as next month. In view of her comment at the EXCO, I would expect the Prime Minister to regard this as premature.

Do you think this is a valid point? Alternatively, do you have some arguments to hand to cope with it?

CDP

C.D. POWELL
24 September 1986

JA2AEF

SECRET

18

SECRET

PRIME MINISTER

HONG KONG: THE GOVERNOR AND THE CHIEF EXECUTIVE

You will recall that when you met EXCO they referred to the possible introduction of a Chief Executive (Designate) for Hong Kong before 1997. They appeared to favour this.

In the attached papers (Flag A) the Foreign Secretary argues that we should take a decision of principle now on the creation of such a post, and that he should give the Chinese Foreign Minister a very general paper on the subject next month. The details of how the Chief Executive would be chosen, the relationship between him and the Governor and the precise powers to be transferred or delegated to him would be left for later discussion. But the basic concept is that various powers should be progressively delegated by the Governor to the Chief Executive - who might have the title of Deputy Governor - over a period of four or five years before 1997.

There must be some risk in agreeing the principle and putting it to the Chinese before we settle the details. But Percy Cradock's note (Flag B) explains the urgency. Both the Chinese and EXCO are already thinking in these terms.

Agree that our policy should be to create a post for the Chief Executive (designate) in advance of 1997 as proposed in these papers; and that the Foreign Secretary should give the Chinese a paper discussing in general terms the possible creation of such a post?

OR

Prefer a discussion in OD(K) first? (Which would probably rule out the Foreign Secretary taking action with the Chinese during the Royal visit.)

(CHARLES POWELL)
25 September 1986
VC4AKB

SECRET

17 A

PM/86/060

THE PRIME MINISTER

Hong Kong: The Governor and the Chief Executive

1. Our Private Secretaries corresponded earlier in the year about the future position of the Governor of Hong Kong. Powell's letter of 18 July recorded your agreement that we should take as a planning assumption that a British Governor, appointed from London, should be retained until 1997. You also agreed that planning work should go ahead on the linked question of the possible introduction of a Chief Executive (Designate) into the Government structure of Hong Kong before 1997. The aim of this would be to facilitate a smooth transition and the maximum practicable continuity in 1997: our planning envisages that the individual concerned would, by agreement between the British and Chinese Governments, span the change of sovereignty and become the first Chief Executive of the Hong Kong Special Administrative Region (SAR).

2. You will recall that the Governor and members of the Executive Council referred approvingly to this idea when they called on you on 10 September. You commented that it was a matter which would require careful handling.

/3.

MONS ICONS: Future Pt. 18

3. The outcome of our planning work in London and Hong Kong is the enclosed paper on the Governor and the Chief Executive. The covering note highlights the points for decision at this stage. It also explains why it would be tactically advantageous to take now a decision of principle on the creation of a post for the Chief Executive (Designate) before 1997. Although the events in question appear to lie some way in the future, it is essential that we form our own ideas, and seek to influence Chinese thinking, during the crucial period up to 1988 when the Basic Law for the Hong Kong SAR is being drafted. The subsidiary issues connected with the exact functions of the Chief Executive (Designate) before 1997 can be considered in the months to come, although the enclosed paper seeks to identify the main areas and makes a number of preliminary observations. I should emphasise in particular that the annex to the paper is purely illustrative. The timing of the introduction of a Chief Executive (Designate) and the question of the delegation of powers to him will need particularly careful consideration in due course.

4. At your meeting with the Governor and ExCo you suggested that it might be helpful if, during my forthcoming visit to China with The Queen, I handed over further papers on points connected with the drafting of the Basic Law which continued to give us concern. We have in hand the preparation of papers on a number of constitutional points. I propose that on that occasion I should also pass to the Chinese Foreign Minister a paper discussing in very general terms the possible creation of a post for the Chief Executive (Designate) before 1997 and explaining why we believe this would facilitate a smooth transition.

/5.

5. When you discussed this issue with the Governor and ExCo you commented that, if the Chinese Government were to accept the principle of continuity in the person of a Chief Executive (Designate), they might subsequently try to insist that a candidate of their own be appointed before 1997. Formally speaking, any appointment to such a position before 1997 would ultimately be one for the British Government, although the candidate would evidently have to be acceptable to the Chinese Government, as well as to HMG and to the people of Hong Kong, if he was going to be able to stay in office after 1997. Given our responsibility for the administration of Hong Kong up to 1997, which is explicitly upheld by the Joint Declaration, the Chinese would not be in a position to insist on the appointment before 1997 of a candidate to whom we were opposed although they might well press hard for a candidate whom they favoured. We would in my view gain considerable advantage from the establishment of a Chief Executive before 1997 - as regards both the office and its holder - because of the influence that would give us over both aspects in the early years after 1997. The price of consulting the Chinese about this before 1997 (which I believe is anyway unavoidable) will be worth paying because of the influence it will give us after 1997.

6. I should be grateful for your confirmation that we may proceed on the basis outlined in the papers.

7. I am copying this minute and enclosures to members of OD(K) and to Sir Robert Armstrong.

C R Budd (Private Secretary)

for (GEOFFREY HOWE)

(Approved by the Foreign Secretary and signed in his absence)

Foreign and Commonwealth Office

24 September 1986

HONG KONG: THE GOVERNOR AND THE CHIEF EXECUTIVE

Summary and points for decision

1. The attached paper has been prepared by the Hong Kong Government in collaboration with the Foreign and Commonwealth Office. It discusses the transition between the structure of government in Hong Kong before 1997, under a British Governor, and that after 1997 under a local Chief Executive.

2. The paper identifies and discusses two broad options for transition and convergence:

(A) The powers and role of the Governor would remain unchanged until 30 June 1997, after which a Chief Executive would take over.

(B) A Chief Executive (Designate) would be introduced into the government structure before 1997. The powers which he would exercise after that date would be gradually delegated or devolved to him in advance of the change of sovereignty.

3. The balance of advantage strongly favours Option (B), which would greatly facilitate a smooth transition in 1997. The relationship between the Governor and the Chief Executive (Designate) would however need to be defined, handled and presented with care as it evolved in the years up to 1997.

4. The paper gives preliminary consideration to a number of subsidiary issues:

(a) the position of the post in the Hong Kong Government:

(b) whether the Governor's powers should be devolved or delegated to the Chief Executive (Designate). The latter is preferred:

(c) the need to discuss our intention with the Chinese Government and agree on a method of selection. The identification of the Chief Executive (Designate) before 1997 would have to be a matter for mutual agreement:

(d) the need for a progressive delegation of powers to the Chief Executive (Designate):

(e) the method of selection of the Chief Executive (Designate):

(f) differences between the powers and obligations of the Governor and the Chief Executive:

(g) a possible timetable (beginning in 1992) for the establishment of a position for the Chief Executive (Designate).

5. All these subsidiary issues will need further examination with the Hong Kong Government. At the present it is recommended only that Ministers decide in principle that our policy should be to create a post for the Chief Executive (Designate) in advance of 1997.

6. It is essential that we should broach discussions of this general issue with the Chinese Government at an early stage. Their ideas on the content of the Basic Law are already taking shape, and a first draft will be published in 1988. They recently told the Governor that they planned to select the first Chief Executive before 1997; but they do not seem to envisage him being incorporated into the Government structure until 1997. In this scenario he would be a dangerous alternative focus of political power

in advance of 1 July 1997. We need moreover to exert our influence on the drafting of the Basic Law to secure its compatibility with our own plans for the transition period up to 1997. Incompatibility would seriously affect the acceptability of the draft Basic Law in Hong Kong and hence stability. We should act soon, before Chinese ideas harden.

7. The Foreign and Commonwealth Secretary will be holding discussions with the Chinese Foreign Minister in mid-October, during the State Visit to China. He has already launched a fruitful dialogue with him on issues relating to the transition and the structure of government. This is based on a series of informal British papers addressing constitutional issues. It is recommended that a paper should be passed to Foreign Minister Wu in October introducing and discussing in general terms the possible creation of a post for a Chief Executive (Designate) within the Hong Kong Government in advance of 1997.

8. Ministers will be consulted further, in due course and in the light of the Chinese reaction, on the detailed arrangements to be made for the Chief Executive (Designate) and the delegation of powers to him.

HONG KONG: THE GOVERNOR AND THE CHIEF EXECUTIVE

INTRODUCTION

1. Under the terms of the Joint Declaration, the British and Chinese Governments have agreed to cooperate in order to ensure a smooth transfer of government in Hong Kong in 1997. A particular question which will arise in bringing about the necessary convergence between government structures before and after 1997 is how the transition can be best effected between the office of the Governor and that of Chief Executive of the Hong Kong Special Administrative Region (SAR).

PRESENT POSITION

2. At present the administration of Hong Kong is the responsibility of the Governor of Hong Kong, appointed by The Queen and exercising his powers under the Letters Patent and Royal Instructions. Ministers have adopted the planning assumption that a resident British Governor, appointed from London, should be retained up to 1997.

3. From 1 July 1997 onwards the HKSAR will enjoy a "high degree of autonomy" under the Joint Declaration. There will be a Chief Executive and the executive authorities will abide by the law and will be accountable to the legislature. The Joint Declaration says very little about the responsibilities of the Chief Executive. The Chinese see the Chief Executive as replacing the Governor but not enjoying such a wide range of powers. There are likely to be many areas where the powers of the Governor and those of the Chief Executive will be the same and some areas in which there will be differences. Some of the differences will arise from the limits specified in the Joint Declaration within which Hong Kong will exercise autonomy. Other differences will arise from the fact that the HKSAR

will have a high degree of autonomy in local matters: although in practice Hong Kong already exercises a high degree of autonomy the Governor is constitutionally subject to the directions of HMG. We shall not know for certain what the powers and responsibilities of the Chief Executive are to be until we see the relevant drafts of parts of the Basic Law.

THE OPTIONS

4. In general terms there are two possible courses of action:

Option (A) The powers and the role of the Governor would remain as they are now until 30 June 1997. A Chief Executive would then take over.

Option (B) A post which would in effect be that of Chief Executive (Designate) would be created before 1997. The powers which will be exercised by the Chief Executive after 1997 would be gradually delegated or devolved to him, starting at a point in the time before 1997. The Governor would retain ultimate authority and specific responsibility for security, defence and foreign affairs.

5. Option (A) has the advantage that HMG is seen to be unequivocally responsible for the governing of Hong Kong until 1997. This would be the clearest way of upholding the commitment to this effect in the Joint Declaration (although it can also be effectively upheld under option (B)).

6. The disadvantages of option (A) are obvious: the handover in 1997 would be abrupt, and militate against a smooth transition. The Chinese regard it as essential that the Chief Executive be chosen before 1997. If he took office only in 1997, the new Chief Executive would have no experience of high authority and responsibility. As we move closer to 1997, the people of Hong Kong, and the

legislature, and other representative institutions, will have made increasingly close contact with the Chinese and be increasingly looking to them for approval, if not instructions, in their approach to public business. The existence of a Chief Executive (Designate) not formally recognised and not integrated into the Government structure would mean that there would be alternate focus of political power waiting in the wings. Such an alternative focus of power outside the Government machine would accentuate the inevitable erosion of the Governor's authority in the years running up to 1997. It would be less likely to prove divisive if institutions and the community could direct themselves to an appropriate alternative locus of authority within the Government structure.

7. Option (B) would meet the need to converge with the post-1997 structure and would indicate to the Hong Kong people in advance the way in which the transition would be handled. It would reduce apprehension and would enable the important middle and managerial classes to understand what the changes in government will mean and how such changes may affect them.

8. The creation of a post for the Chief Executive (Designate) would provide the necessary time and a focus for the constitutional and legislative changes which must be made in order to provide for the transition. It would give him time to understand the processes of governing, to establish his authority and manage the institutional alignments which will be required before 1997.

DEFINITION OF POWERS

9. The installation of a Chief Executive before 1997 would require a careful definition of the relationship at all stages between the Governor and the Chief Executive over the period from when the latter post is created. This relationship and its development would require not only precise definition, but careful presentation and handling.

POSITION OF THE POST IN THE HONG KONG GOVERNMENT

10. There will be a need post-1997 for posts in the Hong Kong SAR approximating to Chief Secretary, Financial Secretary and Attorney General in order to carry out the functions of these posts not subsumed in those of the Chief Executive. On the planning assumption in para 2 above there will be a resident British Governor until 1997. A Chief Executive (Designate) might be brought into office under Clause XVIIA of the Letters Patent by the creation of the post of Deputy Governor.

DELEGATION OR DEVOLUTION OF POWERS

11. The division of effective power between the Governor and the Chief Executive (Designate) could be done by delegation or devolution. Delegation is the allocation of powers with the right retained to withdraw them or to issue instructions over-riding them at any time, without amendment of the basic instruments under which power is delegated. Devolution involves a more substantive transfer of power. To allow the Governor to resume the exercise of powers in the event of crisis the constitutional instruments providing for the devolution would have to allow for the abrogation of those instruments in the case of emergency.

12. Delegation would probably be the more acceptable method to HMG and the Chinese as retaining ultimate responsibility in, and allowing for an easier resumption of power by, the Governor.

THE NEED FOR AGREEMENT WITH THE CHINESE

13. The introduction of a Chief Executive (Designate) some years before 1997 could be achieved successfully only in agreement with the Chinese Government. The method by which he was selected would also need to be agreed with them. The Chinese would need to understand clearly the processes

of endowing a Chief Executive (Designate) with power under British law.

PROGRESSIVE DELEGATION OF POWERS

14. The Chief Executive (Designate) could be endowed with his powers on a progressive basis so that there was no abrupt change, and he was given time to establish his position: and he would be in full enjoyment of the powers of the office of Chief Executive of the HKSAR by the date on which he was required to assume them under the Basic Law. A progressive delegation would substantially improve the prospects of a transfer of government in conditions of stability.

ISSUES REQUIRING FURTHER EXAMINATION

15. The issues which need further examination in regard to the position and powers of the Governor, and of the Chief Executive (Designate) in the 1990s, are of three kinds:

(A) the method of selection of the Chief Executive (Designate):

(B) the difference in the powers of the Governor today and of the powers of the Chief Executive of the HKSAR: and

(C) the duties of the Governor in terms of the constitutional instruments now, as compared with the duties of the Chief Executive after 1997.

METHOD OF SELECTION

16. In regard to the first issue (A), the Governor is chosen and appointed exclusively by London, whereas the Chief Executive of the HKSAR will be chosen in Hong Kong, and appointed by Peking. The Chinese position at the present time is that the first Chief Executive must be

chosen by consultation, whatever the method to be used subsequently. The Chinese have not yet considered who should be consulted (eg whether HMG would be involved) or the extent of the mechanism for consultation in Hong Kong.

17. On the other hand there would, in terms of confidence in Hong Kong, be great advantage in testing out before 1997, while Hong Kong is still under British administration, the main features of the method to be used post-1997. (The procedures before and after 1997 could not be identical, as before 1997 the candidate, however selected, would ultimately be appointed by HMG.) If the Chief Executive is to manage the transition successfully he will need a marked and demonstrable degree of support in Hong Kong as well as the full support of HMG and of the Chinese Government.

RECONCILIATION OF DIFFERENCES IN POWERS AND OBLIGATIONS

18. The second and third issues (paragraph 15(B) and (C) derive from the difference in the powers and obligations of the two posts. Under the Joint Declaration, the Government of the HKSAR will enjoy a high degree of autonomy except in foreign and defence affairs which will be the responsibility of the Central People's Government after 1997. The Governor has in some areas more powers than will fall to the Chief Executive. He has additional responsibilities in regard to foreign affairs and defence vis-a-vis HMG in the United Kingdom. On the other hand, in some areas, eg in relation to legislation affecting banking, the currency and divorce, the Royal Instructions impose reservations on the Governor's powers which will not apply to the Chief Executive after 1997. The prospect of installing a Chief Executive (Designate) before 1997 therefore requires clear specification of which powers, now exercised by the Governor, are to be exercised by the Chief Executive after 1997 and which will not. All powers now the responsibility of the Governor but not appropriate to

the Chief Executive after 1997 would have to be exercised separately by the Governor until 1997.

19. The third issue (paragraph 13(C)) concerns obligations. The Governor is obliged to carry out Royal Instructions and instructions given by the Secretary of State. It is for consideration to what degree HMG should be ready to relinquish its power to instruct the Chief Executive (Designate) before 1997, and whether this should be a formal relinquishment or an understanding that powers which remained formally in existence would not be used. It can be argued that to maximise Hong Kong's autonomy the Chief Executive ought to be left free to act upon his mandate in the best interest of Hong Kong. But on the other hand any arrangement would need to be visibly consistent with the commitment in the Joint Declaration that until 30 June 1997 HMG "will be responsible for the administration of Hong Kong".

But he would probably have to consult them on difficult issues

20. The annex to this paper sets out a possible timetable for the creation and entrustment of powers to a Chief Executive (Designate) occupying the post of Deputy Governor. It should be emphasised that this is purely illustrative. There are problems in the timetable: growing pressure for the creation of a Chief Executive (Designate) is to be expected from about 1990 when the Basic Law is promulgated. (There are already suggestions to this effect.) Once created, he must have a real function. The relationship between the Governor and the Chief Executive would need careful definition and public presentation, bearing in mind that the community may as time progresses perceive their respective powers as deriving from different sources of political authority. The powers of the Chief Executive (Designate) would need to be increased steadily, but not at such a pace as would give the appearance of withdrawing the British influence to an extent which would affect confidence.

21. Further consideration will need to be given to the period of office of a Deputy Governor appointed on this basis. It would be conducive to a smooth transition if the incumbent destined to occupy the post in 1997 could have a term of office which comfortably spanned that date (perhaps 1994-2000). If the post of Deputy Governor was created as early as 1992 it would probably have to be filled by straight appointment. It might well need to be envisaged that there would be an initial appointee who would initiate the process of establishing the devolution of power, but that the Chief Executive (Designate) would not be appointed until later. Nearer 1997 there might thus be provision for the appointment or re-appointment of the Deputy Governor, on the basis of a selective process, for the term extending beyond 1997. This could provide the "dry run" of the post-1997 selection system (see para 17 above): it would permit the candidate identified in 1992 to be re-confirmed in office, if he had demonstrated his ability to take on the job, or alternatively replaced by a more suitable candidate.

why?

PRESENT CHINESE INTENTIONS

22. The present intention of the Chinese is apparently to establish first the content of the Basic Law, and this process is proceeding rapidly in the special groups of the Basic Law Drafting Committee (BLDC). Thereafter they would consult HMG, possibly in the Joint Liaison Group, on the Basic Law, and then on the means of arranging a "smooth transition of government" in the JLG. It is encouraging that they seem ready to share with HMG their thinking on the Basic Law. But they are unlikely to be willing to change the content of it substantially once their representatives in the BLDC are committed to it.

23. It will be obvious from the above that, if it is accepted that a Chief Executive (Designate) must, in order to ensure a smooth transition, be in place by 1997 his installation would require action by HMG during this period

of responsibility. If the governmental systems set out in the Basic Law to which HMG will be asked to arrange convergence are not acceptable to HMG, the problems of transition will become insuperable and profoundly destabilising. The two issues - the content of the Basic Law, and the methods to be adopted to achieve transition - have thus become inseparable and need to be addressed before the content of the Basic Law is fixed.

CONCLUSIONS

24. The introduction of a Chief Executive (Designate) before 1997 and the gradual delegation to him before that date of some or all the powers which he will enjoy after that date is a feasible option for arranging a smooth transition without an abrupt change and possible destablisation. No other feasible option has been identified.

25. The method by which the Chief Executive (Designate) might be chosen will have to await discussions with the Chinese on the Basic Law.

26. The Chinese preference seems to be to establish first the content of the Basic Law, and then to discuss with HMG how Hong Kong institutions should be brought into line with it during the transition. This would tie HMG's hands during the process of transition to an unacceptable degree.

27. No final decisions can be taken on these matters until discussions have been held with the Chinese and understanding reached with them on how the smooth transition is to be achieved. But if the entrenchment of positions is to be avoided these discussions will have to be instituted before the content of the Basic Law is too firmly set.

ANNEX

SECRET

A POSSIBLE TIMETABLE FOR THE CREATION OF A CHIEF EXECUTIVE AND ENTRUSTMENT OF CERTAIN POWERS AND RESPONSIBILITIES TO HIM

1992 Post of Chief Executive is created, in hierarchy between the Governor and the Chief Secretary, ex-officio a member of Executive Council. He is appointed in the form of the Letters Patent Clause XVIIA (see Appendix), that is, as Deputy to the Governor. He becomes involved in the processes of Government at the highest level, and is closely consulted by the Governor on all important matters, including appointments of Members of Executive Council (MECS), Members of Legislative Council (MLCS), significant committees, and the formulation of policies before presentation to Executive Council.

1993 Entrustment to Chief Executive of specific responsibilities, such as:

(a) oversight and responsibility on behalf of the Governor for specified areas of Government;

(b) formal involvement in appointments of MECS, MLCS, reflected in formulae of appointment;

(c) dealing with appeals/petitions to the Governor;

(d) appointments to boards/committees (from Governor);

(e) appointment of Justices of the Peace;

(f) statutory powers from Governor.

Begins to take on some ceremonial, consular engagements.

1994 Assumes Presidency of Executive Council and thereby:

(a) assumes executive responsibility for all areas of Government activity except defence and foreign affairs reserved to the Governor;

(b) becomes responsible for subsidiary legislation made by the Governor-in-Council, except on reserved subjects;

AIDACM

(c) deals with appeals/petitions to the Governor-in-Council.

Notes:

(a) To create the Chief Executive in the form of Deputy to the Governor permits maximum flexibility in the allocation of duties to the Chief Executive by the Governor.

(b) It is assumed the Chief Executive would act as Governor in the latter's absences - useful in the transition process.

(2) Before assuming the functions of the office of Governor for the first time, any person as aforesaid shall make the oaths directed by Article III of these Our Letters to be made by the holder thereof.

(3) Any such person as aforesaid shall not continue to perform the functions of the office of Governor after the holder thereof, or some other person having a prior right to perform those functions, has notified him that he is about to resume, or assume, those functions.

(4) The holder of the office of Governor or any other person as aforesaid shall not, for the purposes of this Article, be regarded as absent from the Colony or as unable to perform the functions of that office at any time when there is a subsisting appointment of a Deputy under Article XVIIA of these Our Letters.

Deputy to Governor. (*Amended on 17.11.67.*)

XVIIA. (1) Whenever the Governor—

(*a*) has occasion to be absent from the Colony for a period which he has reason to believe will be of short duration; or

(*b*) is suffering from any illness which he has reason to believe will be of short duration; or

(*c*) considers for any reason that the public interest so requires,

he may by instrument under the Public Seal appoint a person to be his Deputy and in that capacity to perform on his behalf such of the functions of the office of Governor as may be specified in such instrument.

(2) The powers and authority of the Governor shall not be abridged, altered or in any way affected by the appointment of a Deputy under this Article and a Deputy shall comply with all instructions which the Governor may address to him, but the question whether a Deputy has in any matter complied with such instructions shall not be enquired into by any court.

(3) Any appointment under this Article may be revoked at any time by Us by instructions given by Us through one of Our Principal Secretaries of State or by the Governor by instrument under the Public Seal, and subject thereto a person appointed under this Article shall hold that appointment for such period as may be specified in the instrument by which he is appointed.

Officers and others to obey and assist Governor.

XVIII. And We do hereby require and command all Our officers and ministers, civil and military, and all other the inhabitants of the Colony, to be obedient, aiding and assisting unto the Governor and to any person for the time being administering the Government of the Colony.

Term "the Governor" explained.

XIX. In these Our Letters Patent the term "the Governor" shall include every person for the time being administering the Government of the Colony.

FILE CAJ CCPC

SUBJECT cc MASTER

10 DOWNING STREET

From the Private Secretary

10 September 1986

Dear Tony,

PRIME MINISTER'S MEETING WITH THE GOVERNOR AND MEMBERS OF THE EXECUTIVE COUNCIL OF HONG KONG ON 10 SEPTEMBER

The Prime Minister met the Governor of Hong Kong and members of the Executive Council this afternoon for a general discussion. A list of those who attended is attached.

The Prime Minister said that she continued to follow developments in Hong Kong closely. The United Kingdom of course retained responsibility for Hong Kong up until 1997 and would exercise that responsibility fully. She was anxious to hear the views of members of the Executive Council on conditions in Hong Kong. She was aware that there were a number of issues which were giving concern. She was sorry that illness prevented Sir S Y Chung from being present.

In response to the Governor's invitation, Sir Michael Sandberg gave an account of the Hong Kong economy. Exports were strong, inflation low and the stock market at an all time high. There was plenty of investment from Japan and North America, though not as much as Hong Kong would like from the United Kingdom. Indigenous investment by Hong Kong Chinese, on the other hand, was disappointing. The basic constraint was confidence and the drain of wealth overseas, which was actively encouraged by Canada, Australia and Singapore. But apart from the weakness of investment from local sources, the Hong Kong economy was in good shape. Sir Michael mentioned the low quality of NCNA staff, as representatives of China, as a factor affecting confidence.

Miss Dunn gave reported on the functioning of the Legislative Council. In general experience with the indirectly elected members had been positive. It had been possible to achive consensus on most issues. Business had been conducted responsibly and the credibility of the Legislative Council in Hong Kong enhanced. Recently a more political approach had emerged over the Daya Bay nuclear power station. Debate on this had been confrontational. It seemed likely, therefore, that the next session of the Legislative Council would be less peaceable. Because Hong Kong had been devoid of politics for so long, the change was felt more strongly.

Mr. Cheung recalled that there would be a review of constitutional developments in Hong Kong in 1987. This would have to consider, among other things, whether direct elections to the Legislative Council should be introduced. Discussion in Hong Kong was beginning to focus on the desirability of directly elected representatives. The issue was clearly at the forefront of the Chinese Government's concerns. The Governor had made clear to them that HMG were committed to considering this question in the context of the review and could not prejudge how public opinion would view it. Another, though less controversial, matter under consideration was whether the Governor should step down as President of the Legislative Council. The Governor commented that there was likely to be a Green Paper on constitutional development early in 1987 and a White Paper at the end of the year. There was also likely to be an interim report in 1987 from the Basic Law Drafting Committee. The matters raised by Mr. Cheung had to be seen in the context of progress with drafting the Basic Law.

Miss Tam reported that the pace of drafting had quickened. In general, there was no difficulty in setting down what had been specifically agreed in the Joint Declaration. But problems were being experienced in grey areas where the Joint Declaration made no specific provision. A particularly difficult issue was the relationship of the Basic Law to Chinese law. For instance, who would interpret the Basic Law, the Hong Kong courts or Chinese courts? The Prime Minister said that she shared Miss Tam's concern. We must do everything possible to ensure that commitments made in the Joint Declaration and in the negotiations leading up to it were fully observed.

Miss Dunn said that if the drafting of the Basic Law departed from what had been agreed in the Joint Declaration there would be consequences for confidence in Hong Kong. Because there were differing opinions in Hong Kong itself, it was important that HMG should do everything possible to influence the drafting through informal contacts with the Chinese Government. The detailed papers on Hong Kong that the Foreign Secretary had handed to the Chinese Foreign Minister in May had been very helpful in this respect. The Prime Minister suggested that it might be helpful to hand over further papers on points which continued to give concern during the Foreign Secretary's forthcoming visit to China with The Queen. The Governor could then follow them up subsequently with the Chinese.

Mr. Cheung referred to the importance of a smooth transition in 1997. One possibility being considered by the Executive Council was that of withdrawing the Governor from the political arena and appointing a Chief Executive who would have an overtly political role. There was provision in the Joint Declaration for the appointment of a Chief Executive in 1997. If one were appointed a few years earlier it might be possible to secure the Chinese Government's agreement to his remaining in office for a period after 1997. The Prime Minister commented that this required careful handling. If the Chinese Government were

to accept the principle of continuity they might subsequently try to insist that a candidate of their own be appointed before 1997.

The Prime Minister said that she was aware of the concern in Hong Kong about the nuclear power station at Daya Bay. HMG would discharge their responsibility for Hong Kong safety fully. She had emphasised to Hu Yaobang the need to take account of the concerns of the people of Hong Kong. She believed that the Chinese Government took this seriously. The Chinese were relying on French nuclear expertise at Daya Bay. France's safety record was very good.

The Prime Minister concluded that she had found the meeting very helpful and looked forward to remaining in close contact with the members of the Executive Council.

I am enclosing a copy of the agreed statement issued to the press at the end of the meeting.

I am copying this letter to the Lord President, the Chancellor of the Exchequer, the Secretary of State at the Home Office, the Secretary of State for Defence, the Lord Privy Seal, the Secretary of State for Trade and Industry, the Attorney General and to Sir Robert Armstrong.

yours sincerely,

Charles Powell

C. D. POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office

THOSE ATTENDING PRIME MINISTER'S MEETING WITH THE GOVERNOR AND MEMBERS OF THE EXECUTIVE COUNCIL OF HONG KONG, 10 SEPTEMBER 1986

The Prime Minister

Mr. Renton, Minister of State, Foreign and Commonwealth Office

Sir Percy Cradock

Dr. David Wilson

Mr. Charles Powell

Sir Edward Youde, G.C.M.G., M.B.E.
Oswald Victor Cheung, C.B.E., Q.C.
Sir Michael Sandberg, C.B.E.
Miss Lydia Dunn, C.B.E.
Lee Quo-wei, C.B.E.
Chen Shou-lum, C.B.E.
Maria Tam Wai-chu, O.B.E.
Allen Lee Peng-fei,O.B.E.
Eric Peter Ho, C.B.E.
Donnald Liao Poon-Luai, C.B.E.
R. J. F. Hoare
A. L. Lang

10 DOWNING STREET

CALL ON THE PRIME MINISTER BY THE GOVERNOR AND MEMBERS OF THE EXECUTIVE COUNCIL OF HONG KONG, 10 SEPTEMBER 1986

Press Statement

1. The Prime Minister had a meeting this afternoon with the Governor and Members of the Executive Council of Hong Kong. The Minister of State at the FCO with responsibility for Hong Kong, Mr Tim Renton, was also present.

2. The meeting reviewed developments in Hong Kong since the Prime Minister's visit to the territory in December 1984 and the ratification in May 1985 of the Sino-British Joint Declaration on the future of Hong Kong. The Prime Minister expressed appreciation of the continuing close consultation between Ministers and the Executive Council of Hong Kong, and of the valuable role played by Members of the Council in giving advice and in reflecting the views and interests of the people of Hong Kong.

3. The meeting expressed pleasure at the progress achieved in implementing the Joint Declaration over the 15 months since it came into effect. They noted with particular satisfaction the positive achievements of the Sino-British Joint Liaison Group, which has now held four meetings, and of the Land Commission, which has now met on ten occasions.

4. The Members of the Council stressed to the Prime Minister the importance of the review of representative

government to be conducted by the Hong Kong government in 1987. The Prime Minister reaffirmed the British Government's commitment to the 1987 Review, and confirmed that full account would be taken of the views of the people of Hong Kong when drawing conclusions from the Review.

5. The Members of the Council conveyed to the Prime Minister the concern expressed in Hong Kong over safety aspects of the Daya Bay project. The Prime Minister assured them that the British Government was fully aware of its responsibilities for the welfare and well-being of the people of Hong Kong, and had stressed these concerns to the Chinese Government on several occasions. In the light of its discussions with the other Governments concerned, it was confident that every effort would be made to ensure that the construction, operation and management of the plant would be carried out to the highest possible safety standards.

10 SEPTEMBER 1986

file CAS

10 DOWNING STREET

THE PRIME MINISTER

10 September 1986

Dear Sir S.-Y.,

I was very sorry to hear that you are suffering discomfort after the operation on your knee and will not be able to join my meeting today with the members of the Executive Council. This is a great disappointment for us and we shall miss the outstanding contribution which you always make. But I am sure that it is wise to take things easy, and I send you best wishes for a speedy recovery.

Warm regards.

Yours sincerely

Margaret Thatcher

Sir S. Y. Chung, C.B.E., O.B.E.

GA

CC PC (1)
CC B/UP

Foreign and Commonwealth Office

London SW1A 2AH

9 September 1986

Prime Minister
Some additional material for your meeting with EXCO.
CDP
9/9

Dear Charles,

Hong Kong: Call by the Governor and Members of the Executive Council

FILE ON B/UP

Please refer to my letter of 8 September, enclosing briefing for tomorrow's call on the Prime Minister by the Governor and members of the Executive Council of Hong Kong.

The Hong Kong delegation called on Mr Renton today for a long and useful discussion which continued over lunch. No major points were raised which are not fully covered in the Prime Minister's briefing. It is likely however that in describing to the Prime Minister the state of confidence in Hong Kong the delegation may refer to the functioning of the new Legislative Council, the first to contain an indirectly elected element, since its election in September 1985. In general it has settled down well and functioned smoothly. But the controversy over the Daya Bay nuclear project has led to more outspoken behaviour on the part of a minority of members which might cause some misgivings both in Peking and among some Hong Kong people about the possible implications of introducing directly elected members into the council in 1988.

There was a long discussion of the Daya Bay project, and Mr Renton described the Government's position. It will however no doubt still be helpful if the Prime Minister can revert to this along the lines of her brief. Otherwise discussion is likely to concentrate on the constitutional issues covered in paragraphs 4-7 of the brief.

/ I enclose the draft of a press statement which might be issued at the conclusion of the meeting. We have discussed it informally with the Governor. The delegation are likely to attach particular importance to the assurances contained in the paragraph on Daya Bay, which has been cleared as necessary with other Whitehall Departments.

/As

As you know, Sir S Y Chung will not after all attend the meeting. The next in seniority is Mr Oswald Cheung. When the Prime Minister pays tribute to the two retiring members of ExCo (see paragraph 1 of the brief) she will wish to note that Mr Cheung has precedence over Sir Michael Sandberg.

I am copying this letter and enclosure to Timothy Walker (DTI) and Geoff Dart (Department of Energy).

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CALL ON THE PRIME MINISTER BY THE GOVERNOR AND MEMBERS OF THE EXECUTIVE COUNCIL OF HONG KONG

Draft Press Statement

1. The Prime Minister had a meeting this afternoon with the Governor and Members of the Executive Council of Hong Kong. The Minister of State at the FCO with responsibility for Hong Kong, Mr Tim Renton, was also present.

2. The meeting reviewed developments in Hong Kong since the Prime Minister's visit to the territory in December 1984 and the ratification in May 1985 of the Sino-British Joint Declaration on the question of Hong Kong. The Prime Minister expressed appreciation of the continuing close consultation between Ministers and the Executive Council of Hong Kong, and of the valuable role played by Members of the Council in tendering advice and in representing the views and interests of the Hong Kong people.

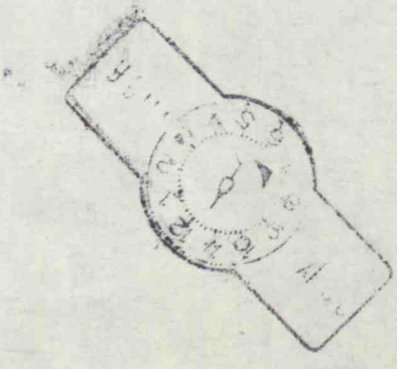
3. The meeting expressed pleasure at the progress achieved in implementing the Joint Declaration over the 15 months since it came into effect. They noted with particular satisfaction the positive achievements of the Sino-British Joint Liaison Group, which has now held four meetings, and of the Land Commission, which has now met on ten occasions.

4. The Members of the Council stressed to the Prime Minister the importance of the Review of representative government to be conducted by the Hong Kong Government in 1987. The Prime Minister reaffirmed the British Government's commitment to the 1987 Review, and confirmed that full account would be taken of the views of the people of Hong Kong when drawing conclusions from the Review.

5. The Members of the Council conveyed to the Prime Minister the concern expressed in Hong Kong over safety aspects of the Daya Bay project. The Prime Minister assured them that the British Government was fully aware of its responsibilities for the welfare and well-being of the people of Hong Kong, and had reflected these concerns to the Chinese Government on several occasions. In the light of its discussions with the other Governments concerned, it was confident that every effort would be made to ensure that the construction, operation and management of the plant would be carried out to the highest possible safety standards.

HONG KONG: Future PT18

8



PRIME MINISTER

MEETING WITH EXCO

You are to meet the Governor of Hong Kong and members of EXCO on Wednesday. A list of those attending is attached.

The original purpose of the meeting was to offer general reassurance about HMG's continued close interest, at the highest level, in Kong Kong's affairs. The meeting will now also have to deal with the Daya Bay/Guangdong nuclear power station problem.

(1) You will want to welcome this further meeting with EXCO and take the opportunity to say a kind word about Michael Sandberg and Oswald Cheung (who are retiring at the end of the year).

(2) You will then want to turn to conditions in Hong Kong and seek their views on confidence in the future. You will be able to reassure them that implementation of the Joint Declaration is going well. You should seek their assessment of the state of

(3) opinion in Hong Kong on direct elections (on which Ministers have of course taken no decisions). Do they think a consensus is likely to emerge? How do they estimate progress with drafting of the Basic Law? Do they have preliminary views on how and at what point a Chief Executive should be introduced into Hong Kong's government structure?

On Daya Bay, you will want to stress that we are discharging our responsibility for the safety of the people of Hong Kong, as far as it is in our power to do so. We have told the Chinese at the highest level that they must do everything possible to reassure Hong Kong opinion. We are satisfied that the Chinese are approaching questions of safety very seriously. The nuclear plant itself is French, and they have very high standards.

Other points which could be raised are Vietnamese refugees, the future of the British Garrison and the Nationality Order

in Council. Full briefing on these and the other points is attached.

The usual practice is to issue an agreed statement after meetings with EXCO. We shall have a draft ready.

CDP

CHARLES POWELL

9 September 1986

VC4AIT

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

8 September 1986

Dear Charles

Hong Kong: Call by the Governor and Members of the Executive Council

The Governor and members of the Executive Council of Hong Kong will call on the Prime Minister on Wednesday 10 September. They will have met Mr Renton on the previous day, and they will call on the Foreign Secretary on 11 September, after his return from Washington.

I enclose briefing for the call on the Prime Minister. You will note that the Governor and the Unofficials will be accompanied by two official members of ExCo, as well as by two other supporting officials from the Hong Kong Government. Two of the Unofficials, Sir Michael Sandberg and Mr Oswald Cheung, will be returning at the end of the year.

The calls on Ministers were planned, at a time when there are no particularly contentious issues between London and Hong Kong, with the general objective of demonstrating HMG's continued commitment to Hong Kong's future and continued appreciation of ExCo's advice. They will offer a good opportunity to discuss the future constitutional development of Hong Kong, which will be the subject of a review by the Hong Kong Government in 1987 and which the Governor discussed with senior Chinese in Peking last week. The Governor and the Unofficials intend to brief the Prime Minister on the situation in Hong Kong and progress over Chinese drafting of the Basic Law for the territory after 1997. They will emphasise the importance of HMG maintaining a close and visible interest in Hong Kong and in the content of the Basic Law. They will wish to discuss our informal dialogue with the Chinese about future constitutional development in Hong Kong.

/The

CONFIDENTIAL

The Governor and ExCo also plan to raise the construction of a nuclear power station at Daya Bay, close to Hong Kong, which has been the subject of intense political controversy in the territory. They will be seeking our assurance that our contacts with the Chinese and French Governments have satisfied us of the high priority to be given to safety in the construction and operation of the plant. The briefing covers this point in terms agreed with the other departments concerned.

When the Governor and Unofficials have called on No 10 in the past a statement has been issued after the meeting. We are discussing with the Governor the possible terms of such a statement, and I shall write to you again about this nearer the time of the meeting.

I am copying this letter and brief to Timothy Walker (DTI) and Geoff Dart (D/Energy).

Yours ever

Robin Culshaw.

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

CALL ON THE PRIME MINISTER BY THE GOVERNOR AND MEMBERS OF THE EXECUTIVE COUNCIL (EXCO) OF HONG KONG
3PM - 10 SEPTEMBER 1986

Background

General

1. EXCO last visited the UK and called on the Prime Minister on 20 September 1984, just before the initialling of the text of the Sino-British Joint Declaration in Peking.

2. Two Unofficial members of EXCO are due to retire from the Council at the end of 1986: Sir Michael Sandberg and Mr O V Cheung. This has been announced in Hong Kong and their successors have been named.

Confidence

3. Superficially confidence within Hong Kong is high. The economy is strong, with a growth rate of 5-6% forecast for this year, and the stock market at an all time high. But the general mood is volatile and there are clear undercurrents of anxiety. Hong Kong newspaper polls indicate a lessening of confidence in the future. Many of those who can are making contingency arrangements to be able to leave in future if they so decide. Hong Kong opinion is watching Chinese actions, particularly on the drafting of the Basic Law (para 11), and the Daya Bay issue (paras 13-17), very closely.

Implementation of Joint Declaration

4. Implementation of the Joint Declaration, in both the Sino-British Joint Liaison Group and the Sino-British Land Commission, is in general going very smoothly.

5. In four meetings since July 1985, the Joint Liaison Group has successfully tackled a number of important issues including:

(a) Hong Kong's participation in the GATT as a separate contracting party;

(b) transitional arrangements for identity and travel documentation for Hong Kong residents;

(c) principles underlying the establishment of a separate Hong Kong shipping register;

(d) principles underlying the establishment of separate Air Service Agreements for Hong Kong (the first such ASA has already been negotiated with the Netherlands and is to be signed later this month).

The Joint Liaison Group has conducted its work in a generally cooperative and friendly atmosphere. Some sensitive subjects have come up, notably the development of representative government at the second meeting in November 1985. But discussion of these has not impaired the general atmosphere or progress on other matters.

6. The working of the Land Commission has been remarkably smooth. An excellent relationship has developed, and agreement has been reached on many points allowing for a continued smooth pattern of land administration and sales. The property market is healthy.

Constitutional Development

7. This is likely to remain the most difficult Hong Kong issue for several years to come. Our continuing process of developing a more representative system of government in Hong Kong has periodically aroused strong Chinese suspicion that we are planning to introduce a full Westminster-style system in Hong Kong before 1997. The Chinese are concerned that this will:

(a) introduce instability in Hong Kong through political infighting;

(b) preempt the Basic Law which they are now drafting, which will prescribe Hong Kong's political system post-1997 within the general provisions of the Joint Declaration .

The Chinese are particularly concerned that next year's public review of Hong Kong's present system (a review to which we are committed) should not introduce changes incompatible with the first draft of the Basic Law to be published in 1988.

8. We have sought to reassure the Chinese that we are proceeding cautiously and prudently in building on Hong Kong's existing, unique, system and are fully mindful of the need to ensure that the system that evolves, and the system to be laid down in the Basic Law, are compatible. To help achieve this compatibility we have embarked upon a process of informal dialogue with the Chinese. In May the Foreign and Commonwealth Secretary met the Chinese Foreign Minister and handed over detailed papers summarising:

(a) Hong Kong's present system;

(b) the areas where compatibility needs to be achieved between the present system and the structure described in the Joint Declaration;

(c) the current state of opinion in Hong Kong on the political structure issue.

9. Discussion with Chinese Ministers during a visit by the Govenor to Peking between 29 August and 2 September has indicated that the Chinese are thinking seriously about these problems. The Governor was given indications of current Chinese thinking which will help us develop the dialogue a stage further.

10. An issue of particular concern to the Chinese is whether direct elections to LEGCO will be introduced as a result of the 1987 Review. They have expressed the firm position that we should take no decision on direct elections before the publication of the draft Basic Law in 1988. We have made clear that we are committed to considering this question in the context of the review, and cannot seek to prejudge how Hong Kong public opinion will view the issue. If there was a clear consensus in favour of direct elections it would be politically difficult and damaging not to respond accordingly. It is however helpful that the Basic Law drafting Committee will be issuing a preliminary report on the political structure in mid-1987. This will be available at the same time as the HKG Green Paper and may assist the emergence of a consensus acceptable to both the British and Chinese sides.

11. Meanwhile the Chinese are proceeding with their drafting of the Basic Law. They are consulting a wide range of Hong Kong opinion (both through Hong Kong membership of the drafting committee and the creation in Hong Kong of a broadly-based consultative committee to sound out Hong Kong opinion as drafting proceeds).

12. EXCO have welcomed Ministers' planning assumption that there should be a British Governor in Hong Kong up to 1997. Hong Kong are now beginning detailed planning on how and when a Chief Executive might be introduced into the present structure, with a view to easing transition to the new post-1997 system laid down in the Joint Declaration. Ministers and EXCO will be closely consulted on this as planning proceeds.

Daya Bay

13. GEC hopes to sign by 25 September a contract worth some £250M for the supply of turbine generators for a nuclear power station at Daya Bay (50km from Hong Kong) in Guangdong Province, China. Framatome (France) is supplying the nuclear reactors. The Midland Bank is the lead bank in an associated loan agreement. Most of the electricity will be sold to Hong Kong, and the plant will be 25% owned by Hong Kong interests.

14. Since Chernobyl there has been great concern in Hong Kong about the implications for the territory of an accident at Daya Bay. A coalition of anti-nuclear groups claimed to have collected over a million signatures against the project and presented them to the Chinese in August. The issue has been widely viewed as a litmus test of China's attitude to Hong Kong opinion in the run-up to 1997.

15. The Chinese have emphasised that their civil nuclear programme will go ahead. Since Hu Yaobang's visit to UK in June, we have urged them to publicise measures to ensure the safe construction and operation of the plant. They have done so, and have followed closely the concern in Hong Kong.

16. Missions from Hong Kong's Legislative Council (LegCo) (led by Miss Tam and Mr Allen Lee, the ExCo Unofficials) visited countries with nuclear power programmes in August. They have published a report making observations on safety, but taking no explicit stand on the desirability of the project for Hong Kong. They are to visit Peking between 15 and 18 September to discuss their Report with the Chinese. Contracts should be signed shortly thereafter; it is presentationally helpful that the Chinese should have agreed to listen to LegCo's views before formally going ahead with the project. The majority view in LegCo seems to be that the Chinese are committed to the project and that Hong Kong's representations should now concentrate on making it as safe as possible.

17. EXCO will be looking for an assurance from the Prime Minister that HMG is fully discharging its responsibility for the safety of the people of Hong Kong in this matter, and that on this basis we are content for the project to proceed. The line to take covers these points.

Vietnamese Refugees

18. EXCO may voice concern that Hong Kong's Vietnamese refugee population has increased slightly this year (now 8500) despite our continuing efforts to secure resettlement for the refugees in third

countries. In response to a Home Affairs Select Committee recommendation HMG decided last year to accept 500 additional refugees from Hong Kong for resettlement in the UK, and to use this initiative to stimulate other countries also to do more for Hong Kong. The 500 have almost all now been taken, and FCO and Home Office Ministers will be considering what additional measures can be taken to help Hong Kong. We are also approaching the main resettlement countries and UNHCR to see what if any measures can be devised to counter the continuing outflow from Indochina of those who seem more to be economic migrants rather than genuine political refugees.

Future of British Garrison

19. The current British garrison in Hong Kong will need to be withdrawn in or by 1997. This will be a very sensitive issue in Hong Kong. On the one hand Hong Kong are now expanding their police force to take over the garrison's internal duties, on the other they see the garrison as a continuing symbol of HMG's political commitment to Hong Kong up to 1997.

20. A more immediate problem lies in the negotiations which are due to take place next year between HMG and Hong Kong to replace the present Defence Costs Agreement, which is due for renewal. The present agreement (for 1981-7) apportioned garrison costs in the ratio 75:25 between Hong Kong and HMG. There are already signs that Hong Kong opinion (which EXCO will reflect) is unhappy with this apportionment and will seek to have it revised next year (particularly as Hong Kong will bear the full costs of police expansion); and that the negotiations will be very difficult.

Nationality Order in Council

21. Following publication of the draft Hong Kong (British Nationality) Order in October 1985 the Hong Kong Legislative Council made three requests in relation to the Order:

(a) that there should be an endorsement in British National (Overseas) passports to show that the holder does not require a visa or entry certificate to visit the UK;

(b) that former servicemen in Hong Kong who fought in its interests during World War II should be granted British citizenship; and

(c) that BDTCs in Hong Kong who were not ethnically Chinese and who had no other form of nationality, should be granted full British citizenship in 1997.

The requests were widely supported in Hong Kong, including by the unofficial members of EXCO.

22. The Government has agreed to meet, so far as is possible under existing legislation, the first two requests. After careful consideration the Government concluded that it would not be right to meet the third, because arrangements in the Order and in the Joint Declaration fully met the Government's commitments to provide all BDTCs in Hong Kong with the right to a home, with a clear form of nationality and with assurances that their children and grandchildren could become British overseas citizens if they would otherwise be stateless.

23. This response was seen by some in Hong Kong, particularly members of ethnic minority communities, as unsatisfactory. It has, however, been accepted by and large. It is nevertheless still possible that British citizenship for the ethnic minorities will re-emerge in the future as a contentious issue in Hong Kong.

CALL ON THE PRIME MINISTER BY THE GOVERNOR AND MEMBERS OF THE EXECUTIVE COUNCIL (EXCO) OF HONG KONG
3PM - 10 SEPTEMBER 1986

Points to Make

General

1. Always welcome opportunity to meet members of EXCO and hear views on current developments. Practice of close consultation with EXCO reinforced during two years of hard negotiations on future of Hong Kong. Ministers have then and since much valued views of Unofficials on Hong Kong issues. Take this opportunity to thank two retiring Unofficials, Sir Michael Sandberg and Mr Oswald Cheung, for their distinguished service over past decade.

Confidence

2. Understand that Hong Kong people's confidence in future likely to remain fragile as we move towards 1997. But believe economy currently strong and performing well. Grateful for EXCO's assessment of current state of confidence and Hong Kong's people's main worries about the future.

Implementation of Joint Declaration

3. Believe implementation has gone very well since Joint Declaration entered into force. Good progress in Joint Liaison Group and Land Commission. British Government determined to make maximum effort to ensure that smooth implementation continues. Confident Chinese Government feel the same. Have received firm assurances from Chinese leaders on this score.

Constitutional Development

4. As EXCO are aware, embarked on informal dialogue with Chinese on future development of Hong Kong's political system. Governor's

visit to Peking last week was significant step forward. However Chinese also used that visit to reaffirm opposition to introduction of direct elections before Basic Law is published.

5. Ministers have of course taken no firm view on direct elections or other questions to be examined in 1987 review. Decisions must be taken in light of views expressed by Hong Kong people in course of review. What are EXCO's views on current state of opinion in Hong Kong: in particular, will a consensus on direct elections emerge in 1987 Review?

6. Chinese appear to be considering issues involved in Hong Kong's future political evolution both seriously and intelligently; and in the process consulting Hong Kong people widely, which we have welcomed. We recognise that in light of our responsibility for Hong Kong we shall need to follow evolution of Basic Law very closely and do all we can to influence it towards compatibility with present structure of government. How does EXCO view current developments in process of drafting Basic Law?

7. Ministers have with your advice made a planning assumption that there should be a British Governor in Hong Kong up to 1997. Much detailed work to be done on how and when Chief Executive should be introduced into the existing system: a complex and delicate issue on which HMG will of course need EXCO's advice. Would welcome any preliminary views you may have.

Daya Bay

8. Appreciate that ExCo and the people of Hong Kong are looking to HMG for assurances about the Daya Bay project. As part of our overall responsibilities for Hong Kong we acknowledge our responsibility for the safety of its people. I can tell you that we have discharged it fully. I stressed to Hu Yaobang in June need to be alive to the concerns of the Hong Kong community about Daya Bay , and to take steps to allay those fears. Our Ambassador in Peking has made these points to Chinese authorities on several occasions.

9. As report of the UMELCO fact-finding teams recognises, no one can give an assurance that any power station will be entirely problem-free. Against very low probability of accidents if safety aspects are properly observed, must be set the undoubted benefits of nuclear power. We believe that this balance of risk and benefit is acceptable for us, as do China and most major industrial economies.

10. The Chinese are relying on French nuclear expertise. French companies have a successful record in designing and building PWR reactors safely in many countries, all of which have no doubt required to be fully satisfied as regards safety standards. Although all the arrangements for operating the plant are not yet in place I can say that, on the basis of our contacts with the Chinese authorities we are satisfied that they are approaching questions of safety with the utmost seriousness. Had we seen any reason to doubt that the Daya Bay plant would be designed, built and operated to a proper standard of safety we should naturally have taken the matter up with the French and Chinese Governments on our own behalf and on behalf of Hong Kong. We are therefore content that the project should go ahead.

Points to Make (Defensive)

Vietnamese Refugees

11. Very conscious of burdens Hong Kong has continued to bear since Geneva Conference convened (as result of a British initiative) in July 1979. Have made a further initiative over past 12 months to relieve Hong Kong of part of this burden and to persuade others to help as well. But if - as seems likely - overseas resettlement is becoming a less viable solution as time goes on, we shall need to consider with other governments concerned what other means can be found to reduce this problem.

Future of British Garrison

12. Withdrawal of garrison between now and 30 June 1997 will require careful planning. Shall take full account of Hong Kong views and interests as planning proceeds. Recognise that

negotiations on new defence costs agreement next year will be sensitive in current political climate in Hong Kong: confident that we will reach agreement acceptable to both sides.

Nationality Order in Council

13. Request for British citizenship for ethnic minorities in Hong Kong very difficult for HMG. Sure you understand reasons why we felt it not right to meet that request.

14. [If necessary] Can repeat assurance that if British nationals in Hong Kong were to come under pressure to leave, would expect the Government of the day to consider sympathetically their case for admission to the UK.

CCPC

SECRET

15

Foreign and Commonwealth Office

London SW1A 2AH

28 July 1986

CDP
29/7

Dear Charles

Hong Kong: Future Position of the Governor

Thank you for your letter of 18 July about the future position of the Governor of Hong Kong.

I can confirm that the proposed retention of a British Governor, appointed from London, until 1997 is no more than a planning assumption: it is not binding and can be changed. We shall now go ahead with planning work on that basis.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

SECRET

HONG KONG future PT9

SECRET

ecl

14.

bc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 July 1986

HONG KONG: FUTURE POSITION OF THE GOVERNOR

Thank you for your letter of 17 July about the future position of the Governor of Hong Kong.

The Prime Minister thinks that we must reserve the right of a future EXCO and a future government in this country to change their mind and appoint a non-British Governor before 1997. As I understand your letter, all that is at present involved is a planning assumption that we shall retain a British Governor, but this is not binding and can be changed. If you would confirm that the point made by the Prime Minister is fully met, you may take it that the Prime Minister is content for planning work to go ahead as proposed.

BF

(Charles Powell)

R.N. Culshaw, Esq.,
Foreign and Commonwealth Office.

SECRET

SECRET

Foreign and Commonwealth Office

London SW1A 2AH

17 July 1986

Dear Charles

Hong Kong: Future Position of the Governor

In your letter of 8 May you said that the Prime Minister remained unconvinced that it was necessary to take now a decision binding ourselves up to 1997 about the retention of a British Governor, appointed from London, until 1997.

The Foreign Secretary understands the Prime Minister's view. There is nonetheless a need for us to go ahead now with planning directed at ensuring the smoothest possible transition for Hong Kong through the 1990s.

The Basic Law Drafting Committee, set up by the Chinese Government and including unofficial Hong Kong representatives, has begun work on the Basic Law. This document will lay down the structure of Government in the Hong Kong Special Administration Region after 1997. We are ourselves committed to reviewing the system of representative government in Hong Kong next year, and to considering what further evolution might be in accordance with the needs and wishes of the Hong Kong people.

We need to consider what will be the best direction for development before 1997 if the structure of government in place when the change of sovereignty occurs is to dovetail into that laid down by the Basic Law for the period after 1997. A key element will be the leadership of the executive. After 1997 this will be in the hands of a local Chief Executive who, in the terms of the Joint Declaration, will be "appointed by the Central People's Government on the basis of elections or consultations held locally". We need to begin planning how to achieve the smoothest possible transition to that arrangement, while ensuring that, up to 1997, ultimate responsibility for the administration of Hong Kong remains firmly in our hands.

/To

SECRET

SECRET

To assist that process it seems sensible to make certain planning assumptions about the position of the Governor and the Chief Executive. These planning assumptions can be revised and will not bind us up to 1997. The Foreign Secretary felt it was right to consult the Hong Kong Executive Council on this, while making it clear that no decisions had been taken. Having considered the matter, Exco think that we should take it as a planning assumption that a resident British Governor, appointed from London, will be retained up to 1997. On that basis they would like to see further examination of how to develop the role of the Chief Executive so as to ensure a smooth transition and the maximum practicable continuity in 1997. As I suggested in my letter, we might meet that need by planning for the introduction of such a post into the system in advance of 1997.

Sir Geoffrey Howe believes that it would now be right for planning work to go ahead in Hong Kong and London, covering both the future position of the Governor and the linked question of the role of the Chief Executive. Once a more detailed planning framework has been established he would propose to consult colleagues formally. He would be grateful for confirmation that the Prime Minister is content with this way of proceeding.

Yours ever,

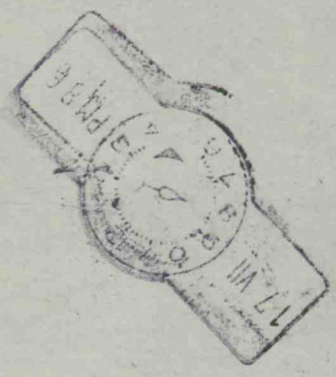
Robert (Culshaw)

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

SECRET

Hong Kong
FUTURE
PT18



43

VAT ADMINISTRATION DIRECTORATE DIVISION H

5413

B J Limbert Esq
Head of GF3
Minsitry of Defence
Main Building
Whitehall
LONDON SW1A 2HB

D/GF3/29/1/3/12
/20(57/85)
TMF/121/85

4 July, 1985

HONG KONG GARRISON AND VAT

You wrote on 7 May asking me to reconsider my earlier advice that the stationing of a British Garrison in Hong Kong is not a business activity for VAT purposes and that as MOD is not a taxable person in this regard it cannot recover tax incurred on equipment and stocks for the Garrison. I am grateful for the additional information provided in your letter of 14 June and reassured that a "business" ruling in the Hong Kong case would not create a precedent with unexpected repercussive effects. I have taken a further careful look at the DCA and what has been said in the letters from yourself and Roy Dewhurst.

2. The decisions of the Courts and VAT Tribunals since the start of the tax have produced a fair amount of case law which bears on the question of what constitutes a business activity for VAT purposes. For example, it has been said that the absence of a profit does not preclude a particular transaction from being in the course of business and also that a body can be a taxable person for VAT purposes in respect of activity carried on other than for purely commercial reasons. These points are not inconsistent with your suggestion that we should see the provision of the Hong Kong Garrison as a business activity of MOD but, on the other hand, they are obviously not criteria which establish that an activity is business and the fact is that nowhere in the UK law is there a definitive statement of what amounts to business for the purposes of the tax. Where our own law leaves room for doubt one refers - as do the Courts - to the EC Sixth Directive which is designed to secure the harmonisation of VAT practice amongst member states. Article 4 of the Directive deals with taxable persons and leaves me in no doubt as to how the provision of the Hong Kong Garrison should be regarded for VAT purposes.

The first two paragraphs state:

> "5. states regional and local government authorities and other bodies governed by public law shall not be considered taxable persons in respect of the activities or transactions in which they engage as public authorities, even where they collect dues, fees, contributions or payments in connection with these activities or transactions.
>
> However, when they engage in such activities or transactions, they shall be considered taxable persons in respect of those activities or transactions where treatment as non-taxable persons would lead to significant distortions of competition."

3. MOD are covered by the types of body mentioned at the beginning of the indent and even if one were to concede that you made a supply to the Hong Kong Government in connection with the Garrison, it is evident that it would not place commercial concerns at a competitive disadvantage. If MOD does "supply" British armed forces it does so as a monopoly - there is simply no competition to distort and no requirement to see this Governmental function as activity within the scope of the tax.

In the light of this clear guidance I am afraid that I cannot change my original advice that the British Garrison in Hong Kong is not a business activity of MOD and that as your department is not a taxable person in this regard it is not entitled to recover the tax it incurs in this function. I am sorry if this eliminates a possible remedy to your problem over the tax incurred on equipment and ~~stalls~~ stores issued to the Garrison from MOD's stocks in the UK.

4. I am not sure exactly what line is pursued in paragraph 2 of your letter of 14 June.

If you are referring to "international collaboration arrangements" which may be relieved under Group 15 Item 3 of the Zero Rate Schedule, this provision is designed to cover joint projects of research, development or production and to save them from incurring sticking VAT on taxable transactions which take place in the UK.

Alternatively, if you are thinking of the five patrol boats provided for use by MOD personnel in Hong Kong outside the DCA, I know, of course, that my branch did rule this to be a zero-rated supply. Looking briefly at those papers it is clear that while the supply and export angles were considered in detail the "business" aspect does not appear to have been considered. Thus that decision is, as I hinted in my letter to Roy Dewhurst, somewhat suspect and should not be taken as a precedent. As the patrol boat ruling was given in 1983 it is a matter that I am content to leave undisturbed.

P D CHAPMAN
VAH2

4 July, 1985

37. There are many degrees of error which might be involved and the criterion is not whether the error is considered serious enough to warrant disciplinary action but simply whether the department's performance has been at fault in incurring or not avoiding the liability to make the payment.

38. A constructive loss need not be noted in the Losses Statement, but should be recorded under "other notes" if significant (F141). It occurs when, for example, stores or services are correctly ordered, delivered or provided, and are paid for as being in conformity with the order but, owing to an unavoidable error of judgement, change of policy or comparable reason, which cannot be attributed to a culpable cause, prove not to be needed or to be less useful than when the order was placed.

CLAIMS WAIVED OR ABANDONED

39. Waiver[1] of a claim implies a voluntary decision, taken with Treasury agreement, for a political, administrative, or other reason, not to present or pursue a claim which could properly be made. A simple example is a decision to reduce the rate of interest on a loan and so to waive the right to receive the amount of the reduction (for remissions of principal see F135).

40. Abandonment of a claim arises in any other case where a claim can properly be made, and where payment is not received. The term includes:-

(a) claims actually made and then reduced in negotiations or for policy reasons;

(b) claims which it was intended to make, but which could not be enforced, or were never presented, eg due to inability to identify the persons to whom they should be addressed, or because the whereabouts of those responsible could not be established;

(c) failure to make claims or to pursue them to finality, eg due to procedural delays allowing the Statute of Limitation (0150) to become applicable;

(d) claims arising from actual or believed contractual or other legal obligations which are not met, whether or not pursued, eg under default or liquidated damages clauses of contracts;

---

[1] As between Exchequer departments 'waiver' of a right, eg to charge for departmental expenses incurred in carrying out an 'agency' service (F76) is a domestic matter that does not have to be noted in the appropriation account. Such a waiver in connection with a repayment service to a non-Exchequer body would require prior Treasury sanction if it entailed charges of a lower amount than those calculated in accordance with P78-83.

(e) the amounts by which claims are reduced by compositions in insolvency cases, or in out-of-court settlements, other than reductions due to corrections of facts;

(f) claims dropped on legal advice, or due to an inability to determine the amounts of liabilities.

A claim not presented should normally be noted at the original figure.

41. If a claim is presented in error, or is proved not to be well-founded in fact, it should be withdrawn (whether or not presented) and need not be noted. The fact that there is doubt as to whether it would succeed if pursued in a court of law, or the liability of a debtor has not been or cannot be accurately assessed, does not justify withdrawal of a claim.

42. Where more than one department is involved each should note their records to the extent of their interest, but time should not be wasted on over precise apportionment of the amount involved.

43. A waiver of a claim in the nature of a remission of tax should not be treated as a claim abandoned. The Revenue departments have special rules about remissions of tax and any other departments should consult the Treasury when a case arises.

44. If a claim for refund of an overpayment fails or is waived the loss involved is not a claim abandoned but a cash loss.

SPECIAL PAYMENTS

45. Payment in satisfaction of claims settled out of court are sometimes described as ex gratia for legal purposes. A narrower definition of ex gratia is used and other categories introduced for the purpose of government accounts.

Extra contractual and ex gratia payments to contractors

46. An extra contractual payment is one which, although not legally due under the original contract or subsequent amendments, appears to be an obligation by the department which the courts might uphold. Such an obligation will usually be attributable to departmental action or inaction in relation to the contract. A payment is regarded as extra contractual even where there is doubt whether or not the department is liable to make it, eg where the contract provided for arbitration but a settlement is reached without recourse to arbitration. A payment made as a result of an arbitration award is contractual.

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

16 May 1986

HONG KONG: PROPOSED VISIT BY UNOFFICIAL MEMBERS OF THE EXECUTIVE COUNCIL

Thank you for your letter of 14 May asking whether the Prime Minister would be prepared to receive the Unofficial Members of EXCO in September.

The Prime Minister could see them for an hour at 1500 hours on Wednesday 10 September.

(C.D. Powell)

Robert Culshaw, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

14 May 1986

Prime Minister
Agree to see the Unofficial Members of EXCO in September?
CDP 15/5

Dear Charles,

Hong Kong: Proposed Visit by Unofficial Members of the Executive Council

The Governor of Hong Kong has recommended to us that when he is in London in September he might bring the Unofficial members of the Executive Council to call on the Prime Minister and the Foreign and Commonwealth Secretary.

Sir Geoffrey Howe supports this recommendation and very much hopes that the Prime Minister would be able to receive the Unofficials. By September it will be two years since the Unofficials last visited London for discussions with the Prime Minister and the Foreign Secretary just before Cabinet took the decision to authorise the initialling of the Joint Declaration on Hong Kong. In the communique issued after that meeting at No 10 it was stated that "it was agreed that the same close consultation will continue in the future". A further invitation to the Unofficials would underline the Government's continuing close commitment to Hong Kong, its people and its future.

The timing proposed by the Governor would seem to be right. So far as we can tell at present, in September there should be no major issue which might be a cause of contention between HMG and Hong Kong, or which might cause the visit to give rise to undue speculation. On his present plans the Governor has to be in London on 11 September. Sir Geoffrey Howe would be able to receive the Unofficials on 10 September; he hopes that it might be possible for the Prime Minister to receive them later on the same day.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

SECRET

12

Rec ECL

a Sir R Culshaw

10 DOWNING STREET

From the Private Secretary

8 May 1986

HONG KONG: CONSTITUTIONAL DEVELOPMENT: FUTURE POSITION OF THE GOVERNOR

Thank you for your letter of 2 May about the future position of the Governor of Hong Kong, in which you convey the Foreign Secretary's recommendation that we should decide now to retain a British Governor of Hong Kong up to 1997.

The Prime Minister remains unconvinced that it is actually necessary to take such a decision, binding ourselves up to 1997, now. The reasons for doing so are not explained in very compelling terms in your letter. You may wish to set out the case more fully. But for the time being, the Prime Minister's view if that the only relevant point for decision is the nomination of the eventual successor to Sir E. Youde. That will no doubt come forward in due course.

CHARLES POWELL

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.

SECRET

cc PC.

11

SECRET

Foreign and Commonwealth Office

London SW1A 2AH

2 May 1986

Prime Minister
Agree that we should aim to retain a British Governor of Hong Kong up bear charters, to 1997? And should tell Exco this?
CDP 7/5

I see no need to take such a decision now, right up to 1997. The only relevant point is who will be the next governor and we will decide that at the appropriate time.
MT

Hong Kong: Constitutional Development:
Future Position of the Governor

at flag pt. 15

On 10 July 1984 Len Appleyard wrote to you on the future position of the Governor of Hong Kong. His letter identified four main options as regards the role and method of appointment of the Governor:

a) retention of a British Governor appointed from London up to 1997;

b) a locally elected Governor taking over the full administrative powers of the present office;

c) retention of a British Governor appointed from London but with an elected local Chief Minister;

d) a locally elected Governor, but with powers reserved to HMG for foreign affairs and defence.

It was then recommended that we should leave our options open: we did not know how an eventual agreement with the Chinese would deal with this issue. In your reply of 11 July 1984 you recorded the Prime Minister's agreement.

The Joint Declaration has now been in force for some time; the Basic Law Drafting Committee has begun work in Peking on the document which will describe, among other things, the structure of Government after 1997; and we are to conduct a review of representative government in Hong Kong next year, consulting local opinion. It seems necessary, therefore, to take a view now on some of the essential points concerning the appointment of the Governor to 1997. Once that has been done, it will then be necessary to consider how the structure of government below the Governor's level should be developed in order to provide for a smooth transition in 1997.

/When

SECRET

When we looked at this question in mid-1984 the major argument adduced in favour of an elected Governorship was that an elected Governor could simply continue in office in 1997 as the new Chief Executive, preserving continuity and making it difficult for the Chinese to install an appointee from Peking when sovereignty reverted to them. However, the Joint Declaration as eventually negotiated with the Chinese included a provision that the Chief Executive must be a local Hong Kong inhabitant "appointed by the Central People's Government on the basis of elections or consultations held locally". This removes our earlier concern about a Chinese implant.

There are strong arguments in favour of retaining a British Governor appointed from London for the full period of our administration up to 1997. He would symbolise HMG's continuing commitment to the territory. He would also provide the surest means by which British authority could be directly exercised in the territory, for instance in maintaining order in the event of unrest during the closing years of British administration. We believe that Hong Kong opinion would also welcome retention of a British Governor for the same reasons. The Chinese would favour it too. Indeed they almost certainly expect it of us, as the most effective mechanism to enable us to discharge our responsibility under the Joint Declaration for administering Hong Kong up to 1997.

The disadvantages of withdrawing a British Governor before 1997, and relying on a local Governor or Chief Executive, seem equally clear. Such a move would be perceived by very many in Hong Kong, and also by the Chinese, as premature British withdrawal. Moreover it would be very difficult for the British Government of the time to exercise their authority in conditions of crisis, perhaps in the face of opposition from a local Governor with a perceived local mandate.

Sir Geoffrey Howe believes therefore that the arguments in favour of retaining a British Governor up to 1997 are strong. Once this question has been decided we shall have to address the question of how to secure continuity across the transition to a Hong Kong SAR headed by a Chief Executive in 11 years' time and how to do so in such a way that the risk of Chinese interference is minimised. A possible way of doing this would be to introduce a Chief Executive into the present system sometime before 1997. Some of the powers currently exercised by the Governor might then be progressively devolved upon the Chief Executive, within the framework of the Joint Declaration and with sufficient powers reserved to the Governor to ensure that HMG remained fully able to discharge their continuing responsibilities. Preliminary work on this further question has already been started here and in Hong Kong.

/Before

SECRET

Before consulting the Prime Minister and colleagues formally on our future policy towards the position of the Governor, Sir Geoffrey Howe thinks it would be right to indicate to ExCo the basis on which he proposes to do so, so as to allow them the opportunity to comment. This would be in accordance with the established practice of consulting ExCo on important issues of policy affecting Hong Kong. Sir Geoffrey proposes however that the Governor, in putting the matter to ExCo, should give them a clear steer: he would tell them Ministers take the preliminary view that the advantages of retaining a British appointed Governor up to 1997 were clear cut. Sir Edward Youde believes that ExCo will reach the same conclusion.

Having obtained ExCo's views, Sir Geoffrey would then propose to invite the Prime Minister and OD(K) colleagues to have a full discussion of the matter.

Yours ever,

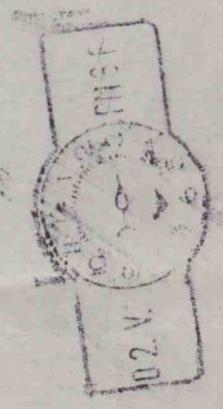
Robert Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

SECRET

MONG KONG – Futsal Pt 18



Mr POWELL
No 10 DST.

GRS 150

CONFIDENTIAL

DISTR.

FI

IMMEDIATE

CONFIDENTIAL
FM HONG KONG
TO DESKBY 111700Z FCO
TELNO 2805
OF 112305Z DECEMBER 85
INFO DESKBY FIRST CONTACT 12TH PEKING

MIPT : VISIT OF JI PENGFEI : SECOND MEETING : COMMENT

THE ATMOSPHERE WAS AGAIN RELAXED. JI WENT A STAGE FURTHER BY SUGGESTING THAT THINGS SHOULD BE SLOWED DOWN. HE DID NOT (NOT) SAY THAT THERE SHOULD BE NO CHANGES AT ALL IN THE 1987 REVIEW, NOR DID HE SPECIFICALLY INSIST THAT ANY CHANGES SHOULD BE CLEARED WITH THE CHINESE. HIS ACCEPTANCE OF THE COMMITMENTS TO THE 1987 REVIEW WITHOUT THE DISOBLIGING SUGGESTIONS MADE BY ZHOU NAN THAT IT SHOULD BE VOID OF ALL CONTENT, IS USEFUL.

2. JI'S ATTRIBUTION (BY IMPLICATIONS) OF HIS AND XU JIATUN'S RECENT REMARKS TO THE NEED TO REACT TO SPECULATION IN THE HONG KONG PRESS WAS INTERESTING: BUT IT INDICATED SOME REALIZATION OF THE EFFECT THAT THEIR REMARKS HAD HAD: AND SUGGESTED THAT THEY WISHED TO DISTANCE THEMSELVES FROM THE SUGGESTION THAT THE UK WAS DEPARTING FROM THE JOINT DECLARATION.

3. WE CANNOT YET CLAIM TO HAVE BROUGHT ABOUT ANY SUBSTANTIVE CHANGE IN CHINESE THINKING, BUT THE FOUNDATIONS OF MORE RELAXED AND CONSTRUCTIVE DIALOGUE MAY HAVE BEEN LAID.

YOUDE

HONG KONG AGREEMENT

LIMITED
HD/HKD
HD/FED
HD/PLANNING STAFF
HD/PUSD
DEP HD/PUSD
RES D (MR WALKER)
PS
PS/MR RENTON
PS/PUS
SIR W HARDING
MR WILSON
SIR J FREELAND
MR J CROWLEY PUSD
PS/LADY YOUNG

COPIES TO: (VIA ADR)
MR ROBERTS NEWS DEPT
MR FIFOOT LEGAL ADVS
MR PEIRCE ASST STAFF CABINET OFFICE
MR MALLABY CABINET OFFICE
MR D R C CHRISTOPHER CABINET OFFICE
SIR P CRADDOCK NO 10 DOWNING ST.
MR WOOD LEGAL ADVISERS

MR POWELL NO10 DST

CONFIDENTIAL

MR POWELL
NO 10 DOWNING ST

GRS 850

CONFIDENTIAL

CONFIDENTIAL
FM HONG KONG
TO DESKBY 111700Z FCO
TELNO 2804
OF 112305Z DECEMBER 85
INFO DESKBY FIRST CONTACT 12/12 PEKING

IMMEDIATE

MY TELS NOS 2800, 2801 AND 2802 : VISIT OF JI PENGFEI : SECOND MEETING

SUMMARY

A USEFUL ADDITONAL SESSION. I EXPLAINED OUR COMMITMENT TO THE 1987 REVIEW AND THE NEED TO REASSURE THE PROFESSIONAL CLASSES IN PARTICULAR THAT THEIR ASPIRATIONS WOULD BE MET. TRUST BETWEEN US WAS IMPORTANT, AND I HOPED THAT THESE DISCUSSIONS AND A CONTINUING DIALOGUE WOULD HELP DISPEL ANY MISUNDERSTANDINGS AND REINFORCE THE TRUST. I ALSO EMPHASISED OUR UNDERSTANDING OF THE NEED FOR CONVERGENCE. JI PENGFEI REFERRED REPEATEDLY TO PRESS REPORTS OF DEMANDS FOR A WIDE VARIETY OF CONSTITUTIONAL CHANGES AND SUGGESTED THAT THESE WERE RESPONSIBLE FOR ANXIETIES IN CERTAIN QUARTERS, INCLUDING AMONG SOME SENIOR LEADERS. HE ACCEPTED THAT WE WERE COMMITTED TO THE 1987 REVIEW BUT SUGGESTED THAT THINGS SHOULD BE SLOWED DOWN.

2. I BEGAN BY SAYING THAT IF THERE WERE MISUNDERSTANDINGS I WAS VERY ANXIOUS TO REMOVE THEM. THE BRITISH SIDE VALUED THE TRUST WHICH HAD BEEN BUILT UP DURING THE NEGOTIATIONS, AND TO WHICH CHAIRMAN DENG HAD SPECFICALLY REFERRED DURING THE TALKS. I WISHED TO GIVE MR JI RENEWED ASSURANCES ON ONE OR TWO MATTERS WHICH MIGHT HAVE BEEN CAUSING HIM CONCERN.

3. HE MIGHT HAVE HEARD IT SAID IN HONG KONG, THAT BRITAIN WAS LOSING INTEREST IN HONG KONG: MAKING IT CLEAR THAT I WAS SPEAKING WITH LONDON'S ENDORSEMENT, I SAID THAT THERE WAS NO QUESTION OF BRITAIN ABDICATING RESPONSIBILITY FOR HONG KONG. BRITAIN'S RESPONSIBILITY, AS PROVIDED FOR IN THE JOINT DECLARATION, WOULD BE CARRIED OUT FULLY. THERE SHOULD BE NO MISUNDERSTANDING ON THIS POINT. MY REMARKS THIS MORNING WOULD HAVE SHOWN MR JI THAT WE WERE FIRMLY COMMITTED TO MAINTAINING THE STABILITY AND PROSPERITY OF HONG KONG AND EXPECTED TO LEAVE IT IN 1997 IN EVEN BETTER SHAPE THAN AT PRESENT.

4. I NOTED THAT MR. JI HAD SAID ON SEVERAL OCCASIONS (E.G. WHEN HE HAD RECEIVED MR. DONALD LIAO) THAT THERE SHOULD BE CONVERGENCE BETWEEN THE CURRENT PROCESS OF REFORM AND THE BASIC LAW. AS THE BRITISH HAD MADE CLEAR IN THE JOINT LIAISON GROUP, WE ACCEPTED THE NEED FOR CONVERGENCE, AND I WAS PLEASED THAT IT HAD BEEN AGREED IN THE JLG THAT THERE SHOULD BE CONTINUING INFORMAL DISCUSSIONS.

CONFIDENTIAL

/S.

5. I EMPHASISED THE NEED TO RETAIN CONFIDENCE OF THE PROFESSIONAL MIDDLE CLASSES, ON WHOM HONG KONG'S MODERN AND INTERNATIONALLY ORIENTED ECONOMY WAS SO HEAVILY DEPENDENT. OVER THE PAST TEN YEARS, SUCH PEOPLE HAD BEGUN TO DEMAND A GREATER DEGREE OF PARTICIPATION IN THEIR GOVERNMENT. THIS WAS WHY WE HAD BEGUN, IN THE LATE 1970S, A PROCESS OF EVOLVING A MORE REPRESENTATIVE SYSTEM OF GOVERNMENT BEGINNING WITH THE DISTRICT BOARDS AND WORKING UP TO THE LATEST STEP IN WHICH A PROPORTION OF THE MEMBERS OF LEGCO WERE INDIRECTLY AFFECTED. IF THE ASPIRATIONS OF THE PROFESSIONAL CLASSES WERE NOT MET, THEY WOULD NOT STAY.

6. WE HAD GONE ABOUT THIS PROCESS VERY SLOWLY AND CAUTIOUSLY. WE HAD BEEN CRITICISED BY SOME FOR GOING TOO SLOWLY. WE DID NOT THINK THESE ACCUSATIONS WERE JUSTIFIED, BECAUSE WE HAD ALWAYS PLACED GREAT EMPHASIS ON MAINTAINING STABILITY. I WAS CONFIDENT THAT MR. JI WOULD SEE FOR HIMSELF THAT WHAT WE HAD DONE HAD CONTRIBUTED TO THE MAINTENANCE OF STABILITY. HOWEVER, NOTHING MORE OF ANY SIGNIFICANCE WOULD BE DONE UNTIL 1987. WE HAD NO PRECONCEIVED IDEAS ABOUT THE REVIEW, BUT IT HAD TO TAKE PLACE BECAUSE UNDERTAKINGS HAD BEEN GIVEN BY THE BRITISH GOVERNMENT TO PARLIAMENT. DURING THE INTERVENING YEARS, IT WOULD BE VALUABLE FOR BOTH SIDES TO EXCHANGE VIEWS INFORMALLY.

7. IN REPLY JI PENGFEI SAID THAT, IF PROBLEMS HAD ARISEN THESE WERE NOT SINO-BRITISH PROBLEMS BUT WERE PROBLEMS ARISING FROM HONG KONG SOCIETY. RELATIONS BETWEEN BRITAIN AND CHINA WERE GOOD. WE COULD TRUST EACH OTHER AND COULD DISCUSS ANY PROBLEMS. THERE WERE MANY REPORTS IN THE HONG KONG PRESS ON WHICH THE CHINESE GOVERNMENT WAS ASKED TO COMMENT. THE HONG KONG GOVERNMENT WAS FREE TO SPEAK ABOUT REPRESENTATIVE GOVERNMENT, BUT THE CHINESE GOVERNMENT WAS NOT. IN THE FACE OF INSISTENT DEMAND FOR COMMENT, THE CHINESE SIDE COULD NOT SAY NOTHING: THEY THEREFORE POINTED TO BRITISH RESPONSIBILITY FOR HONG KONG. THE PRESS REPORTS AND OTHER DISCUSSIONS IN HONG KONG REFERRED TO DIRECT ELECTIONS, POLITICAL PARTIES, ELECTIONEERING AND MINISTERIAL SYSTEMS. THIS HAD LED THE CHINESE SIDE TO WONDER WHAT THE NEXT STEP WOULD BE. IF IT WERE LIKLEY TO RESULT IN ELECTIONEERING AND A SUBSTANTIAL INCREASE IN THE POWER OF THE LEGISLATIVE COUNCIL, THIS WOULD HAVE TO BE CONSIDERED VERY CAREFULLY. MANY PEOPLE, INCLUDING SOME IN THE CENTRAL LEADERSHIP, WERE ASKING WHAT WAS GOING ON IN HONG KONG. JI SAID THAT HE KNEW THAT THE BRITISH GOVERNMENT WOULD ACT RESPONSIBLY AND HAD PAID ATTENTION TO THE GOOD RELATIONS BETWEEN THE UK AND CHINA, BUT NOT EVERYBODY IN PEKING KNOW THIS.

8. JI PENGFEI SAID THAT UNDER THE JOINT DECLARATION THE SYSTEMS WOULD REMAIN BASICALLY UNCHANGED: IF THERE WERE TO BE MAJOR CHANGES TO THE SYSTEM, THIS WOULD HAVE TO BE LOOKED AT VERY CAREFULLY. JI REPEATED HIS REFERENCES TO PRESS REPORTS, AND COMPLAINED THAT THE PRESS HAD SUBJECTED THE CHINESE SIDE TO VERY SHARP AND AGGRESIVE QUESTIONING. THEY HAD ONLY SAID IN REPLY TO THESE QUESTIONS THAT THEY WONDERED WHAT THE SYSTEM WOULD BE IN THE FUTURE, YET THEY WERE ACCUSED IN THE HONG KONG PRESS OF VIOLATING THE JOINT DECLARATION AND OF INTERFERING IN HONG KONG'S AFFAIRS.

19.

9. THE CHINESE SIDE HAD ORIGINALLY THOUGHT OF 1993 FOR THE FIRST DRAFT OF THE BASIC LAW. THEY WERE NOW TRYING TO BRING THIS FORWARD TO MEET THE BRITISH TIME TABLE. THE CHINESE HAD NOT STARTED WORK ON THE BASIC LAW. BRITISH IDEAS WERE MORE OR LESS MATURE. BUT THE CHINESE SIDE DID NOT KNOW WHAT THE FUTURE SYSTEM SHOULD BE AND THEREFORE WONDERED WHETHER THERE WAS A PROBLEM OF CONVERGENCE. THE CHINESE SIDE HAD MADE IT CLEAR IN THE JLG THAT THEY WERE NOT OPPOSED TO THE 1987 REVIEW AND UNDERSTOOD THAT THERE WAS A PUBLIC COMMITMENT TO THIS. BUT THEY WONDERED WHAT FORM THE REVIEW WOULD TAKE AND THOUGHT IT BETTER TO SLOW THINGS DOWN A LITTLE. (JI USED THE EXPRESSION ''TUO'' - LITERALLY TO DRAG OUT). ALTHOUGH THE CHINESE WOULD NOT BY 1987 BE ABLE TO PRODUCE THE BASIC LAW IN A CONCRETE FORM, THEY WOULD HAVE SOME PRELIMINARY IDEAS, AND IT WOULD BY THEN BE EASIER FOR THE TWO SIDE'S IDEAS TO CONVERGE. THERE WERE NO OBJECTIONS TO ELECTIONS SINCE THESE WERE PROVIDED FOR IN THE JOINT DECLARATION. BUT TIME WAS NEEDED TO JUDGE WHETHER THERE SHOULD BE DIRECT, INDIRECT OR SOME OTHER FORM OF ELECTION. A FULLY DIRECTLY ELECTED SYSTEM WAS NOT NECESSARILY RIGHT: SOME PEOPLE WERE WAYING THAT ONLY DIRECT ELECTIONS WERE ACCEPTABLE.

10. JI ADDED THAT HE ENTIRELY AGREED WITH ME ABOUT THE NEED TO RETAIN IN HONG KONG THE PROFESSIONAL MIDDLE CLASSES.

11. FOR COMMENT SEE MIFT.

YOUDE

HONG KONG AGREEMENT
LIMITED
HD/HKD
HD/PED
HD/PLANNING STAFF
HD/PUSD
DEP HD/PUSD
RES D (MR WALKER)
PS
PS/MR RENTON
PS/PUS
SIR W HARDING
MR WILSON
SIR J FREELAND
MR J CROWLEY PUSD
PS/LADY YOUNG

COPIES TO: (VIA ADR)
MR ROBERTS NEWS DEPT
MR FIFOOT LEGAL ADVS
MR PEIRCE ASST STAFF
CABINET OFFICE
MR MALLABY CABINET OFFICE
MR D R C CHRISTOPHER
CABINET OFFICE
SIR P CRADDOCK NO 10 DOWNING ST.
MR WOOD LEGAL ADVISERS

MR POWELL NO 10 DST.

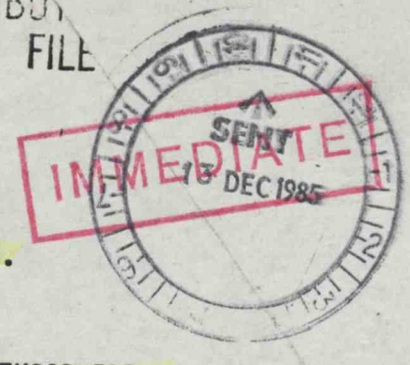
GRS 1050

MR POWELL
NO 10 DOWNING ST

CONFIDENTIAL

DISTRIBU
FILE

CONFIDENTIAL
FM HONG KONG
TO IMMEDIATE FCO
TELNO 2800
OF 111030Z DECEMBER 85
INFO IMMEDIATE PEKING



VISIT OF JI PENGFEI : TALKS : PLENARY SESSION.

SUMMARY

1. ALMOST TWO HOURS OF DISCUSSION IN A GOOD ATMOSPHERE. JI WAS RELAXED AND REASONABLY ALERT. DELICATE ISSUES LIKE REPRESENTATIVE GOVERNMENT APPROACHED BUT NOT (NOT) DISCUSSED IN DETAIL. I OUTLINED CURRENT STATE OF AFFAIRS IN HONG KONG, WITH EMPHASIS ON THE FACTORS THAT MAKE IT DYNAMIC. JI PENGFEI DESCRIBED TIMETABLE AND PROCESSES ENVISAGED FOR BASIC LAW CONSULTATIVE AND DRAFTING PROCESSES. GROUND PREPARED FOR TACKLING MORE SENSITIVE ISSUES AT SECOND MEETING TONIGHT.

DETAIL

2. THE HELICOPTER TOUR SCHEDULED FOR THIS MORNING HAD TO BE CANCELLED BECAUSE OF BAD WEATHER. THIS MORNING'S DISCUSSIONS CONTINUED FOR NEAPLY TWO HOUPS INSTEAD OF 45 MINUTES ORIGINALLY ENVISAGED. I GAVE JI FULL ACCOUNT OF DEVELOPMENTS IN HONG KONG AND OF THE PRESENT STATE OF AFFAIPS. IN ORDER TO PROVIDE A CONVINCING PICTURE OF OUR DETERMINATION TO CONTINUE TO BUILD UP HONG KONG AND MAKE A SUCCESS OF THE JOINT DECLARATION I EMPHASISED

(A) EXTRAORDINARILY RAPID DEVELOPMENT OF HONG KONG PARTICULARLY IN THE LAST FIFTEEN YEARS OF THE ECONOMY HAD CHANGED FROM COMMERCIAL PORT TO LOW COST MANUFACTUPING AND RISEN TO HIGH QUALITY INDUSTPY LEADING TO THE GROWTH OF HONG KONG WITH MAJOR INDUSTPIAL, COMMERCIAL AND LATTERLY FINANCIAL CENTRE. THE PROFESSIONAL CLASSES PALYED A KEY ROLE IN MAINTAINING THE FLEXIBILITY AND COMPETITIVENESS OF THE HONG KONG ECONOMY.

(B) THE EXISTENCE OF A KNOWN AND RESPECTED LEGAL SYSTEM HAD ALSO BEEN A VITAL COMPONENT IN THE DEVELOPMENT OF HONG KONG'S INTERNATIONALLY ORIENTED ECONOMY. THE PROVISIONS OF THE JOINT DECLARATION ON THE CONTINUITY OF THE LEGAL SYSTEM HAD BEEN PARTICULARLY IMPORTANT AND WELCOME.

(C) HONG KONG HAD DEVELOPED RAPIDLY BOTH SOCIALLY AND ECONOMICALLY AND WOULD CONTINUE TO DO SO. THERE WAS A CONTINUING HIGH LEVEL OF INVESTMENT IN HONG KONG'S INFRASTRUCTUPE, BOTH BY THE GOVERNMENT AND THE PRIVATE SECTOR - OFTEN IN COOPERATION WITH EACH OTHER VIDE EXPANSION OF THE CONTAINER TERMINAL AND DECISION ON THE SECOND CROSS HARBOUR TUNNEL. THE PUBLIC HOUSING PROGRAMME WOULD PROVIDE NEW HOUSES FOR 160,000 PEOPLE EACH YEAR. I ALSO REFERRED TO THE THIRD UNIVERSITY, ETC. ALL THIS WOULD BE ACHIEVED WITH NO BUDGET DEFICIT IN THE NEXT FINANCIAL YEAR.

CONFIDENTIAL

/D

(D) ON THE JLG IT WAS IMPORTANT TO BUILD UP A PATTERN OF PRACTICAL SOLUTIONS TO THE ISSUES WHICH CAME BEFORE IT. SUCH A PATTERN WOULD BE HELPFUL IN GIVING PEOPLE CONFIDENCE IN THE DECLARATION.

3. IN REPLY, JI PENGFEI LAID PREDICTABLE STRESS ON THE NEED FOR COOPERATION BETWEEN BRITAIN AND CHINA TO ENSURE THE MAINTENANCE OF HONG KONG'S STABILITY AND PROSPERITY AND THE PROPER IMPLEMENTATION OF THE JOINT DECLARATION. HE ALSO EMPHASIZED THE INTERNATIONAL NATURE OF THE AGREEMENT, REFERRING TO ITS REGISTRATION AT THE UNITED NATIONS. HE SAID THAT THE CENTRAL COMMITTEE HAD BEEN AND REMAINED VERY FIRM IN ITS DETERMINATION TO ENSURE THE "ONE COUNTRY, TWO SYSTEMS" POLICY, SINCE THIS WAS SUITABLE FOR THE UNIQUE CIRCUMSTANCES OF HONG KONG. JI EXPRESSED SATISFACTION AT THE PROGRESS MADE SINCE THE JOINT DECLARATION WAS SIGNED, REFERRING SPECIFICALLY TO NATIONALITY. HE ALSO HINTED THAT SOLUTIONS TO OTHER OUTSTANDING ISSUES MIGHT BE FOUND AT THE NEXT JLG MEETING IN HONG KONG.

4. JI SAID THAT THE BASIC ISSUES OF PRINCIPLE HAD BEEN SETTLED: THERE WERE A NUMBER OF AREAS IN WHICH THE JOINT DECLARATION DID NOT PROVIDE DETAILED ANSWERS. THESE MATTERS SHOULD NOT BE DIFFICULT TO SOLVE PROVIDED BOTH SIDES COOPERATED FULLY. IT WAS UNREALISTIC TO EXPECT ALL THE OUTSTANDING QUESTIONS TO BE SOLVED AT A STROKE. HONG KONG WAS A COMPLEX AND SENSITIVE PLACE. THE CHINESE GOVERNMENT NEEDED TIME TO EXAMINE VERY CAREFULLY PROPOSALS FOR SETTLING OUTSTANDING QUESTIONS IN ORDER TO CONSIDER ALL THE POSSIBLE CONSEQUENCES. HE WAS CONFIDENT THAT ALL OUTSTANDING QUESTIONS WOULD BE SOLVED ONE BY ONE, AND THAT HONG KONG PEOPLE'S CONFIDENCE WOULD GRADUALLY BE ENHANCED.

5. ON THE BASIC LAW, JI MADE THE FOLLOWING MAIN POINTS:

(A) HE DID NOT HAVE ANY CLEAR IDEA OF THE SUBSTANCE. ONE OF HIS PURPOSES IN COMING TO HONG KONG WAS TO LISTEN TO HONG KONG PEOPLE'S VIEWS. HIS PERSONAL VIEW WAS THAT THERE SHOULD NOT (NOT) BE TOO MUCH DETAIL, SINCE THIS MIGHT PROVE TOO RIGID, AND MIGHT BE DIFFICULT TO RECONCILE WITH THE LEGISLATIVE AUTHORITY WHICH WAS TO BE VESTED IN THE HONG KONG SAR.

(B) THE DRAFTING PROCESS SHOULD NOT BE RUSHED. THE STEPS THE CHINESE GOVERNMENT ENVISAGED WERE AS FOLLOWS:

(I) AFTER THE BASIC LAW CONSULTATIVE COMMITTEE BLCC HAD COLLECTED VIEWS, A PRELIMINIARY TEXT WOULD BE PRODUCED BY THE DRAFTING COMMITTEE IN EARLY 1988. THIS WOULD BE PUBLISHED AND DISTRIBUTED IN HONG KONG FOR A FURTHER PROCESS OF CONSULTATION AND COLLECTION OF VIEWS BY THE BLCC.

(II) A DRAFT BASIC LAW FOR SUBMISSION TO THE NPC STANDING COMMITTEE WOULD BE PRODUCED IN LATE 1988 OR EARLY 1989. SUBJECT TO THE VIEWS OF THE NPC STANDING COMMITTEE, THE DRAFT WOULD THEN BE PUBLISHED AND DISTRIBUTED IN HONG KONG FOR FURTHER COMMENTS.

(III) THE BLDC WOULD THEN PRODUCE A REVISED DRAFT FOR SUBMISSION TO THE NPC STANDING COMMITTEE IN THE FIRST HALF OF 1990, WHICH WOULD BE PROMULGATED AFTER APPROVAL BY THE STANDING COMMITTEE.

(C) PEOPLE AND GROUPS NOT REPRESENTED ON THE BLCC COULD MAKE THEIR VIEW KNOWN DIRECT TO THE BLDC.

6. JI ADDED THAT THE FUTURE STRUCTURE OF GOVERNMENT WOULD BE DETERMINED BY THE BASIC LAW. THERE WOULD BE ABOUT SEVEN YEARS FOLLOWING THE PROMULGATION OF THE BASIC LAW DURING WHICH HONG KONG WOULD BE UNDER THE ADMINISTRATION OF THE HONG KONG GOVERNMENT (SIC).

7. I THANKED JI FOR HIS EXPLANATION, AND SAID THAT, AS HE WOULD KNOW, WE HAD WELCOMED THE ESTABLISHMENT OF THE TWO COMMITTEES. THEIR CREATION WOULD NOW START A LIVELY DEBATE ON BOTH THE FORM AND CONTENT OF THE BASIC LAW. HONG KONG PEOPLE WOULD HAVE PLENTY OF IDEAS ON THESE MATTERS, WHICH WERE OF VITAL CONCERN TO THEIR FUTURE. THE CHINESE WOULD HEAR MANY POINTS OF VIEW, AS DID WE. SINCE THE BASIC LAW WOULD BE PART OF THE LAW OF HONG KONG THE INTERNATIONAL INVESTING COMMUNITY WOULD ALSO BE FOLLOWING ITS FORMULATION CLOSELY. IT WAS IMPORTANT FOR CONFIDENCE THAT PEOPLE SHOULD FEEL THEIR VIEWS WERE BEING LISTENED TO AND TAKEN INTO ACCOUNT. WE RECOGNISED THAT THINGS COULD NOT BE RUSHED. BUT PEOPLE IN HONG KONG WOULD BE ANXIOUS TO SEE THE REMAINING UNCERTAINTIES REMOVED AS QUICKLY AS POSSIBLE, SO THAT THEY COULD PLAN THEIR OWN FUTURES. JI UNDERSTOOD THIS. HE SAID THAT IT WOULD NOT BE POSSIBLE TO MUZZLE HONG KONG PEOPLE, AND THAT THE CHINESE GOVERNMENT WAS NOT AFRAID TO HEAR A WIDE VARIETY OF VIEWS. THESE WOULD BE USED AS A ''REFERENCE'' FOR THE DRAFTING PROCESS. THE CHINESE GOVERNMENT HAD ITS OWN CRITERIA BY WHICH THE VIEWS WOULD HAVE TO BE JUDGED. NOT ALL THE VIEWS EXPRESSED WOULD NECESSARILY BE ''CORRECT''.

8. WE AGREED WITH JI'S DELEGATION IN TEXT OF A FAIRLY ANODYNE PRESS STATEMENT. TEXT IN MIFT

9. FOR COMMENT SEE SECOND MIFT.

YOUDE

HONG KONG AGREEMENT

LIMITED
HD/HKD
HD/PED
HD/PLANNING STAFF
HD/PUSD
DEP HD/PUSD
RES D (MR WALKER)
PS
PS/MR RENTON
PS/PUS
SIR W HARDING
MR WILSON
SIR J FREELAND
MR J CROWLEY PUSD
PS/LADY YOUNG

COPIES TO: (VIA ADR)
MR ROBERTS NEWS DEPT
MR FIFOOT LEGAL ADVS
MR PEIRCE ASST STAFF CABINET OFFICE
MR MALLABY CABINET OFFICE
MR D R C CHRISTOPHER CABINET OFFICE
SIR P CRADDOCK NO 10 DOWNING ST.
MR WOOD LEGAL ADVISERS
MR POWELL No 10 DSh

CONFIDENTIAL

CONFIDENTIAL

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215) 5144
GTN 215)
(Switchboard) 215 7877

From the Minister for Trade

Prime Minister

You should be aware. But I don't think you can usefully intervene.

CDP
22/11

Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for
Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1A 2AL

22 November 1985

Dear Geoffrey,

HONG KONG: SECOND HARBOUR CROSSING

The Hong Kong Government is expected to decide, at the end of this month, who should be awarded the contract to construct, and operate the franchise of, the second road/rail tunnel across Hong Kong harbour. One of the three bids, that of the East Cross Company (ECC), which involves both Trafalgar House and GEC, offers the greatest potential for the UK. Following discussions between our officials, I telephoned the Governor on 19 November in support of their bid. I spoke along the lines of the attached note. The Governor was, understandably, non-committal.

The ECC bid is, by all accounts, running second to a Japanese consortium led by Kumagai Gumi. Our Hong Kong post, as well as the companies urged such intervention. Jim Prior spoke to me earlier this week, and you have now been approached by Sir John Nott: Lazard are ECC's bankers. Whilst pressing the case, and the hope that a late improvement in the ECC bid be considered, I made it quite clear to the Governor that I recognise that the decision is ultimately one for the Hong Kong Government. There was no question of our wishing to press a bid which was not intrinsically competitive.

With the recent improvements, I am confident that the ECC are making a particularly attractive offer, and one which shows a real determination to win. Its financing is very attractive, and based upon Japanese rather than ECGD support. The bid has now been further enhanced by an offer to reduce the proposed toll fee to match the HK$10 we understand is being offered by Kumagai Gumi. Furthermore, the ECC are in serious discussions about joining

L02ACF

Rt Hon Sir Geoffrey Howe QC MP November 1985

forces with the third bid, being made by Sir Y K Pao's Cross Harbour Tunnel. The former would offer contruction strength, and the latter operating expertise.

Whilst all three short-listed bids carry potential UK supply, only the ECC one offers a real role for the UK in consortium leadership. The ECC is a joint venture between Gammon (Hong Kong) and Nishimatsu of Japan: Gammon is 50% owned by Trafalgar House. The bid represents the kind of continued involvement in Hong Kong which we have been urging on UK companies. They will be taking on commitment and risk which ran beyond 1997. It also represents a positive initiative by a UK company to enter into joint venture with the Japanese partner: this approach is one which our two Governments have encouraged.

Furthermore, we have now secured a commitment from Trafalgar House that if their bid is successful, they will source at least £100m of the work from the UK. This is more than the other two bids offer, and includes the prospect of much needed work in, for example, the Cleveland Bridge works in the North East which failed to benefit from the Bosphorus Bridge contract.

I cannot be sure that my intervention with the Governor will result in the ECC's last minute concessions, which are technically time barred, being taken into account. Clearly the approach should not become public knowledge, but it should help reassure the companies that we are doing everything possible to assist them. They, together with Lazards, have been informed of my call on a strictly confidential basis.

The contract will be decided on 3 December, and could well excite some interest. I am, therefore, copying this letter to the Prime Minister, and to Nicholas Ridley who is aware of this project from his recent visit to Hong Kong.

PAUL CHANNON

L02ACF

999.49

CONFIDENTIAL

HONG KONG: SECOND HARBOUR TUNNEL

SPEAKING NOTE

HMG taking a close interest in the contract to construct and operate the new Second Harbour Tunnel. Emphasise that we recognise that this is a decision for the Hong Kong Government and EXCO to take, but felt that I should let you know how we perceive the bids - particularly since we understand that there have been important recent developments.

Whilst all three short-listed bids have a potential UK content, our clear view is that the present East Cross Company bid offers the best UK opportunities - not simply in terms of this particular project, but also in enhancing the interest of UK companies in Hong Kong and the Chinese market. Gammon owned equally by Trafalgar House and Jardine Matheson: an important Hong Kong contractor with strong UK backing.

Understand that there have been two important recent developments.

First, understand that the East Cross Company have now informed the Hong Kong Government that they will reduce their initial bid which involved a tunnel toll of HK$11 to HK$10. Very much hope that this significant change - in Hong Kong's favour - will be taken into account.

Secondly, understand that the East Cross Company and Sir Y K Pao's Cross Harbour Tunnel Company have got a long way towards agreeing the basis on which they could co-operate on this project. This would seem to strengthen the UK/Hong Kong dimension. It also seems to offer the prospect of particularly effective implementation and operation - drawing on the particular construction and operating expertise of the two companies.

CONFIDENTIAL

VC

FILE

10 DOWNING STREET

From the Private Secretary

25 September 1985

HONG KONG FORCE LEVELS
AND THE FUTURE OF THE BRIGADE OF GURKHAS

The Prime Minister has considered the Defence Secretary's minute of 23 September about the proposal to disband the Second Battalion, 7th Gurkha Rifles in 1987.

She agrees with the proposal but shares Mr. Heseltine's view that it will need very careful handling. It was helpful to have sight of the line which Mr. Heseltine proposes to use publicly.

I am copying this letter to the Private Secretaries to members of OD(K).

(CHARLES POWELL)

Richard Mottram, Esq.,
Ministry of Defence.

CONFIDENTIAL

CONFIDENTIAL

CCPC

Foreign and Commonwealth Office

London SW1A 2AH

25 September 1985

COD 2579

Dear Richard,

Hong Kong Force Levels and the future of the Brigade of Gurkhas

I have consulted the Foreign Secretary about your Secretary of State's minute of 23 September to the Prime Minister. Sir Geoffrey Howe is content with Mr Heseltine's proposals for announcing the decision to reduce the Hong Kong garrison by one battalion and that this should be effected by disbanding 2/7 Gurkha Rifles. We have consulted the Government of Hong Kong, who are also content with what is proposed.

The Foreign Secretary accepts, too, that your Secretary of State should refer to the long term future of the Brigade of Gurkhas in his letter to the Chairman of the House of Commons Defence Committee and that the gist of this letter should be made public. It will of course be necessary to tell the Government of Nepal of what is proposed before the announcement on 27 September. Our officials are in touch with yours about the arrangements for this.

I am copying this letter to Private Secretaries to members of OD(K).

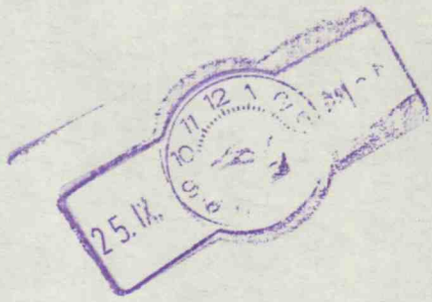
Yours sincerely,

Colin Budd

(C R Budd)
Private Secretary

Richard Mottram Esq
PS/Secretary of State
Ministry of Defence
Whitehall
LONDON SW1

CONFIDENTIAL


25.IX.

MO 5/14V

PRIME MINISTER

HONG KONG FORCE LEVELS AND THE FUTURE OF THE BRIGADE OF GURKHAS

On 25th July I circulated a memorandum to colleagues in OD(K) proposing a reduction in force levels in Hong Kong by one battalion in 1987. Following agreement to my proposals, the Hong Kong Government informed EXCO, and we also advised the Governments of China and Nepal. We are therefore now in a position to make this decision public.

2. In the light of the subsequent study which I foreshadowed in the Memorandum, I have concluded that we should achieve the reduction in the Hong Kong garrison by disbanding the Second Battalion, 7th Gurkha Rifles (2/7 GR) in 1987. This battalion was formed in 1980 to meet the internal security and illegal immigration situation then prevailing in the colony. It was recognised as a temporary expedient to meet the circumstances of the time and it was envisaged that any subsequent reduction in our garrison requirement would probably be met by disbanding it. A decision to disband the battalion now means that it can be achieved by a carefully managed programme over the next two years which should avoid any enforced redundancies.

Prime Minister
Agree that Mr. Heseltine can announce later this week the disbandment of the second battalion, 7th Gurkha Rifles? It may cause some unease among your backbenchers about the implications for the Gurkhas as a whole. But Mr. Heseltine's proposed line should take reasonable care of this.
CDP 24/9.

Yes - needs very careful handling. MF

3. There is obviously a danger that an announcement of the disbandment of 2/7 GR could be interpreted as an indication that the whole Brigade of Gurkhas is under threat, as 5,000 out of 8,200 of the Brigade's strength are stationed in Hong Kong and the garrison will be withdrawn by 1997. I therefore intend to make a positive statement about their future at the same time as announcing 2/7 GR's disbandment, striking a balance between the need, on the one hand, to maintain the Gurkhas' operational effectiveness and morale by scotching any suggestion that this particular disbandment is the first in a programme of reductions and, on the other, avoiding an open-ended commitment which in future years the Defence budget might find difficult to sustain. (Gurkha battalions in Hong Kong are 75% funded by the Hong Kong Government, so even a reduced Brigade of Gurkhas after 1997 would present substantial extra costs to the Defence Budget). The formula I recommend indicates a future for the Gurkhas but avoids a commitment about its size and nature, which this far in advance it is clearly not possible to offer.

4. The announcement would be made in London and Hong Kong by means of a press release publishing the gist of the letter which I would send to the Chairman of the House of Commons Defence Committee. A copy of what I propose to send to Sir Humphrey / Atkins is attached.

5. We need to move quickly on this. Now that EXCO have been informed of the decision on the garrison reduction we cannot long delay an announcement if we are to avoid a premature leak. The announcement of the decision on 2/7 GR, and consequently of the long term future of the Brigade of Gurkhas, needs to accompany that on the garrison reduction in order to avoid damaging speculation and uncertainty about how the reduction will be effected. In any case, the steps which need to be taken now to set the disbandment in train will inevitably become known very soon. Accordingly, I should like to send my letter to Humphrey Atkins on Thursday before I go to Oman, with the press announcement the following day. The Nepalese and the Brigade itself will need to be informed in advance of the announcement on Friday and, to allow proper time for this, I shall need to set the wheels in motion on Wednesday afternoon.

6. If you or the members of OD(K) (to whom this minute is copied) have any comments, I should be grateful to have them by lunchtime on Wednesday 25th September.

Ministry of Defence

23rd September 1985

ANNEX

DRAFT LETTER TO THE CHAIRMAN OF THE HOUSE OF COMMONS DEFENCE COMMITTEE

HONG KONG FORCE LEVELS AND THE FUTURE OF THE BRIGADE OF GURKHAS

You will recall that the Clerk to your Committee wrote on 24th July asking for a paper by 25th October outlining our present thinking on the future of the Brigade of Gurkhas.

I am writing to inform you that we have decided in consultation with the Hong Kong Government to reduce the Hong Kong garrison by one battalion from 1987. Currently, one British and four Gurkha infantry battalions are stationed there. The reduction will be a return to pre-1980 force levels, when the garrison was increased by one battalion to combat a surge in illegal immigration. The decision does not of course imply a lessening of our commitment to Hong Kong, but rather reflects our confidence in the stability of the Territory. We shall continue to be responsible for the defence and internal security of Hong Kong up to 1997, and we shall maintain the forces needed for the purpose.

As a result of this decision it will be possible to forego a new barracks (Kohima) that was to have been built in Hong Kong, and also to dispose of an old barracks (Lyemun), which will no longer be needed, with consequent financial savings and benefits for us and for the Hong Kong Government.

The reduction in the garrison will be effected from 1987 by disbanding the Second Battalion, 7th Gurkha Rifles (2/7 GR). This battalion was only formed as a temporary measure in 1980 when the garrison was expanded, and it was not established at the same level as other Gurkha battalions. Indeed, it was originally intended to replace it by a British battalion in 1987. Disbandment will involve a combination of some voluntary redundancy, restricted recruiting, natural wastage and redeployment to other units. There should be no enforced redundancies.

Given this battalion's unique establishment and status, it follows that its disbandment will have no implications for the long term viability of the Brigade of Gurkhas. In this context I should make it clear, and will be doing so publicly, that I intend that there shall be a continuing role for the Gurkhas after 1997 within the British Army. The final size and shape of the Gurkhas will turn on operational and resource factors facing the entire British Army at the time which it is too early to foresee at this stage.

I shall be announcing these decisions in a press release to be issued at 1200 on 27th September, and I should be grateful if this information could be treated in confidence by you until then.

24 OCT AM 85

With the compliments of
the Legal Secretary

H. STEEL

Attorney General's Chambers,
Law Officers' Department,
Royal Courts of Justice,
Strand. W.C.2A 2LL

01 405 7641 Extn. 3291.

SECRET

(10) CCPC

H.STEEL,CMG OBE
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

1 August, 1985

R C Mottram Esq
Private Secretary
Ministry of Defence
Main Building
Whitehall
London SW1

NBPM
CDD
Will

Dear Richard,

HONG KONG FORCE LEVELS

The Attorney-General has seen your Secretary of State's Memorandum OD(K)(85)1 of 25 July and has asked me to report that he is content with what is proposed in it.

I am copying this letter to Charles Powell in No.10 and to the Private Secretaries to the other members of OD(K) and also to Richard Hatfield.

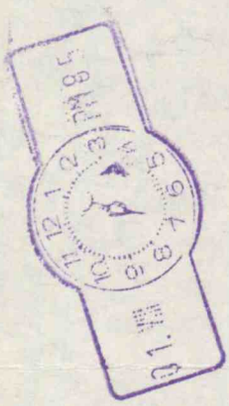
Yours ever,

H STEEL

SECRET

Hong Kong Pt 18

future.



9

MR POWELL

Covered in the comments made CDP 29/7.

29 July 1985

HONG KONG FORCE LEVELS

Memorandum by the Defence Secretary OD(K)(85) 1 of 25 July, and minute by the Foreign Secretary of 26 July.

I think the recommendation for reducing the garrison by one battalion in 1987 is right. The tricky aspect will be securing Chinese agreement. Chinese sensitivities on this go to the very top. Deng wants us to maintain a firm grip on Hong Kong until 1997 and the Chinese have already said they hope we will not reduce the garrison over the next two years. Even if they agree, they may in return seek commitments about no further reductions. This would cut across our ideas of gradually shifting the burden from the garrison to indigenous forces of law and order, (paragraph 12 of the paper by officials), ideas the Chinese will not find attractive.

With careful presentation we ought to be able to square the Chinese, but we should allow ample time for it.

PERCY CRADOCK

SECRET

8

10 DOWNING STREET SRW

From the Private Secretary

29 July 1985

HONG KONG FORCE LEVELS

The Prime Minister has considered the memorandum circulated by your Secretary of State - OD(K)(85)1 of 25 July - proposing a reduction in the Hong Kong garrison from five to four battalions in 1987. She has also noted the Foreign Secretary's minute of 26 July on this subject.

The Prime Minister is content with the proposals, while agreeing with the Foreign Secretary that great care will be needed in presenting this decision to the Chinese Government.

I am copying this minute to the Private Secretaries to members of OD(K) and to Richard Hatfield (Cabinet Office).

(C. D. POWELL)

Richard Mottram, Esq.,
Ministry of Defence.

SRW

SECRET

SECRET

Prime Minister
Agree to the proposal to reduce the Hong Kong garrison by one battalion (5 down to 4) in 1987?

PM/85/71

PRIME MINISTER

Hong Kong Force Levels

1. I endorse the conclusions of the paper on Hong Kong Force levels, which was prepared in conjunction with FCO officials and circulated under cover of the Defence Secretary's memorandum OD(K)(85)1 of 25 July.

2. The financial and operational arguments for reducing the garrison by one battalion are convincing. On the political side, the most important factors to consider are the likely reactions in Hong Kong and Peking. We need to take care to ensure that our move is not interpreted in Hong Kong as a sign of a declining British commitment to the territory. Equally, the Chinese have indicated to us that they hoped that we would not reduce the garrison in the next two years. Our proposal is in fact for a reduction in 1987, and with careful presentation we believe that we can convince the Chinese that the action is justified and not a threat to stability. It will be important to persuade them of this. EXCO's advice is that if the decision is properly explained in Hong Kong, it will not be seen as a lessening of commitments, and indeed may be taken as a sign of confidence in the stability of Hong Kong. Certainly earlier Press reports about the impending cut do not seem to have caused dismay: also people in Hong Kong are very conscious of what they pay for the garrison. The key points to put across will be that the reduction will entail no added risks to security, but will produce considerable resource savings. With Peking it can be explained that the reduction will merely be a return to pre-1980 force levels, a situation justified by the fall in illegal immigration. It can be underlined that we remain fully committed to preserving Hong Kong's stability up to 1997.

/ Care

SECRET

3. Care will also be needed in presenting the reduction to the Nepalese Government. We shall need to convince them before the decision on the garrison becomes public that any decision on the redeployment or disbandment of the battalion has no implications for the future of the rest of the Brigade of the Gurkhas. We shall also need to be ready to reassure the Brunei Government that the decision will not affect the Gurkhas' commitment to Brunei.

4. Timing of a formal announcement of the decision will need to be discussed further between officials here and with Hong Kong. There may well be pressure in Hong Kong to make an announcement sooner rather than later. But before any announcement is made, we will need to inform EXCO, the Chinese and the Nepalese and thereafter allow a short period for any reaction from the Chinese before a formal announcement is made in Hong Kong.

5. In sum, I agree with the Defence Secretary that we should accept the Hong Kong Government's proposals. A reduction of the garrison by one battalion in 1987 can go ahead without prejudice to plans for the long term future of the garrison. We should, as the Defence Secretary proposes, commission a study on this question in 1986 that should take full account of Hong Kong's internal security requirements, including the role and size of the police forces.

/ I am

6. I am copying this minute to colleagues on OD(K) and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
26 July 1985

SECRET AND PERSONAL

Prime Minister
To note the change of plan.
FERB
21.6.

5

Foreign and Commonwealth Office

London SW1A 2AH

21 June 1985

Dear Robin,

Hong Kong

Thank you for your letter of 21 June about the allegations by Mr Walden. Sir Geoffrey Howe is grateful for the Prime Minister's advice and agrees that we should avoid any implication at this stage that the allegations might be justified.

The Governor of Hong Kong has now advanced a number of persuasive points to take further account of Hong Kong sensitivities. In the light of his arguments, Sir Geoffrey Howe has decided that it would be wrong to proceed immediately to announce an independent investigation. He has accordingly instructed that further examination should be given, in consultation with the Attorney-General and the Treasury Solicitor, to the Governor's proposal that Mr Walden be invited to come to London to particularise his allegations.

There is still the possibility that the story will break publicly over the weekend. Since a conclusion on the alternative course of action is clearly now impossible before then, we propose instead to say in answer to any publicity that the Secretary of State is carefully considering what Mr Adley has said to him and the documents which were handed to him and that he will make his conclusions known in due course.

I am copying this letter to Henry Steel (Law Officer's Department).

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

F E R Butler Esq
10 Downing Street

SECRET AND PERSONAL

HONG KONG : Future : Pt 18

SECRET AND PERSONAL

file R/O 4

LOSA 9F

10 DOWNING STREET

21 June 1985

From the Principal Private Secretary

HONG KONG

Thank you for your letter of 20 June about the allegations by Mr. John Walden, a former Secretary for Home Affairs in Hong Kong, about 'smear campaigns' in the colony.

The Prime Minister has noted the action the Foreign and Commonwealth Secretary proposes to take. Her advice, unless there is corroborative evidence not included in your letter, is that the line taken should not give more prominence to the allegations by suggesting that the authorities believe that they may be justified. The Prime Minister thinks that the press line should be very low key, on the lines that the Foreign and Commonwealth Secretary has been informed of the allegations and has asked Mr. de Winton to report on whether there appears to be any prima facie evidence of improper activity which would justify further inquiries being made.

I am copying this letter to Henry Steel (Law Officers' Department).

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

SECRET AND PERSONAL

PRIME MINISTER

Charles and I think that what is proposed in the attached letter is something of an over-reaction.

While Mr. Walden's allegations of "smear campaigns", cannot probably be ignored, they look more like the obsession of someone with persecution mania. (You will see that among the alleged "targets" is John Walden himself.) While Hong Kong is, as we know, a febrile place and these allegations may cause a stir there, I cannot see them cutting much ice over here.

I had a word with Len Appleyard to see if the FCO have more reason than is apparent from the letter to think that there is substance in the allegations. Mr. Appleyard said that the Governor had reported that there were some slightly disturbing references on the files which might point to a degree of corroboration.

In those circumstances, I would not suggest that you oppose the Foreign Secretary's intention to appoint an independent person to look into the allegations. But I think that the press line should be very low key, on the lines that Mr. de Winton has been asked to report on whether there appears to be any prima facie evidence which would justify further enquiries being made.

Agree that we should advise the FCO in this sense?

Yes no

F.E.R.B.

20 June 1985

Foreign and Commonwealth Office

London SW1A 2AH

20 June 1985

Dear Robin,

Hong Kong

The Foreign Secretary thinks that the Prime Minister would wish to know that Robert Adley came to see him at the end of last week with a letter (copy enclosed) from Mr John Walden, a former Secretary for Home Affairs in Hong Kong and still resident there, which makes a series of allegations concerning 'smear operations' which he says have been conducted over the years by certain officials of the Hong Kong Government.

You will see from the confidential enclosures 1 and 2 to Mr Walden's letter that, although the cases are very varied and the supporting material cited is of widely differing kinds, the accusations taken as a whole are too particular and authentic-sounding to be dismissed out of hand. There are some 20 people, some of them very highly placed, who are identified as being in a position to give evidence. These include the former Governor, Lord MacLehose, the present Chief Justice, Sir Denys Roberts, and senior officials such as Sir Philip Haddon-Cave and Sir Jack Cater. Others of those referred to are no longer in Hong Kong Government Service. The Foreign Secretary told Robert Adley that he would study the papers and investigate as necessary and would then let him know his conclusions. He has since written to Mr Adley confirming this.

Sir Geoffrey Howe has been considering three possible ways of investigating the matter. The first would be to have a purely internal investigation carried out in Hong Kong. An intermediate course would be to have a preliminary investigation carried out not by someone in Hong Kong but by a person of standing, disconnected from Hong Kong and current British Government service, who would report to the Foreign Secretary so as to enable him to decide whether any more formal investigation or enquiry (and, if so, what kind) would be appropriate. The third course would be a full-scale judicial enquiry.

The difficulty with the first course would be that the independence and objectivity of an internal investigation in Hong Kong would be liable to be questioned. It is possible that the results of the Governor's own enquiries might satisfy us that there is insufficient substance in any of the allegations to justify a further investigation; but on the face of it this seems unlikely.

/ To go ...

To go straight to the third course - a full-scale enquiry - would seem to give more credence at the outset to the allegations than, taken on their own, they merit.

The Foreign Secretary has consulted the Governor, who has obtained advice from his Attorney-General. The Governor has expressed the view that any outside investigation would be likely to give rise to enormous political and legal repercussions. He has suggested that as a first step Mr Walden should be invited to come to London to particularise his allegations in a statement to the Treasury Solicitor. Sir Geoffrey Howe, who has discussed the whole matter with the Attorney-General, does not favour this course. It would give Mr Walden access to wide publicity here and, by its formality, increase the likelihood of having to move to a full-scale enquiry into the allegations. Sir Geoffrey Howe's decision, and that of the Attorney-General, is for the middle course described above; and he has already given some thought to the choice of a suitable person to carry out a preliminary enquiry. A name which has been recommended for this purpose is that of Michael de Winton, who retired in 1980 after eight years as Assistant Legal Secretary to the Law Officers. He has had experience in overseas territories as well as being an Assistant Legal Adviser in the Colonial Office and subsequently for short periods in the CRO and FCO. He is known to the Foreign Secretary and the Attorney-General, both of whom consider that he would be a good choice. If he were to undertake the task, we would envisage that he might have assistance from someone from the Treasury Solicitor's Department here.

You will see from Mr Walden's letter that he proposed to publish the letter on 23 June unless he had heard from Robert Adley to the contrary before then. Mr Adley, who has been keen to show that he is handling the matter in a responsible way, told Sir Geoffrey Howe that he had urged Mr Walden against publishing but that Walden would nevertheless like to do so. We know that Walden has already sent a copy of his letter, but not the enclosures, to UMELCO. Its contents will therefore be known to all members of UMELCO and to a number of UMELCO officials as well. It therefore seems that, whatever Mr Adley may have said to Walden, the only safe assumption is that the substance of the letter will become public, probably on 23 June. This will be bound to lead to pressures for the two enclosures to be made public as well.

The Governor himself has pointed out that intense public interest will be aroused in Hong Kong when the story breaks; and this will inevitably spill over here in short order. We must

/ therefore ...

therefore have a press line ready in good time. Its precise drafting will, of course, to some extent depend on the timing and the circumstances when the story becomes public; but Sir Geoffrey Howe thinks it likely that we shall need to say at least that, having studied the papers handed to him by Mr Adley, he has, with the full agreement of the Governor of Hong Kong, set in train arrangements for a preliminary investigation into the matter to be carried out by a suitably qualified person outside Government. Sir Geoffrey's conclusions on this are being conveyed to the Governor.

I shall keep you informed of further important developments. If the Prime Minister has any advice or comments to offer at this stage on the handling of the case, the Foreign Secretary would naturally welcome them.

I am sending a copy of this letter to Henry Steel in the Law Officers' Department.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

F E R Butler Esq
10 Downing Street

(1)

香港大學聖約翰學院
ST. JOHN'S COLLEGE
University of Hong Kong
82 Pokfulam Road Hong Kong Tel: 5-8191506
Master: The Reverend Paul Tong

May 30, 1985

Mr. Robert Adley M.P.
House of Commons
London SW1A OAA

Dear Robert,

I am writing this letter in response to the kind offer, in your letter of 20th July 1984, to present to the Foreign Secretary evidence of unethical and illegal actions proposed or carried out by certain officials of the Hong Kong Government, to defame journalists, social workers, Members of Parliament, local politicians and others considered to be critical of the government. These actions will be referred to as "smear tactics" or "smear operations" in this letter. Encl I

In submitting the information on smear operations contained in Confidential Enclosures I & II, I wish to make it clear that my purpose is not to have publicly brought to book those who may have authorised or carried out smear operations in the past. My purpose is to have it verified, by an internal enquiry, carried out in camera, and preferably by a judge, that smear operations were carried out, thereby providing justification for a direction by Her Majesty's Government to the Governor of Hong Kong, to take steps to ensure that such unethical activities can never be repeated.

香港大學聖約翰學院
ST. JOHN'S COLLEGE
University of Hong Kong
82 Pokfulam Road Hong Kong Tel: 5-8177102 5-8191506
Master: The Reverend Paul Tong

Four considerations have prompted me to pursue this matter through your good offices:-

1. Your allegations, now recorded on pages 98 & 99 of your book, "All Change Hong Kong", that smear tactics were proposed against you, prior to your visit to Hong Kong in November 1983.

   From your experience I realized that the objections I had raised to the government's use of smear tactics, whilst still serving as Director of Home Affairs, had had no effect.

2. the unwillingness of UMELCO, the properly constituted body in Hong Kong, to hear evidence on, and investigate allegations of, the use of smear tactics.

   This was demonstrated by their recent handling of a complaint lodged by the Hong Kong Observers.

3. smear tactics against critics, as approved or condoned by some senior officials of the Hong Kong Government, in the years 1976 to 1983, are a gross official violation of the rights and freedoms now guaranteed by Article 3(5) of the Sino-British Joint Declaration on the Question of Hong Kong, and steps must be taken now to ensure that such violations do not occur in the future.

香港大學聖約翰學院
ST. JOHN'S COLLEGE
University of Hong Kong
82 Pokfulam Road Hong Kong Tel: 5-8177102
5-8191506
Master: The Reverend Paul Tong

4. Hong Kong people are being actively encouraged by the Hong Kong Government to participate openly and actively in the process of representative government. If they are to respond they must know, for certain, that outspokenness against the government is not going to result in smear operations against them, organized by those in positions of power.

Confidential Enclosure I contains a generalized account of the evidence to support the existence of a group of civil servants, planning and executing smear operations, together with an example of a specific operation against the Granada Television Team, in 1976. This enclosure also lists over 20 persons who could be called to give evidence under oath, by an investigating officer. Confidential Encl I

Confidential Enclosure II is a tabulation of targets, including the Granada Television Team, against whom I know, or suspect, that smear tactics were either proposed or carried out. Names of persons who could be questioned, under oath, not already included in Confidential Enclosure I have been added. Confidential Encl II

When you have been able to present this information to the Foreign Secretary I should be grateful if you would let me know what he proposes to do about it. The fact that I am writing to you is a matter of public knowledge in Hong Kong. And because the issue I am writing about is central to the question of Hong Kong people's ability to exercise the civil rights and political freedoms guaranteed them by the British and Chinese Governments, it is likely that a willingness, on the part of the British Government to take positive action on this

香港大學聖約翰學院
ST. JOHN'S COLLEGE
University of Hong Kong
82 Pokfulam Road Hong Kong Tel: 5-8177102 ~~xxxxxxx~~
5-8191506
Master: The Reverend Paul Tong

letter will be expected and appreciated.

Would you therefore say whether you would agree to the publication of this letter, but without its three enclosures? If I do not hear from you by 1200 hrs GMT on Sunday 23rd June, I will assume that you do not disagree.

Yours sincerely

John Walden

P.S. Please excuse the imperfect typing of Confidential Enclosures I & II. To ensure strict security I typed them myself. Kindly ensure that by xeroxing, or otherwise, this information does not get into the hands of anyone not authorized to receive it.

Hong Kong Government's Smear

Operations 1976-1983

1. The existence of a small group of civil servants, in the Government Information Services Department, planning and executing operations to damage the reputation and credibility of government critics, with the assistance and cooperation of Hong Kong journalists, can be deduced from unguarded comments made from time to time by those directly involved, or close to the action.

2. That the Governor was well aware of this team, if not a party to its operations, was quite clear to me. At one Friday morning meeting of the Governor's Committee, when I was present, the Governor remarked, in the hearing of all present "we ought to get the dirty tricks team onto that," adding, as an afterthought, "perhaps I shouldn't have said that".

2. On another occasion, in October 1979, the Governor, in my presence, told Mr David Ford he should "get it whispered round the press" that Mrs Elsie Elliot's motive in supporting belligerent sit-in fire victims of the Ma Tsai Hang fire, was to get publicity for an imminent visit to London by a delegation of elected Urban Councillors, to press for democratic reforms in Hong Kong.

3. That the Financial Secretary, the Secretary for Home Affairs, and the Director of Information Services, were also aware of, and involved in these operations, is also clear. At one meeting of the Home Affairs and Information Group, which I attended, in February 1977, the Secretary for Home Affairs, Mr Denys Bray, explained the contents of a loose minute he was holding, that he had received from the then Financial Secretary, Phillip Haddon-Cave. He said that

the Financial Secretary had heard some details of the private life of Michael Woollacott , the Hong Kong correspondent of the Guardian, and had told the SHA that it was about time a character assassination was done on him, using that information. The fact that the minute was addressed to the SHA, is a clear indication that the holder of that post played a key part in smear operations.

5. But the centre of these operations was in the Information Services Department. One Director of Information Services, Mr Johnny Johnson, commenting on my surprise that Kevin Sinclair, a journalist of the South China Morning Post, had done a brilliant job in discrediting Walter Easey in a character profile that made clever use of a Soviet connection, remarked - "it was easy, we dropped him the information and he did the rest".

6. Supporting the assumption that the main executors of these operations were staff of the ISD is a chance remark of Mr David Ford - " for God's sake, don't let Summers loose on them". Summers was an Information Officer, whose close connection with the Star newspaper, in discrediting government critics in the housing field,I had noticed whilst working the Housing Department before taking up the post of Director of Home Affairs.

7. Further evidence is to be found in instructions given to Mr John Slimming (deceased) during an emergency meeting to consider how to deal with the Huey Fong, in January 1979. Slimming was told, I think by the Secretary for Security, Mr Davis, who chaired the meeting, to "get his people onto" spreading it around that the 2,300 Vietnamese refugees on the ship included a large element of undesirables, criminals, ex soldiers etc. The purpose of this smear was to get support for the Government's policy of keeping the Huey Fong out of Hong Kong waters by building up local feeling

against the refugees. This operation was very successful, but it become severely counterproductive, when the Government suddenly changed its policy and allowed the Huey Fong to land its refugees in Hong Kong. Mr Slimming was noticeably embarrassed to receive this instruction openly at the meeting.

9. How the smear team selected its targets, and whether the targets and the methods used to discredit them, were approved by the Governor, or by one of his subordinates, is not known to me. But these, and other details of the smear operations, and those responsible for them could be obtained, in whole, or in part, by calling upon the following persons to give evidence, under oath :-

Lord MacLehose
Sir Denys Roberts
Sir Phillip Haddon-Cave
Sir Jack Cater
Mr Denys Bray
Mr F.K. Li
¢ Mr David Ford
Dr David Wilson
¢ Mr Richard Lai
¢ Mr Bob Sun
¢ Mr Johnny Johnson
Mr Geoffrey Summers
Mr Barry Wiggham
Mr Kevin Sinclair of SCMP
Mr Graham Jenkins formerly of the Star Newspaper

All Private Secretaries to the Governor.

All members of the Governor's Security Committee 1972-83.

All Directors of Information and Directors of Special Branch not already mentioned above.

¢ Former Directors of Information Services.

9. The targets chosen for smear treatment, as can be seen from the table of cases in Confidential Enclosure II, included pressure groups, journalists, local politicians, critics and at least two British Members of Parliament. The smear technique most commonly

adopted seems to havebeen to plant information damaging to the targets character and credibility upon - cooperative journalists, and leave it to them to spread it through their newspapers. But in the case of Mr Frank Ching, of the Hong Kong Observers, the false information that he had a Soviet connection was conveyed by word of mouth to the father of another leading member of the Observers, by a civil servant working in the Home Affairs Department.

10. The smear operation that best illustrates the standard technique, and in which the direct involvement of officials can best be substantiated is the case of the Granada Television Team. This team came to Hong Kong in November 1976 and produced a TV programme on certain aspects of labour conditions in Hong Kong.

11. John Slimming of the Information Services Department, passed information to Graham Jenkins, then editor of the Star Newspaper, to the effect that the Granada team was financed by the Soviet Union, in order to embarrass China. The Star Newspaper ran the story on November 12th, 1976, Granada Television Ltd threatened to sue for libel,and after protracted legal wrangling the Star accepted liability and agreed to pay damages and costs of $500,000 and publish a full retraction and apology in the Star Newspaper on January 23rd 1979.

12 The Hong Kong Government offered privately to pay the Star's costs and damages but this offer was not accepted. The former editor of the Star still denies that the information concerning Granada's funding from Soviet sources was given to him by John Slimming. However, I can provide to a properly constituted enquiry, sworn evidence by reputable journalists that will prove the following facts :-

(1) that at an internal meeting at the Star Newspaper

Mr Jenkins revealed that Mr Slimming had provided him with the information;

(2) that Mr Jenkins had said to another journalist that he had trusted a friend and had been let down;

(3) that Mr Slimming had offered the same information to another newspaper before he gave it to the Star. The editor of that newspaper had Granada Television checked out for a possible Soviet connection by his representative in London. Nothing incriminating was found. On the contrary, the fact that Sir Paul Bryan M.P. was found to be the Chairman of Granada Television Ltd convinced the editor that the information was false, and he decided not to run the story though gently pressed by Mr Slimming to do so.

14. As further evidence of the Hong Kong Government's direct involvement in the libel of Granada Television Ltd, I will state, under oath, that shortly before the Star publicly admitted libelling the Granada Television Team, when it had already been advised that it would have to, I, as Director of the Home Affairs was put under great pressure, and against my better judgement, to use the network of City District Offices under my control, to aid and promote the publication of district newspapers by the Star. This was said to have been sanctioned by "up the hill", meaning, by the Governor personally.

15. It was only when the Star published its retraction of its libel against Granada Television Ltd, that I realized that the favourable and unprecedented treatment I had been required to extend to the Star was, in fact , a form of compensation for the losses the Star had incurred as a result of the information it

h[illegible] received from the Government Information Services Department.

16. It is most important to appreciate the significance of the Granada case because it establishes, beyond any reasonable doubt, the fact of direct government involvement in an attempt to commit criminal libel. The same pattern is to be seen, with variations, in other operations carried out in 1977.

17. The Granada case is also important because it is in the nature of smear operations that they are carried out, in secret, by a very small group of dedicated officers. Evidence to prove their activities is therefore extremely hard to obtain. The only way to substantiate the activities is to look for a pattern of common features in a number of separate cases, each of which may be inconclusive in itself. The Granada case provides the specific example that shows the method used, verifies the government's involvement, and gives credibility to the other cases listed in Confidential Enclosure II.

18. The case of Granada Television Ltd, and the others listed in Confidential Enclosure II are only those observed by one man, in the course of normal duty, who was not informed of, or involved, in smear operations. The observed cases may therefore be but a small part of the operations carried out between 1976 and 1983, which may also have extended back beyond 1976, the year in which my duties brought me into a position close to those directly or indirectly involved in them.

19. A properly conducted investigation should be able to ascertain the full extent of, and responsibility for, smear operations, and thereby provide the basis of measures to prevent their re-occurrence. In addition I think the opportunity should be taken to ascertain whether there was any connection between these

similar operations, in which Mr Slimming was deeply involved, and the alleged attempt by the government to cover up the cause of his death by giving the impression that it was accidental death, rather than suicide. Testimony can be given that journalists believed that the cause of death had been falsified, an autopsy prevented and that the deceased, on the day before his death, had complained to a close friend that he had been subjected to heavy reprimands from "up the hill". These beliefs still persist in Hong Kong and it would be better that the truth was determined, one way or the other.

John Walden

John Walden

29th May 1985

Confidential Enclosure II

A Tabulation of Some Possible

Smear Operations 1976-1983

Date	Target	Smear	Proposed or Executed	Method Used	Witnesses not named in CE I
11.76	Granada TV Team	Funded by U.S.S.R.	Executed by G.I.S.D.	Defamatory info' given to Star Newspaper.	To be named by Walden if required.
2.77	Michael Woollacott	Private life.	Proposed by Haddon-Cave. Not known if executed.	Character assassination using info' from Haddon-Cave.	Sir John Bremridge. SCR 5/484/68
4.77	Observers	Subversive group.	Executed by Special Branch	Adverse assessment circulated to some heads of department	SB file.
.77	Frank Ching	Soviet connection.	Executed by A. Chui Kam.	Father of Kin Yeung told of Frank Ching's Soviet connection.	SCR 5/484/68 Kin Yeung Frank Ching
	Robert Parry M.P.	H.K. Visit paid for by Heung Yi Kuk.	Executed by G.I.S.D.	Defamatory info' given to press.	Bob Parry Mrs Elliot
	Walter Easey	Soviet connection.	Executed by G.I.S.D.	Defamatory info' given to Kevin Sinclair of SCMP.	Walden
1.79	V.Rs on Huey Fong	Undesirables and criminal elements.	Executed by G.I.S.D.	Defamatory info' given to press.	Ron Bridge and others.
4.77	Rosanna Chan	Politically subversive in Hawaii	Executed by Housing Dept.	Info' circulated to Housing Authority members.	Mrs Elliot MC/55/77 of 3.3.77.
10.79	Elsie Elliot	Backing Ma Tsai Hang sit-in fire victims to get political face.	Proposed by Governor. Not executed when opposed by Walden.	"Whisper" false motives to press.	Walden

Date	Target	Smear	Proposed or Executed	Method Used	Witnesses not named in CE I
1.81	John Walden	Leaked SCOPG report to New Statesman after retirement.	Executed by Alan Scott and others.	Smear leaked to H.K. journalists.	Alan Scott Mary Lee of F.E.E.R.
7.83	John Walden	Intellectual cowardice. Only criticized H.K. Govt when safely in receipt of pension.	Executed by E.Wong and R.T.H.K.	Broadcast review of target's book.	Henry Litton E. Wong D of B RTHK
11.83	Robert Adley M.P.	Any defamatory information.	Proposer not known. Not known if executed.	Give defamatory 'info' to press.	Robert Adley Journalists known to Mr Adley.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

20 June, 1985

Dear John,

Hong Kong: Tuen Mun Project: Hong Kong Dollar Financing

As you know the Foreign Secretary has been following closely developments on the bid by the GEC, Cementation (Gammon) and Metro-Cammell consortium for the Tuen Mun Light Railway Project in Hong Kong.

Sir Geoffrey Howe is concerned about the political implications of the "common line" agreement with other export credit agencies not to give official backing to any financing in Hong Kong dollars for this project. The FCO were not consulted about this agreement: although discussions about it go back as far as 1982, we understand that the specific agreement on Tuen Mun was negotiated by ECGD between November 1984 and February 1985, just after the conclusion of the Hong Kong agreement. Had he been consulted, the Foreign Secretary would have wished to express serious doubts about the wisdom of entering at this juncture into an agreement which appeared to discriminate against the Hong Kong dollar. He hopes that the FCO will be given an opportunity to put its views in any future negotiations on matters of this nature.

However the Foreign Secretary accepts that now that the common line agreement exists it would not be right to breach it unilaterally in respect of the Tuen Mun Project. He also accepts that there is no possibility of undoing it in the limited time available before a decision on the tender is taken.

The Foreign Secretary is nevertheless concerned about the damaging consequences of any failure on our part to secure the contract due to our inability to match the terms of Hong Kong dollar finance offered by our competitors. It would quickly become known that this was because of refusal to provide ECGD backing for such finance. There is no doubt that our unwillingness to do this would be publicly imputed to lack of confidence by HMG in the future of the Hong Kong dollar. Although we recognise that this implication might be disputed, the Foreign Secretary does not believe that there would be any

/possibility

CONFIDENTIAL

possibility of convincing public opinion in Hong Kong that this was not the reason. Not only would this be damaging to market confidence in Hong Kong, but we believe that it would not be understood by the Chinese. The Chinese at the highest level have been given assurances that we would give full support to maintaining Hong Kong's stability and prosperity in the period between the agreement and 1997. These assurances were repeated by the Prime Minister to Premier Zhao in December 1984.

The Foreign Secretary therefore believes that it is very important that other arrangements should be made which would enable the GEC consortium to match the financial terms offered by their competitors, in particular the Australians. If this can be done, at least it will not be possible to say, even if we fail to win the contract, that this failure was the result of HMG's having less confidence in the Hong Kong dollar than our competitors. We understand that DTI officials are discussing with the companies possible ways in which finance might be provided to the consortium in order to enable them to match the terms offered by the Australians. The Foreign Secretary very much hopes that these efforts will be successful.

I am copying this letter to Charles Powell (No 10), Rachel Lomax (HM Treasury) and Richard Hatfield (Cabinet Office).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

John Mogg Esq
DTI

ADVANCE COPIES

9213

HONG KONG AGREEMENT

PS

PS/MR LUCE

PS/PUS

SIR W HARDING

DR WILSON

HD/ HKD

HD/ FED

RESIDENT CLERK

SIR P CRADOCK, NO 10 DOWNING ST

~~MR FIFOOT~~

~~MR BURROWS~~, LEGAL ADVISERS

MR ROBERTS, NEWS DEPT

IMMEDIATE

RESTRICTED

DESKBY FCO 130900Z

DESKBY HONG KONG/PEKING 130100Z

FROM UKMIS NEW YORK 122315Z JUN 85

TO IMMEDIATE F C O

TELEGRAM NUMBER 463 OF 12 JUNE

INFO IMMEDIATE HONG KONG, PEKING.

YOUR TELNO 210: REGISTRATION OF THE HONG KONG AGREEMENT AT THE UN.

1. EVERYTHING WENT BEAUTIFULLY ACCORDING TO PLAN, INCLUDING IN THE END, THE ATTENDANCE OF THE CHINESE PERMANENT REPRESENTATIVE (BUT ONLY AFTER A LITTLE PERSONAL PERSUASION BY ME). THE CENTRAL POINT OF THE CEREMONY INVOLVED LING QING AND I SIMULTANEOUSLY PLACING OUR NOTES REQUESTING REGISTRATION PLUS CERTIFIED COPIES INTO THE RIGHT AND LEFT HANDS OF THE UN LEGAL COUNSEL WHILE PRESS PHOTOGRAPHERS FROM THE UN PRESS SERVICE AND ONE FROM HSINHUA PHOTOGRAPHED THE SCENE, WITH THE UN FLAG IN THE BACKGROUND.

2. THE FACTS WOULD THEREFORE ENTIRELY JUSTIFY THE WORD QUOTE SIMULTANEOUSLY UNQUOTE IF YOU WISHED TO MAINTAIN IT. HOWEVER, (PARA 1 OF TUR) YOU MAY OF COURSE NOW DROP THE WORD ''ACTING''.

3. THE SECRETARY GENERAL DID INDEED INCLUDE A WARM MENTION OF THE OCCASION IN HIS LUNCHEON TOAST TO LING. AT THE REGULAR PRESS CONFERENCE EARLIER IN THE DAY, THE SG'S PRESS SPOKESMAN CONFIRMED THAT THE REGISTRATION WOULD TAKE PLACE AND RECALLED THE SECRETARY GENERAL'S STATEMENT OF LAST SEPTEMBER ON SIGNATURE, (SEE MY TELNO 455). UNTIL SPOKESMAN GIVES OUT THE SUBSTANCE OF THE SECRETARY GENERAL'S LUNCHEON TOAST I AM AFRAID THAT PEREZ DE CUELLAR'S REMARKS MUST BE REGARDED AS PRIVATE AND UNSUITABLE FOR USE.

10 DOWNING STREET

From the Private Secretary

12 June 1985

The Prime Minister was most grateful for the advance copy of the UMELCO 1984 Annual Report sent under cover of your letter of 29 May.

It was a great pleasure to see you again during the Chinese Premier's visit.

C D POWELL

Sir S. Y. Chung

UMELCO
1984 Annual Report

UMELCO
1984 Annual Report

Unofficial Members
of the Executive
and Legislative Councils
of Hong Kong

1st September 1983 to
31st August 1984*

Compiled by:
M. D. Sargant, ISO, JP
Secretary General

*Chapter 2—The Future of Hong Kong—covers events up to the signing of the Joint Declaration in Beijing on 19th December, 1984.

A Chinese version of this report is available.

CONTENTS

		page
Foreword	Sir S. Y. CHUNG, CBE, LLD, DSc, JP	1
Chapter 1	Introduction	2
Chapter 2	The Future of Hong Kong	3
Chapter 3	Executive Council Visits to London	16
Chapter 4	**Legislative Council**	20
	Standing Orders of the Legislative Council	
	Business of the Legislative Council	
	Annual Policy Debate	
	Annual Budget Debate	
	Bills	
	Subsidiary Legislation	
	Unofficial Members' Motions	
	Questions	
	Finance Committee Establishment Sub-Committee Public Works Sub-Committee	
	Public Accounts Committee	
Chapter 5	**UMELCO Activities**	37
	UMELCO Panels	
	UMELCO Groups appointed by the Governor	
	UMELCO Visits	
	UMELCO Redress System	
	UMELCO Office	

		page
Appendices		
I	Members' Biographies (as at 31.8.84)	43
II	Other Public Bodies, Boards and Committees on which UMELCO Members serve (as at 31.8.84)	49
III	UMELCO Membership changes	54
IV	UMELCO Position Paper of 9.5.84	55
V	Speaking Note for Meetings in Beijing	57
VI	ExCo Press Conference Statement on Draft Agreement	59
VII	UMELCO Position Paper of 29.11.84	61
VIII	Panels, Committees, Working Groups and Ad Hoc Groups formed in 1983–84	63
IX	Commonwealth Parliamentary Association Conferences and Visits	65
X	Overseas Visitors	66
XI	Statistics on Questions and Speeches in the Legislative Council 1963–84	67
XII	Summaries of Questions asked in the Legislative Council 1983–84	68
XIII	Statements by Unofficials in the Legislative Council 1983–84	71
XIV	Bills enacted in 1983–84	72
XV	Typical Complaints Cases handled by UMELCO Office	74
XVI	Nature and Outcome of Complaints Cases	81
XVII	Statistical Breakdown of Completed Complaints Cases	82
XVIII	UMELCO Office Organisation Chart	84
Acknowledgment		86

UMELCO Office
(Office of the Unofficial Members of the Executive and Legislative Councils)
Swire House, 12th Floor,
Hong Kong.
Telephone Number: 5-264027
Telex Number: 62553 UMELCO

UMELCO
香港行政立法兩局非官守議員

Back Row: (from left)	後排：(左起)
Hon. YEUNG Po-kwan	楊寶坤議員
Hon. Mrs. Pauline NG CHOW May-lin	伍周美蓮議員
Hon. Mrs. Selina CHOW LIANG Shuk-yee	周梁淑怡議員
Hon. Stephen CHEONG Kam-chuen	張鑑泉議員
Hon. W. C. L. Brown	白　朗議員
Hon. WONG Po-yan	黃保欣議員
Hon. CHAN Kam-chuen	陳鑑泉議員
Hon. Benton CHEUNG Yan-lung	張人龍議員
Hon. Mrs. Rita FAN HSU Lai-tai	范徐麗泰議員
Hon. Peter POON Wing-cheung	潘永祥議員
Middle Row: (from left)	中排：(左起)
Hon. Andrew SO Kwok-wing	蘇國榮議員
Dr. Hon. HO Kam-fai	何錦輝議員
Hon. WONG Lam	王　霖議員
Rev. Hon. Patrick T. McGovern	議員孟家華神父
Hon. Francis Y. H. TIEN	田元灝議員
Dr. Hon. Harry S. Y. FANG	方心讓議員
Hon. Alex S. C. WU	吳樹熾議員
Hon. Peter C. WONG	王澤長議員
Hon. Charles YEUNG Siu-cho	楊少初議員
Hon. Allen LEE Peng-fei	李鵬飛議員
Hon. HU Fa-keung	胡法光議員
Front Row: (from left)	前排：(左起)
Hon. Maria TAM Wai-chu	譚惠珠議員
Hon. LEE Quo-wei	利國偉議員
Hon. LO Tak-shing	羅德丞議員
Hon. LI Fook-wo	李福和議員
Hon. O. V. CHEUNG	張奧偉議員
Hon. Sir Sze-yuen CHUNG	議員鍾士元爵士
Hon. R. H. Lobo	羅　保議員
Hon. M. G. R. Sandberg	沈　弼議員
Hon. Lydia DUNN	鄧蓮如議員
Hon. CHEN Shou-lum	陳壽霖議員
Absent:	缺席：
Hon. J. J. SWAINE	施偉賢議員
Dr. Hon. Henrietta IP Man-hing	葉文慶議員
Hon. CHAN Ying-lun	陳英麟議員

23rd March, 1984　　一九八四年三月二十三日

FOREWORD

The momentous year covered by this Report has been one of intense activity for Members. It has seen the Sino-British negotiations on the crucial issue of Hong Kong's future brought to a successful conclusion.

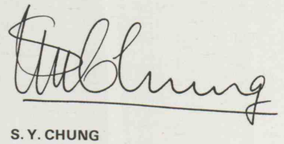
The Agreement between the Government of the United Kingdom and the Government of the People's Republic of China on the future of Hong Kong was signed in Beijing on 19th December 1984 and this Report provides an account of the role played by UMELCO, during the year, leading up to this event. It covers the missions to London by the Executive Council, the UMELCO delegations to London and Beijing and accompanying public statements. The U.K. parliamentary debates on this subject are also included, as well as the debates on Hong Kong's future which took place in our own Legislative Council both before and after publication of the draft Agreement.

It will be for history to judge UMELCO's contribution to these events. In good conscience, we have acted in what we have perceived to be the best interests of Hong Kong and I hope this review will assist readers to acquire a better understanding of the role played by UMELCO in the Sino-British negotiations.

Throughout this period, the normal business of Government has continued and there were other developments of great importance. The Green and White Papers on the Further Development of Representative Government were published during the year and provide for an elected majority of Unofficials to join the Legislative Council by October 1985. They will take their place in LegCo as a matter of right and this will mark the end of an era. It heralds the close of over 150 years of colonial rule which, for all its shortcomings, has created not only an economic miracle but a caring society and a place we are proud to call our home.

We now enter a new phase in our history. In July 1997 Hong Kong will become a Special Administrative Region within China with a fully elected legislature and a high degree of autonomy. It is necessary therefore to prepare for this and to transfer the powers of the present colonial government to the elected representatives of the people of Hong Kong.

In the course of this transfer the Unofficial Members will gradually be changing their role from advisers to policy makers. UMELCO welcome this change and look forward to taking up the new challenge. Given understanding and sensitivity by the two signatory Governments and their firm commitment to implementing the Joint Declaration in both letter and spirit, UMELCO have confidence that the people of Hong Kong will succeed in maintaining Hong Kong's social stability and economic prosperity and in making the Joint Declaration work.



S. Y. CHUNG
Senior Unofficial Member of the Executive Council

CHAPTER 1
Introduction

The two major Councils of Government in Hong Kong are the Executive Council and the Legislative Council; both include Official as well as Unofficial Members. The Official Members are usually Heads of Secretariat Branches or major Government departments and the Unofficial Members are selected by the Governor from a wide cross-section of the population.

The Governor consults the Executive Council in the execution of the powers and authorities granted to him by Letters Patent, and acts on its advice. At present, the Executive Council consists of four Ex-officio Members, two Official Members and 10 Unofficial Members, appointed by the Governor.

The Legislative Council consists of three Ex-officio Members, 13 Official Members and 30 Unofficial Members. It enacts legislation and controls public expenditure.

The Unofficial Members are appointed from a wide spectrum of the community. Through their membership of over 300 boards and committees, including District Boards, the Urban Council and the Heung Yee Kuk, dealing with public affairs, with educational and legal matters, and with all facets of Hong Kong's economic and social life, Unofficial Members are in touch with all sectors of the community.

Apart from their duties in the two Councils, they monitor the effectiveness of the public administration, and consider complaints by members of the public against Government, for handling which they have far wider powers than is possessed by any Ombudsman.

The work of the Unofficials of the Executive and Legislative Councils (UMELCO) during the year under review was largely, although by no means exclusively, connected with one burning issue: the future of Hong Kong. A further topic of great importance which occupied a considerable amount of Members' time was the Green Paper on the Further Development of Representative Government in Hong Kong.

This report reviews the work of UMELCO during the period 1st September 1983 to 31st August 1984. In view of the major events relating to the future of Hong Kong which occurred after the closure of the report period, Chapter II dealing with the Future of Hong Kong covers events up to the signing of the Joint Declaration in Beijing on 19th December 1984.

CHAPTER 2
The Future of Hong Kong

The Sino-British negotiations on the future of Hong Kong continued throughout the year. The pace of the talks quickened from March when they were held at fortnightly rather than at monthly intervals. Altogether 18 rounds of talks were held in Beijing during the year.

It may be recalled that the negotiations began with the Prime Minister's visit to Beijing in September 1982. As reported last year, five UMELCO Members went to London with the Governor prior to the visit to acquaint the Prime Minister and the Foreign Secretary with the views of Hong Kong people.

In a joint statement issued on 24.9.82, at the end of the Prime Minister's visit to Beijing, Britain and China announced they had agreed *". . . to enter into talks through diplomatic channels following the visit with the common aim of maintaining the stability and prosperity of Hong Kong."*

On 1.7.83, all nine Unofficial Members of Executive Council, Sir S. Y. CHUNG, Mr. O. V. CHEUNG, Mr. R. H. Lobo, Mr. LI Fook-wo, Dr. Harry S. Y. FANG, Mr. M. G. R. Sandberg, Mr. T. S. LO, Mr. D. K. Newbigging and Miss Lydia DUNN, made an historic journey to London with the Governor for a further round of discussions with the Prime Minister and Ministers of the Foreign and Commonwealth Office.
On the same day, 1.7.83, the following joint statement was issued in London and Beijing:—

"Following the discussions between the leaders of the two countries in September 1982, and subsequent useful exchanges it has been agreed that a second phase of the talks on the future of Hong Kong will begin in Peking on 12th July 1983."

The July 1983 visit to London marked the beginning of the involvement of the Executive Council in the talks on the future of Hong Kong. In a statement issued by the Prime Minister's Office in London after the visit it was said:—

". . . Ministers reaffirmed their commitment to Hong Kong and their aim of seeking arrangements which would be acceptable to Parliament, to China and to the people of Hong Kong. . ."

The statement added that:—

". . . They emphasised the importance which they attach to the advice of the Executive Council which would continue to be sought throughout the course of the talks . . ."

In speaking to the media, on returning to Hong Kong with the Unofficial Members of ExCo on 7.7.83, the Governor told reporters that:—

". . . during that visit the British Government made clear very strongly the importance which they attach to taking the advice of Executive Council, and it is a fairly dramatic event I think, that all the Unofficials of Executive Council should go to London for that purpose."

The first meetings of the second phase took place on 12th and 13th July, and further rounds were held on 25th and 26th July and on 2nd and 3rd August. Thereafter the talks continued at monthly intervals.

Visits of Unofficial Members of ExCo to London

There was much uneasiness and speculation about the progress of the early rounds of talks.

At the end of the 3rd and 4th rounds held on 2/3 August and 22/23 September 1983, the customary phrase *". . . useful and constructive . . ."* was omitted from the joint statement released at the close of the rounds. With growing fears and uncertainty about the talks, the Hong Kong dollar experienced the sharpest fall in its history and on 24.9.83 plunged to a record low of $9.50 against the US dollar.

On 5.10.83 all the Unofficial Members of ExCo, Sir S. Y. CHUNG, Mr. O. V. CHEUNG, Mr. R. H. Lobo, Mr. LI Fook-wo, Mr. M. G. R. Sandberg, Mr. LO Tak-shing, Mr. D. K. Newbigging, Miss Lydia DUNN, Mr. Q. W. LEE, Mr. S. L. CHEN and Miss Maria TAM, returned to London with the Governor. They met the Prime Minister, Mrs. Thatcher, the Secretary of State for Foreign and Commonwealth Affairs, Sir Geoffrey Howe, and other senior officials of the Foreign and Commonwealth Office. Referring to the meeting a statement issued by the Prime Minister's Press Office afterwards said:—

"There was a thorough review of developments since the Unofficials last visited London on July 4–5. This took place in a warm and positive atmosphere, it produced a valuable exchange of views and complete understanding on the issues involved. The Governor and the Unofficials expressed their appreciation of this further opportunity to meet the Prime Minister and other Ministers and for the continuing commitment of Her Majesty's Government to Hong Kong."

On 15.10.83, in order to stabilise the Hong Kong dollar, the Hong Kong Government announced that it would be linked to the US dollar at the exchange rate of HK$7.80 to US$1.00 with effect from 17.10.83.

The Unofficial Members of ExCo, less Mr. D. K. Newbigging who retired in January, again visited London with the Governor on 12.1.84 and a statement issued by the Prime Minister's Press Office afterwards said:—

"This was the third visit by the Governor and the Unofficials since July, 1983. Ministers reaffirmed HMG's continuing commitment to Hong Kong and to the search for a settlement acceptable to Parliament, to China and to the people of Hong Kong.

As on previous occasions there was a comprehensive review of developments in the talks. It produced a close identity of views of matters involved.

The Prime Minister and the Foreign Secretary reiterated the importance which they continue to attach to keeping the Executive Council fully informed and

to receiving their advice. The Governor and Unofficials expressed their appreciation for this further opportunity to meet the Prime Minister and her colleagues and for their continuing support and encouragement."

The Unofficial Members of ExCo returned to London once more with the Governor on 3.4.84 and briefed Sir Geoffrey Howe on the feelings and views of the people of Hong Kong prior to his visit to Beijing and Hong Kong in mid-April. A detailed account of Sir Geoffrey's statement which he made in Hong Kong on 20.4.84 after his visit to Beijing is given on P. 5.

The "Lobo Motion" (March 1984)

As the Sino-British negotiations were conducted in the strictest confidence, and as Hong Kong was not a party to them, rumours and speculation on the contents and progress of the talks pre-occupied the media during the early part of the year, resulting in the confidence of the community being badly shaken.

It was against this background that Unofficial LegCo Members decided to introduce a motion in the Legislative Council on 14.3.84 to debate the issue in public. The motion, put forward over the name of the Senior Member, Mr. R. H. Lobo, read:—

"This Council deems it essential that any proposals for the future of Hong Kong should be debated in this Council before any final agreement is reached."

A total of 22 Unofficials participated in the debate. Many pointed out that it was their duty to reflect public opinion on such a vital issue as the future of Hong Kong. The aim of the debate was to encourage public discussion of the 1997 issue and several Members took the opportunity to call for a positive attitude on the part of the people of Hong Kong towards the future.

In introducing the motion, Mr. Lobo said its purpose was to give some focal expression to the undertaking by the UK Government that the objective was to reach an agreement on the future of Hong Kong which would be acceptable to the Governments of China and Britain as well as to the people of Hong Kong. Since LegCo was one of the principal forums for public debate, the motion was to reaffirm Unofficial Members' commitment to the responsibility of reflecting public opinion in Hong Kong, in advance of any proposed agreement being put before the UK Parliament.

Dr. Harry FANG was concerned that as Hong Kong's social, economic, political and cultural systems were greatly different from those of China and Britain the ideas and viewpoints of the two negotiating parties might not be entirely in tune with those of the Hong Kong people. Thus he hoped China and Britain would establish an effective means of consulting public opinion before reaching an agreement. He was of the opinion that LegCo should play an active part by encouraging and assisting the people to study and discuss the future question, so as to look for proposals that would meet the needs of Hong Kong and be acceptable to China and Britain. In his view, personal freedom and the livelihood of Hong Kong people had to be guaranteed in the arrangements.

Mr. LO Tak-shing, together with Dr. Harry FANG, Mr. Peter C. WONG and Mrs. Selina CHOW, stressed the importance of having adequate time to debate the arrangements for the future of Hong Kong before they were set in concrete. Any appearance of rushing an agreement through would psychologically damage the credibility of the UK Government even if the Agreement itself was actually quite reasonable.

Dr. Francis TIEN spoke of three economic issues: Hong Kong's autonomy in her trading links; Hong Kong's separate textile quotas; and her image as a supplier of high quality goods. These three questions called for immediate and positive answers, he said.

Mr. Alex WU used the analogy of an 'arranged marriage' to describe the arrangements being made by Britain and China for Hong Kong. He made it clear that only an informed public could make a valid judgement on the arrangements for their future. He also said that to doubt LegCo's right and responsibility to debate the proposals was in itself a factor to sap that confidence upon which Hong Kong depended.

Mr. Peter C. WONG pointed out that a vital element in maintaining the continued success of Hong Kong was the expertise to manage public affairs prudently within the framework of an independent and impartial judicial system. In the interests of efficiency and expediency, he suggested that the English language be accorded legal status after 1997, with a generous period for conversion and adaptation. He drew attention to Article 102 of the United Nations Charter, 1945 which imposed a binding obligation to effect the registration of any treaty or agreement entered into by member states of the Organisation. In conclusion, he said he appreciated that LegCo had no authority to pre-empt or override any decision of the British Parliament; nevertheless, he hoped views expressed in all forums would be given due consideration by the British and Chinese Governments.

Mr. WONG Lam urged that the confidentiality rule of the Sino-British talks be lifted so that the people of Hong Kong would be kept informed of progress in the negotiations. Only then could they contribute positively to the quest for a favourable solution and would they refrain from speculation.

Refuting criticism from some sectors that the Motion might resurrect the 'three-legged stool' concept and jeopardise the cordial atmosphere surrounding the negotiations, Dr. HO Kam-fai said the Motion was not aimed at changing the status of Hong Kong in the negotiations; it merely afforded an opportunity for a useful and timely debate in the LegCo Chamber. He urged that effective consultation machinery be set up to monitor, collate and compile views. The Government should continue to be autonomous and insulated from the exercise of arbitrary power or external influence after 1997. Transitional arrangements should be made early, especially with regard to the localisation of top level posts in the civil service; widening the use of the Chinese language in the judicial sector; and increasing the political consciousness of the people, Dr. HO said.

The fears and worries of the Hong Kong people, according to Mr. Allen LEE, stemmed basically from the lack of any known precedent for one country to allow two totally opposite systems to operate successfully at the same time. He said that on such an important issue as the future of Hong Kong Unofficial Members of LegCo had to feel free to express their views; to reflect public opinion; to provide leadership; and to help achieve the common objective of maintaining stability and prosperity. He quoted in full the representations made to UMELCO by nine workers' unions requesting the release of information on the Sino-British talks. He called for improved confidence and for the development of mutual trust with China to alleviate the confidence crisis.

Mr. Andrew SO drew an analogy between the progress of the Sino-British talks and changes in the weather in Hong Kong. He suggested that the negotiating parties should make regular reports to the people of Hong Kong so that they could plan their activities well.

Mr. F. K. HU was concerned with the freedom of movement of persons and the textile quota system which involved agreements with third countries. He pointed out that it was important for both the Chinese and British Governments to make a public announcement in the United Nations on the change of status of Hong Kong and to invite other member states to maintain mutually beneficial relations with Hong Kong in the future.

Mr. WONG Po-yan said Hong Kong had served and would continue to serve the interests of Britain and China. This congruence of interest, he believed, would enhance the well-being of Hong Kong citizens as well as maintaining prosperity and stability. He called on the people of Hong Kong to build up mutual trust and to work positively for the future.

Mr. W. C. L. Brown stressed the importance of local entrepreneurs' confidence and its impact on investment. In joining the call for more information on the Sino-British talks to be made public, he said businessmen needed more details and an opportunity to discuss them before decisions could be made. He added that LegCo was one of the most important forums in which the acceptability of a Sino-British agreement should be tested.

Mr. J. J. Swaine said the greatest freedom was the freedom from fear, the fear of pressure from the state. He considered it essential that the independence of the judiciary and the rule of law be incorporated into any future arrangements for Hong Kong. He suggested a system of secondments from the English Bench to the Court of Appeal in Hong Kong to remove doubts on the quality or impartiality of judicial decisions after 1997. As regards British nationals in Hong Kong, he requested that a new class of citizenship be devised for them so that they would have an option to leave if they wished and to settle overseas with assistance from the British Government. The very existence of an option would, he argued, enhance the prospects of an acceptable solution, and that option ought to operate as a built-in safeguard against arbitrary change.

Mr. Stephen CHEONG said Unofficial Members of LegCo were trying to help achieve the common objective of prosperity and stability through the debate on the Motion; they were not fighting for the power of veto or for the final word in the negotiations. He felt that the pre-1997 period was a truly critical one when China, Britain and Hong Kong must work hard together to build a solid foundation for the future. The first crucial step was to dismantle the barrier of mistrust between the three parties. He called for a positive and constructive attitude towards the Chinese proposals on the part of the Hong Kong people, a positive look at Hong Kong people's comments and contributions on the part of China, and for Britain to act as an effective catalyst in promoting better understanding between Hong Kong and China.

Mr. CHEUNG Yan-lung also appealed to the three sides to work together. In his view, the debate would not pose any obstacles to the talks between Britain and China, but give greater depth and broader scope to consideration of the problems at the talks.

Mrs. Selina CHOW raised a number of questions concerning China's intentions for Hong Kong, the most important being whether Hong Kong, a stronghold of capitalism, could maintain her identity and success under a communist regime, and what would happen should there be disagreement between Beijing and Hong Kong. In order that the mechanism of testing the acceptability of the Sino-British agreement could work effectively, she asked that Hong Kong be given a reasonable length of time to study and comment on the proposals.

Miss Maria TAM said she believed that the motion was tabled in the spirit of freedom of speech and that LegCo had the legal status to debate the vital question of the future of Hong Kong. She also pointed out that Hong Kong was a city with an open social system, in which the maintenance of stability and prosperity depended on the rule of law, a free economy, the freedom of movement of the people, and the separation of the legislature, the judiciary and the administration in the political structure.

Mr. CHAN Ying-lun pointed out the importance of preserving the two factors which he said made Hong Kong prosperous, viz. that Government acceded to the wishes of the people and that Hong Kong was a free, equal and open society. An elected Government by 1997 and an early start on educating the people of Hong Kong about democracy would enable these two factors to continue to work after 1997.

Mrs. Rita FAN stressed that, at this turning point in the history of Hong Kong, the people here must make both China and Britain understand their position and appreciate their sincerity in seeking a solution to Hong Kong's future. Secondly, any change in the Government system had to take place gradually and be tried out first on a small scale. She also suggested that a new curriculum on comparative government systems be introduced at the post-secondary school level.

Mrs. Pauline NG said Hong Kong people had doubts about everything surrounding the future issue because of the lack of experience, and hence their immaturity, in understanding stormy events in the political system. She hoped they would react positively to the development of Hong Kong's future.

Mr. YEUNG Po-kwan reiterated the call for a positive attitude and constructive views on the future. He considered that the debate would increase public confidence and urged the people of Hong Kong to 'hold fast to the present and strive for the future'.

The official reply was made by the Chief Secretary. He paid tribute to the great sense of duty and responsibility Members had shown in approaching the issue of the future of Hong Kong. He said it was entirely natural and understandable that Unofficial Members of LegCo should wish to raise this issue in the terms of the Motion. As the UK Parliament would wish to know the views of the people of Hong Kong on the Agreement resulting from the Sino-British talks, views expressed through various channels, including LegCo, would be considered by Parliament when assessing the arrangements as a whole. He could not believe that the debate on the Motion would do anything other than help achieve the objective of arriving at arrangements that would satisfy Britain and China as well as help confidence in Hong Kong.

In his winding up speech, Mr. Lobo said the debate had made a positive contribution to reaching an acceptable agreement which would be supported by the people of Hong Kong. While appreciating the need for the negotiations to be conducted in confidence, he drew the attention of both Britain and China to the fragility of public confidence in Hong Kong, saying that faith could not be created by orders; trust could not be induced by the exercise of power; and no settlement which failed to engender trust could possibly preserve stability and prosperity.

The Motion was carried.

Sir Geoffrey Howe's statement on 20.4.84

Sir Geoffrey Howe visited Beijing in mid-April for discussions with Chinese

leaders on the future of Hong Kong. He then visited Hong Kong and met UMELCO Members on 19.4.84. A press conference was held the following day, at the end of Sir Geoffrey's visit, at which he said:—

"I want to emphasise that throughout the talks we have kept in close contact with the Governor and with Members of the Executive Council. Through them, through the Legislative Council, and through visits to Hong Kong by British Ministers, we have kept in touch with a wide range of opinion here. The hopes and aspirations of the people of Hong Kong have been very much in our minds. Our chief concern has been to preserve the way of life of Hong Kong, a way of life which lies at the heart of the territory's success. We know that the preservation of that way of life depends upon continuity; continuity in the essentials of the legal, economic, social and administrative systems, and maintenance of the freedoms that people in Hong Kong now enjoy."

Sir Geoffrey also revealed for the first time that Hong Kong would not be under British administration after 1997 when he said:—

". . . continuity in Hong Kong is at present assured by British administration. The terms of an agreement between the British and Chinese Governments still have to be worked out, but it is right for me to tell you now that it would not be realistic to think of an agreement that provides for continued British administration in Hong Kong after 1997."

UMELCO Delegation to London (May 1984)

On learning that the House of Commons would debate the future of Hong Kong during the week commencing 14.5.84, UMELCO decided that a delegation should visit London before the debate to meet MPs to reflect the views of the people of Hong Kong. The delegation, led by Sir S. Y. CHUNG, included Mr. O. V. CHEUNG, Mr. R. H. Lobo, Mr. M. G. R. Sandberg, Mr. LO Tak-shing, Miss Maria TAM, Mr. Allen LEE, Mr. W. C. L. Brown, Mr. Stephen CHEONG, Mr. CHEUNG Yan-lung, Mrs. Selina CHOW and Mr. CHAN Ying-lun.

Taking account of the views and representations received from the public and through District Board members, a position paper was prepared which Members felt accurately reflected the views of the people of Hong Kong. This was distributed to all Members of the House of Commons and selected Members of the House of Lords and to the UK media. A copy of the position peper is at Appendix IV.

The visit took place between 9.5.84 and 23.5.84. Apart from attending the House of Commons and House of Lords debates on the future of Hong Kong on 16.5.84 and 21.5.84 respectively, the delegation met the following groups:—

(*i*) The Labour Party Foreign Affairs Committee (Mr. Tom Clarke)

(*ii*) All-Party Hong Kong and China Groups (Sir Peter Blaker and Mr. Robert Adley)

(*iii*) Foreign Affairs Select Committee (Sir Anthony Kershaw)

In addition, the delegation met many individual MPs, including Rt. Hon. Edward Heath, Rt. Hon. David Steel, Rt. Hon. Sir Humphrey Atkins, Mr. John Cope, Rt. Hon. Denis Healy, Mr. George Robertson, Mr. Michael Brown and Mr. Ian Wrigglesworth. Meetings were also held with the Prime Minister, the Secretary of State for Foreign and Commonwealth Affairs, Sir Geoffrey Howe, and Minister of State, Mr. Richard Luce. The delegation also met Lord Rhodes, Lord Fanshawe, Lord Soames, Lord Shepherd, Lord Tanlaw and Lord Geddes before the debate in the House of Lords.

The meeting with the All-Party Hong Kong and China Groups was conducted in an unsympathetic atmosphere. A number of MPs and Lords were pointedly critical. Doubts were expressed both during the meeting and afterwards regarding the validity of the views reflected in the UMELCO position paper and about the timing and purpose of the UMELCO mission. Comments in this vein were reported by the media and produced an immediate response from the people of Hong Kong. Within hours hundreds of supportive telex messages were received by the delegation and the UMELCO Office in Hong Kong received messages of support from 8,200 individuals, about 1,500 organisations and 15 District Boards.

A formal report of the delegation's trip was made in LegCo through an adjournment debate on 30.5.84, in which Mr. LO Tak-shing, Miss Lydia DUNN and Mrs. Pauline NG participated. Mr. LO described the delegation's activities in London and explained the purpose and timing of the visit. He reported that as a whole the aim of the visit which was to reflect the views and wishes of the people of Hong Kong to British Ministers and MPs, had been achieved. Miss DUNN pointed out that the people of Hong Kong were anxious about their future after the transfer of sovereignty in 1997 because the "one country two systems" concept, under which Hong Kong would become a Special Administrative Region of China, had no precedent and involved a sharp break with the past. She said that, while accepting the validity of the Chinese claim to sovereignty over Hong Kong and the fact that the people of Hong Kong had no right to participate in the negotiations, local people were apprehensive about their future. She also pointed out that the Government had plans to develop on more representative lines and it was important for such a representative system to operate without interference. Mrs. NG reported on the reaction of the general public to the UMELCO position paper. She said the overwhelming support from telex messages and telegrams sent to UMELCO by the people of Hong Kong, and the results of an independent survey commissioned by a local English language newspaper (South China Morning Post), showed that the position paper had accurately represented their views. She observed that people had begun to recognise the importance of expressing their views and urged them to keep up their efforts in that direction.

The Attorney General replied on behalf of the Government. He said it was understandable that the people of Hong Kong should be concerned and anxious about the outcome of the negotiations and that UMELCO should wish to reflect those concerns and anxieties to MPs. He said the UMELCO delegation had never claimed to represent the people of Hong Kong, but they rightly claimed the right to present or represent their views. Being honest and well-informed, they were in the best position to do so, regardless of whether they were elected or not. He said the visit succeeded in raising considerably the level of awareness at Westminster of the problems of Hong Kong's future and boosted UMELCO's standing as leaders of the community. He concluded by saying that the best assurance lay in a binding international agreement in which arrangements for Hong Kong's continuing prosperity and stability, based on a substantial degree of autonomy, would be formally recorded with clarity and precision.

Visit of UMELCO Members to Beijing (June 1984)

Following the UMELCO delegation to London, a large number of comments and representations were received from members of the public and organisations, many urging UMELCO to make a similar visit to Beijing to reflect their anxieties to China's leaders. At the same time UMELCO also was considering whether such a trip should be made. Three ExCo Members, Sir S. Y. CHUNG, Miss Lydia DUNN and Mr. Q. W. LEE, therefore accepted an invitation from the Director of the Hong Kong Branch of Xinhua News Agency to visit the Chinese capital for an exchange of views with Chairman DENG Xiaoping and other senior Chinese officials.

The visit took place from 21.6.84—25.6.84. The three Members met Chairman DENG, and Mr. JI Pengfei and Mr. LU Ping, the Director and Secretary-General of the Hong Kong and Macau Affairs Office respectively. Members presented their views and three specific suggestions to Chairman DENG and other Chinese leaders; the full text of their Speaking Note is at Appendix V.

To enable the views reflected by the group to the Chinese leaders to be put on public record, Miss DUNN tabled the Speaking Note at the LegCo meeting on 27.6.84.

The purpose of the Beijing visit was to reflect the views and anxieties of the people of Hong Kong to Chinese leaders. That objective was achieved. In addition, three major proposals were made, which the Members felt could assist the maintenance of prosperity and stability in Hong Kong. The first was that the Agreement must be detailed and binding, and that there should be a provision in it stating that the Basic Law should reflect the relevant terms of the Agreement. The second was that those parts of the Basic Law which did not relate to sovereignty and which covered only the internal affairs of Hong Kong should be drafted in Hong Kong by a Committee including representatives of the people of Hong Kong. The third proposal was that a Committee consisting of Chinese people of international standing and reputation should be appointed by China for the purpose of monitoring or advising on the drafting and implementation of, and subsequent amendments to, the Basic Law. The first proposal was accepted by the Chinese leaders and they said they would consider the other two after the signing of the Agreement.

Adjournment debates on Hong Kong's existing systems

Four adjournment debates, each focusing on vital features of the existing systems in Hong Kong, were held in LegCo in June and July. The subjects were the Legal System, the Economic System, the Social System and Freedom of Movement. The aim of these debates was to put on public record the essential qualities which LegCo Members felt must be preserved in Hong Kong if prosperity and stability were to be maintained.

(i) Legal System and the Future of Hong Kong

In an adjournment debate on 27.6.84, Miss Maria TAM spoke on the legal system and the future of Hong Kong; Fr. Patrick T. McGovern and Mr. J. J. Swaine also took part. All emphasised the merits of the existing independent legal system which was fairly and justly administered. To preserve Hong Kong as a prosperous international city, it was necessary to maintain the rule of law beyond 1997.

Miss TAM pointed out some essential elements within the existing legal system. Law enforcement bodies must be subject to the law, Hong Kong's international trading partners must have confidence in our legal system, the system must follow principles and practices of the law which were internationally recognized, and be served by competent lawyers and eminent judges. Therefore, in order to maintain confidence in Hong Kong, the existing legal system should be allowed to function freely beyond 1997. She suggested that the final Court of Appeal should remain in the Hong Kong Special Administrative Region (HKSAR) and that the legislature of the SAR should be free to enact and repeal its laws. She said in order to preserve the integrity of the legal system the proposals in the debate had to be reflected in sufficient detail in the Sino-British Agreement and eventually in the contents of the Basic Law.

Fr. McGovern emphasised the importance of freedom as defined in the 'Universal Declaration of Human Rights of the United Nations', saying the Declaration contained the basic human rights which did not come from the law but had to be protected by the law. He highlighted religious belief as a freedom which should be protected. Another example of freedom was the freedom of association which should also be safeguarded. He cautioned that a person should be protected against being arbitrarily declared a 'non-person' on account of non-conformity with some factional rule or law.

Mr. Swaine said a similar independent body to the Judicial Service Commission should continue in operation after 1997 and the appointment of judges should be based on merit and not political reasons. They could only be removed on grounds of inability to perform the functions of their office and of misbehaviour, and their dismissal should only be made after investigation and on the recommendation of an independent tribunal. In order to command respect, judges should be of the highest calibre. He said the law should keep pace with other Common Law jurisdictions of the world and English had to remain the language of the law. On specific areas of the law, he emphasised the importance of the right to travel outside Hong Kong. Hence, a travel document which was internationally recognised should be issued by the governing authority of Hong Kong and the Hong Kong belonger should not be compelled to leave Hong Kong by some system of rustication or banishment. He also proposed that the final Court of Appeal for Hong Kong should be in Hong Kong.

Replying at the close of the debate, the Attorney General said both the British and Chinese Governments had expressed a common intention to preserve the essential features of Hong Kong's legal system. This unity of purpose was surely one of the most hopeful signs to the people of Hong Kong that the continuation of their lifestyle and way of life was assured beyond 1997 and that their freedoms and rights would continue to be respected.

(ii) Economic System and the Future of Hong Kong

In an adjournment debate on 11.7.84, Mr. Allen LEE spoke on the economic system and the future of Hong Kong. Six other Members took part in the debate: they were Dr. Francis TIEN, Mr. Andrew SO, Mr. F. K. HU, Mr. WONG Po-yan, Mr. W. C. L. Brown and Mr. Stephen CHEONG.

All speakers emphasised free enterprise, free trading and international linkage with the outside world as basic prerequisites to the maintenance of a successful economic system in Hong Kong. Mr. LEE highlighted the textile and electronics industries in Hong Kong and emphasised the importance of the development of technology-intensive industries and the further strengthening of a technology base. On the international front, he suggested that Government should set up a working group to find out from the USA, Japan and the EEC whether they would

continue to treat Hong Kong as an international free trading port after 1997. He emphasised the importance of the continued development of industry in Hong Kong and cautioned that the embargo put up by the Coordinating Committee for Multilateral Export Controls (COCOM) to control the export of technology and strategic commodities from capitalist countries to communist or socialist countries might be extended to Hong Kong after 1997.

Dr. TIEN emphasised the success of Hong Kong's international trade and pointed out that Hong Kong should fight to remain a contracting party to the General Agreement on Tariffs and Trade (GATT). The good reputation of the textile and garment industries and hence the quality of Hong Kong products should be preserved after 1997. For this reason, human investment should be further expanded. He said overseas traders would have confidence in commercial contracts in Hong Kong after 1997 if the Sino-British Agreement was acceptable to the people of Hong Kong.

Mr. SO said the right to private property, free enterprise and minimum Government interference were factors contributing to the success of Hong Kong today. Furthermore, human dignity was respected in Hong Kong. Since there were basic differences between the philosophy behind the existing systems in China and Hong Kong, and in order to insulate the economic system from political pressure, a detailed Sino-British Agreement was crucial to maintain the prosperity and stability of Hong Kong, to ensure the success of "two systems within one nation".

Mr. HU spoke on the investment in real estate and the construction industry and emphasised their importance to Hong Kong's social and economic needs. A sluggish property market would affect the position of Hong Kong as an international financial, trading and manufacturing centre. Therefore, a detailed Sino-British Agreement on the basic issue of land leases and land policy was essential. He put forward three sets of proposals for renewing leases on Hong Kong, Kowloon and the New Territories to expire beyond 1997.

Mr. WONG stressed the importance of industrial re-investment and said any standstill in this area would lead to a loss in competitiveness with other neighbouring countries. It was lack of confidence in the future of Hong Kong that deterred industrialists from re-investing. Therefore, a detailed agreement to ensure the continuation of the present economic system after 1997 would help. He advocated that industrialists should keep their nerve and expedite the process of re-investment, especially in high technology, at this crucial time.

Mr. Stephen CHEONG emphasised the ability of Hong Kong to increase exports of manufactured goods. Participation in GATT and Most Favoured Nation treatment were key factors. Therefore, a framework to maintain the present autonomy in handling external commercial relations should be detailed in the Agreement. As there was fear that the current textile access rights of Hong Kong might be combined with those of China, this issue should be specified in the Agreement in detail. He suggested that the Agreement should also maintain Hong Kong's relations with international organisations and allow Hong Kong to maintain a close working relationship with developing countries to resolve international trade issues and guard against protectionism by developed countries. In addition, freedom of movement and Hong Kong's status as a free port were vital. In conclusion, he urged that a detailed agreement to preserve these vital elements of Hong Kong's success should be made so as to prove the concept of "one country, two systems" as pragmatic and viable.

Mr. Brown emphasised the importance of a continuance of Hong Kong as an international financial and commercial centre and the importance of retaining a fully convertible Hong Kong dollar. The objective was to achieve continued progress on top of stability and prosperity. However, this progress could only be made by maintaining a high rate of economic growth. The present 'wait and see' attitude towards investment in land was damaging. A detailed agreement would therefore likely give confidence to investors. He also noted that the ability to finance public works depended in no small degree on the proceeds from land sales, and that the infrastructure created in the next decade would be important to the continued well-being of Hong Kong beyond 1997.

In reply, the Financial Secretary said the potential for generating further economic success and prosperity, both up to 1997 and beyond, would only be realised if the factors that had made possible the economy's past success remained unchanged. These successful factors included steadily expanding trade with other countries; the right to own property; and the right of people to use their skills, abilities and capital as they chose. Continuing improvement in the living standards of the community required Hong Kong's economic, financial and monetary policies to take full account of the economy's requirements, specific conditions and experience. Since Hong Kong had a strong foundation, and provided the economic system continued to function, Hong Kong had ample cause for optimism.

(iii) Social System and the Future of Hong Kong

In an adjournment debate on 24.7.84, Dr. Harry FANG spoke on the social system and the future of Hong Kong. Fr. Patrick T. McGovern, Dr. HO Kam-fai, Mrs. Selina CHOW, Mrs. Rita FAN, Mr. CHAN Ying-lun, Mrs. Pauline NG and Mr. YEUNG Po-kwan also took part.

Dr. FANG opened the debate by saying that underpinning all aspects of the social system in Hong Kong was the freedom to do what one liked, subject only to the rule of law and to the dictates of one's conscience. Therefore, he believed it would be the wish of all in the community that the best features of the social system in Hong Kong should be maintained. The philosophy of hard work was important for the success of Hong Kong while social mobility was equally important to provide the driving force to work. An adequate and progressive education system would guarantee mobility and encourage free intellectual development. He also pointed out that initiative, enterprise and creativity had also played an important part in the achievements of Hong Kong and people of different nationalities had contributed much to the success of the community. Hence, people with different ethnic backgrounds should be assured of a useful role to play in Hong Kong after 1997. He noted that Hong Kong enjoyed a greater degree of freedom, including the freedom of expression, than many other democratic countries in the region and that the best social system in the world required the judicious guiding hand of the Government to be a "positive non-intervention" one. In conclusion, he said the basic tenets of the existing social system should be preserved in order to achieve the objective of continued stability and prosperity.

Fr. McGovern pointed out that a large number of subvented voluntary agencies catering for a variety of social services were directly or indirectly related to religious bodies. Freedom of belief should hence not be limited after 1997. On education, he agreed that, while there was room for improvement in the education system in Hong Kong, the base on which it was built was correct. He believed that the right to organise and be a member of trade unions free from control and pressure of a political party were crucial. The right to organise should be protected in order to maintain the freedom to work in the employment of one's choice, and workers' rights must be protected by free trade unions.

Dr. HO Kam-fai said, in order to maintain current living standards and for the lifestyle of the people to be undisturbed after 1997, it was imperative at least to preserve existing social welfare services and provision to do this should be enshrined in the Agreement or the Basic Law. These included the tenets of individual dignity and human rights; the provision of welfare services to maximise the development of human potential without political objectives; services by voluntary agencies to be offered freely in accordance with the sponsors' beliefs; and public resources must be forthcoming to subvent and support the voluntary sector. He noticed that the uncertainties surrounding 1997 had dampened the enthusiasm of voluntary activity and he urged Government to search for new ways and means to exploit the vast pool of human resources. Finally, he pointed out the right to free choice of employment and urged that this should be embodied in the Agreement or the Basic Law.

Mrs. Selina CHOW noted the existing freedom enjoyed by the mass media in Hong Kong and emphasised the importance of preserving the role of the media after 1997. She said there should not be censorship from the state and no administrative, legal or fiscal deterrent to the dissemination and reception of news. She also related the concern of many journalists at the Control of Publications Consolidation Ordinance and urged the Government to examine this Ordinance to prevent any retrogression of the freedoms of the media after 1997. Furthermore, the free flow of information into and out of Hong Kong should be preserved. She also urged the establishment of a Media Council to self-regulate and upgrade the standard of professional journalism as well as to guard against direct or indirect interference in the free media.

Mr. CHAN Ying-lun said the right of ownership of private property was vital to the future of Hong Kong. Most families worked painstakingly hard to purchase a flat of their own by instalments in order to live a comfortable life. In the face of the 1997 issue, the people of Hong Kong felt uncertain of whether the right to own private property could be safeguarded. This was deterring potential flat purchasers. To put the hearts of the people at ease and encourage them to carry on improving their living and to plan for the future, the Sino-British Agreement should include detailed provision to safeguard the people's right to own private property.

Mrs. Rita FAN pleaded for the continuity, preservation and maintenance of academic freedom in the education system in Hong Kong after 1997. Young people needed to be equipped with qualifications that were recognised by other countries to enhance Hong Kong's international status. Hence, academic freedom was needed to develop people with those qualities, and such freedom should be protected against political influence and indoctrination. Also under this freedom was the large number of schools operated by independent sponsoring bodies which were able to offer variety in the school system. This enabled the community to retain its heterogeneous or cosmopolitan character. Mrs. FAN said academic freedom should enable different religious beliefs, philosophies and even political ideologies to co-exist, and the maintenance and continuation of academic freedom would promote the future prosperity and stability of Hong Kong.

Mrs. Pauline NG pinpointed the freedom to choose and the right to enjoy privacy as two major factors that should be preserved in Hong Kong after 1997. She said a reasonable framework should be built to enable the next generation to keep the present merits and success factors in Hong Kong. In addition, emphasis should be put on family, school and civic education so as to educate the younger generation on the relationship between an individual and society, on the rights and obligations of an individual, on the need to participate in the life of the community and on democracy.

Mr. YEUNG Po-kwan said the most important element in Hong Kong was the rule of law which enabled basic human rights to be protected. Therefore, the law must be safeguarded after 1997. He considered the provision of education as an obligation of society towards individuals, and young people should be provided with a better and more balanced education which would help them to develop a spirit to serve the community. He said Government should give assistance and encouragement to family activities and respect the rights traditionally enjoyed by the family. No matter what the changes might be, no one should be deprived of the right to education on account of his family, social or religious background. The overall review of education should be in line with the long-term objectives of education itself so that Hong Kong might continue to keep in step with the trends of the world.

In reply, the Secretary for District Administration said freedom is the essence of Hong Kong society. The principles of freedom, of social equality and of the law which bound them together, which had brought Hong Kong its success, were what the Chinese and British Governments were seeking to preserve as they worked steadily towards agreement.

(iv) Freedom of Movement

In an adjournment debate on 25.7.84, Mr. LO Tak-shing stressed the importance of freedom of movement to the future of Hong Kong. Mr. Charles YEUNG, Mr. CHEUNG Yan-lung, Miss Maria TAM and Dr. Henrietta IP also spoke.

Mr. LO opened by emphasising the importance of dissipating the worries of the majority of the people so as to free their creative energies and redirect them to exciting ventures. He said one should not ignore the successful and skilled middle class who were seeking options for themselves and their families. It would surely be a loss if they left Hong Kong. At the same time, the search for options could be misunderstood by Western people as a wish to emigrate and greatly underestimated the fierce desire of the Hong Kong people to stay in Hong Kong. Hence, Mr. LO proposed the establishment of an institution funded privately and charged to do specific things such as investigate the practicalities of guaranteeing all foreign countries that Hong-Kong-belonger travellers would not be a liability on the taxpayer of that country; convince foreign countries that all Hong Kong people wanted from them was an option and that they much preferred Hong Kong; and provide, in an accessible office, comprehensive and up-to-date information on immigration matters throughout the world. Mr. LO said the expenses of the institution should be funded by means of a charitable trust to ensure that it kept to its original purpose.

Mr. YEUNG explained the concept of freedom of movement as a human right in the context of Magna Carta, the Universal Declaration of Human Rights of the United Nations, the International Covenant on Civil and Political Rights, American Convention of Human Rights and the Council of European Convention for the Protection of Human Rights and Fundamental Freedoms. Setting the importance of freedom of movement in a historical scenario, he highlighted the need to preserve such rights in a legal form which transcended the sovereignty of nations.

Mr. CHEUNG urged the Hong Kong Government to recommend to Her Majesty's Government that the rights of BDTCs and the rights of all Hong Kong people to freedom of movement be clearly outlined in the Sino-British Agreement. He pointed out that the majority of Hong Kong people working in the UK came from the New Territories. Without freedom of travel, it would not be possible for family members in Hong Kong to reunite with those living and working there. The assurance of this freedom was also vital to business and financial interests in Hong Kong. Therefore, he hoped such freedoms would be clearly spelt out in the Agreement.

Miss TAM stressed the importance of freedom of movement to the economy of Hong Kong and hence the necessity to preserve that freedom after 1997. For this reason, Miss TAM said Britain had to take up its responsibility of safeguarding the rights of BDTC passport holders and their children. Their right to British Consular protection should be retained after 1997. She pointed out the significance of freedom of movement to facilitate interflows with various countries in the academic, cultural, technological and educational fields. Therefore the Agreement must delineate clearly how freedom of movement of Hong Kong people would be protected. In addition, all citizens of Hong Kong should continue to enjoy a right of abode in the Hong Kong SAR, as provided for 'Hong Kong Belongers' under the Laws of Hong Kong (Chapter 115). When freedom of movement and the right of abode in Hong Kong could be guaranteed, confidence in the future of the territory would be established.

Dr IP pointed out that Hong Kong was a gateway which connected the East and West and played the role of bridging any communication gap in between. She said that Hong Kong could contribute a lot towards the modenisation of China; and for this to be achieved, the people of Hong Kong had to be given the freedom of movement in order to keep them abreast of development in modern technology and skills.

In reply, the Attorney General said that the two Governments who were conducting the negotiations had the interests of the whole of Hong Kong's population at heart and would be seeking to incorporate in the Agreement clear and detailed provisions for resolving these issues. The objective was to ensure continuity in the four freedoms (freedom to move, freedom to leave, freedom to belong and freedom to return) which Hong Kong people now enjoyed.

Sir Geoffrey Howe's Statement on 1.8.84

Sir Geoffrey Howe visited China in late July to review progress in the negotiations and to discuss with Chinese leaders the issues outstanding. He also visited Hong Kong and met UMELCO before and after his China trip. At the end of Sir Geoffrey's visit to Hong Kong, he held a press conference at which he revealed the broad outlines of the Agreement. He told the people of Hong Kong that they could look forward with confidence to an Agreement providing for:

— preservation of the existing legal system;
— continuation of Hong Kong's status as a free port and as a financial and manufacturing centre;
— the right of property ownership;
— continuation of Hong Kong's status as a separate customs territory;
— Hong Kong to manage its own financial affairs;
— convertibility of the Hong Kong dollar and free movement of capital;
— retention of the existing system of shipping and port management;
— freedom of travel in and out of Hong Kong;
— maintenance of the existing education system; and
— preservation of existing rights and freedoms enjoyed by the people of Hong Kong.

Sir Geoffrey said that the British Government would remain responsible for the administration of Hong Kong until 1997. He also announced that a Joint Liaison Group would be formed for liaison and consultation on implementation of the Agreement and to facilitate the exchange of information between China and Britain. The Group would continue its work up to the year 2000.

Sir Geoffrey added that the aim was for the Agreement to be initialled before the end of September and, after a period to assess opinion in Hong Kong and debate in the British Parliament, for it to be signed before the end of the year.

Motion on Test of Acceptability (August 1984)

The British Government had pledged from the outset to reach an Agreement acceptable to the Government of China, the British Parliament and the people of Hong Kong. To this end, Sir Geoffrey Howe announced in the House of Commons on 18.7.84 that a special Assessment Office would be set up to test Hong Kong's reaction to the draft Agreement. The Office would be under the authority of the Governor and be responsible for collating and assessing all views which it received on the draft Agreement. It was also announced that a small independent monitoring team would be established to check the work of the Assessment Office.

In response to this announcement, Unofficial LegCo Members decided to introduce a motion to debate the subject in public. A special sitting for this purpose was convened on 8.8.84. The Motion, moved by Miss Lydia DUNN, read:

"That this Council welcomes the Government's initiative to test the acceptability of the Sino-British Agreement on the Future of Hong Kong."

The eight Members who spoke unanimously welcomed the move to set up an Assessment Office, but some expressed reservations about ruling out a referendum to test acceptability as a last resort. Miss DUNN, Mr. Peter C. WONG and Mr. W. C. L. Brown pointed out that, in the unlikely event of no clear-cut decision emerging from the assessment exercise, Government should consider holding a referendum on a simple "yes" or "no" basis.

Miss DUNN urged Government to explain the Agreement to the public and to reach out for their reactions once the draft was published. She suggested that the community should have direct access to the relevant documents and all explanatory material, and should be encouraged to put forward their views to the Assessment Office. She added that the Assessment Office should consider commissioning some independent surveys, the results of which could help validate the subjective judgements of the Office. She also asked the British and Chinese Governments to reconsider elements of the draft Agreement should an overwhelming majority of the people of Hong Kong have reservations about a particular element. This view was shared by Mr. CHAN Ying-lun.

Mr. WONG urged people to speak up in the light of Sir Geoffrey Howe's statement on 1.8.84. Mrs. Selina CHOW made the same appeal and stressed the importance of the public making known their views and suggestions while the talks were still going on. Mr. WONG also said, in view of the far-reaching implications attached to the results of the Assessment Office, extra care should be placed in the planning and implementation of each stage of assessment.

Mr. Andrew SO pointed out that people should speak up unreservedly after the draft Agreement was published, in the hope that elements found to be unacceptable by a majority of Hong Kong people could be amended.

Mr. Brown stressed the importance of testing acceptability of the draft Agreement, first to demonstrate the commitment made by both the British and Chinese Governments and second to provide a basis upon which Parliament could decide whether to accept or reject it.

Mrs. CHOW raised the question of the future structure of the Hong Kong SAR Government which formed the central core upon which our economic and social systems depended. She considered that this essential element should be stated in the Agreement and eventually enshrined in the Basic Law.

Mr. CHAN requested that the Assessment Office seek views not only on the main body of the draft Agreement but also on all the elements contained in the Annexes. Mr. CHAN, Mrs. Pauline NG and Mr. YEUNG Po-kwan stressed that views expressed to the Office should be treated in strict confidence.

Mrs. NG said the Assessment Office should not be regarded as a substitute for existing channels in expressing views on the future of Hong Kong. She suggested a number of ways to help people present their views to the Assessment Office and asked Government to try to assess the views of the silent majority.

Mr. YEUNG added that the Assessment Office should make known the methods and processes through which the assessment would be carried out. He agreed with Mrs. NG that existing consultative organs had a vital role to play in collecting views on the draft Agreement.

The Secretary for Home Affairs, in reply, emphasised that although the Sino-British negotiations had been conducted in strict confidence, Members of ExCo had been fully consulted throughout the talks. He added that the views of Hong Kong people had been and would continue to be fully considered by Her Majesty's Government and taken into account in the negotiations. He also revealed the Terms of Reference of the Assessment Office and the Monitoring Team. The Assessment Office would collate, summarise, analyse and assess all the views submitted to it, reported in the media, revealed by surveys and obtained from the ordinary processes of consultation through existing channels. It would not reach out into the community to obtain or solicit views. However, Government would ensure the contents of the Agreement were widely publicised and ample opportunity was created for people to express their views.

The Motion was carried.

Visit of Unofficial Members of ExCo to London (September 1984)

After the final round of the Sino-British negotiations on the Future of Hong Kong was concluded in Beijing, and on the eve of the Draft Agreement being considered by the British Cabinet, ExCo Unofficials again visited London on 17.9.84 to join the Governor for consultations with Ministers. After the meeting with the Prime Minister, a press statement issued by Downing Street said:

"The Prime Minister and the Foreign Secretary this evening had a meeting with the Governor and the Unofficial Members of the Executive Council of Hong Kong. The Minister of State FCO, Mr. Richard Luce, was also present.

This was the fifth visit by the Governor and the Unofficials since July 1983.

This meeting took place on the eve of consideration by the Cabinet of The Draft Joint Declaration by the United Kingdom and Chinese Governments on the question of Hong Kong.

The meeting had a thorough discussion of the draft text which British and Chinese negotiators in Peking had now referred to their respective Governments for consideration. This resulted in a full identity of views.

The Executive Council has throughout been fully consulted and informed about the negotiations between the British and Chinese Governments.

Her Majesty's Government place on record their recognition of the valuable part which the close consultations between Ministers and the Executive Council of Hong Kong have played throughout the negotiations. It was agreed that the same close consultations will continue in the future.

The Prime Minister and the Foreign Secretary expressed their understanding of the difficult role which the Unofficials had had to play in advising Ministers and the Governor during the course of the negotiations. They reiterated their admiration for the way in which the Unofficials had fulfilled this role and for the way in which they had strongly represented the views and interests of the people of Hong Kong at all times."

On their return to Hong Kong on 21.9.84, Sir S. Y. CHUNG told reporters that "the full Council endorsed the Agreement for initialling."

Initialling of the Sino-British Joint Declaration

At noon on 26.9.84, the Joint Declaration on the future of Hong Kong was initialled in Beijing by the respective heads of the British and Chinese negotiating teams, Ambassador Sir Richard Evans and Vice-Foreign Minister Mr. ZHOU Nan. The same evening, the Governor tabled at a special LegCo sitting the Draft Agreement between the Government of the United Kingdom and Great Britain and Northern Ireland and the Government of the People's Republic of China on the Future of Hong Kong. Simultaneously the Draft Agreement was issued in the U.K. as White Paper Comnd. 9352. The Draft Agreement, which contained an Introduction, the Joint Declaration, three Annexes, the Exchange of Memoranda and Explanatory Notes, set out the future arrangements for Hong Kong after 1997. Copies in English and Chinese were distributed locally by the Hong Kong Government.

The Xinhua News Agency (Hong Kong Branch) distributed their own printed copies of the initialled text in English and Chinese without the Introduction and Explanatory Notes. It may be of interest to note that the final distribution amounted to 3,600,000 copies, as detailed in the table below.

Version Language	HMG Version	PRC Version
English	800,000 copies	400,000 copies
Chinese	1,600,000 copies	800,000 copies

After publication of the Joint Declaration, the Unofficial ExCo

Members issued a statement at a press conference on 28.9.84 which set out the rationale for their decision to endorse the Agreement and to commend it to the people of Hong Kong. A copy of their statement is at Appendix VI.

LegCo Debate on the Sino-British Joint Declaration (October 1984)

Following publication of the Joint Declaration, three days were set aside for a full debate in LegCo on 15.10.84, 16.10.84 and 18.10.84. The Motion, introduced by the Senior Member, Mr. R. H. Lobo, read:

"That this Council endorses the Draft Agreement on the Future of Hong Kong between the Governments of the United Kingdom of Great Britain and Northern Ireland and the People's Republic of China and commends it to the people of Hong Kong."

A total of 27 Members spoke. With the exception of two Unofficials, Mr. J. J. Swaine and Mr. CHAN Kam-chuen, who elected to abstain, all Members endorsed the Draft Agreement and commended it to the people of Hong Kong.

Introducing the Motion, Mr. Lobo said both the British and Chinese Governments had done their best to secure Hong Kong's future and the Agreement was a good one under the circumstances. He stressed that the choice was to accept the Agreement or face the future without one and he urged the community to make known their views to the Assessment Office.

Dr. Francis TIEN asserted that Chinese leaders would faithfully adhere to the terms of the Agreement and it would form a very good basis for the further economic development of Hong Kong. He called for inclusion of Hong Kong people in both the Joint Liaison Group and the Basic Law drafting committee.

Mr. Alex WU said the existing socio-economic systems in Hong Kong should be retained as far as possible, save all the necessary changes to bring about the transfer of sovereignty. He shared the view that Hong Kong people should be allowed to participate in drafting the Basic Law and he urged them to take the lead in future political as well as economic developments. In addition, he proposed that the Government should extend invitations to Chinese leaders to come to Hong Kong to gain a deeper appreciation of the running of the territory.

Mr. S. L. CHEN stressed that the Agreement was the highest form of commitment binding two sovereign states and provided sufficient detail to inspire confidence. He agreed Hong Kong people should assist in drafting the Basic Law and reiterated that the Chinese leadership had publicly re-affirmed its commitment to the "one country, two systems" policy.

Miss Lydia DUNN believed the Agreement would be faithfully implemented for six reasons. First, it was a formal and legally binding international agreement freely negotiated between two sovereign states; second, the Chinese leadership would surely not have committed so much effort into reaching an agreement if they had no intention of adhering to its terms; third, the Chinese leadership had publicly staked their personal prestige and reputation in the eyes of the world; fourth, the Chinese leadership had stated that it was in China's national interest to implement the terms of the Agreement; fifth, the Chinese people themselves would not easily accept any move which was likely to undermine the Hong Kong SAR's usefulness in the reconstruction of China; and finally, the Chinese leadership could not afford to prejudice the ultimate objective of securing the reunification of China by failing to observe the terms of the Agreement. She also said a suitable structure of Government had to be in place well before 1997 which would be able to stand the test of time after that.

Mr. Peter C. WONG warned that rejection of the Agreement might lead to a unilateral declaration by China, which might be less detailed and not legally binding. He pointed out that the question of nationality for minority groups had to be solved and he urged consultation with Hong Kong people in drafting the Basic Law. He stressed that preservation of the existing legal system was vital to Hong Kong's continued stability and prosperity, and the best guarantee for preserving the existing rights and freedoms. He added that continued employment of staff working for voluntary agencies and quasi-government bodies should be assured and that an early decision had to be made regarding the future arrangements for expatriate civil servants, particularly those whose career prospects might be adversely affected.

Mr. WONG Lam said the Agreement contained more detail than expected. He asked for further clarifications of the relationship between the executive authorities and the legislature and how the latter would monitor the former; and the relationship between the laws already in force in Hong Kong, the Basic Law and the Chinese Constitution. He doubted the usefulness of the Assessment Office as the Agreement's passage through Parliament was a foregone conclusion. He stressed the importance of accepting the views of Hong Kong people when drafting the Basic Law and of establishing a political structure to bring about Hong Kong people ruling Hong Kong.

Dr. HO Kam-fai said the Agreement provided a sound basis for the continuation of Hong Kong's prosperity and stability and preservation of the existing lifestyle. He sought clarification on the question of military conscription in the Hong Kong SAR and the legal status of the Exchange of Memoranda vis-a-vis the Joint Declaration and its annexes. He pointed out that the existing system of providing social welfare services should be enshrined in the Basic Law and overseas Chinese of international reputation should be invited to serve on the Basic Law drafting committee.

Mr. Allen LEE said the Agreement had broadly satisfied the basic requirements outlined in the UMELCO statement issued in May, which were essential to the acceptability of any agreement. He urged Hong Kong people to look at the Agreement positively and play their part to ensure that Hong Kong would continue to grow in the future.

Mr. Andrew SO considered that the Agreement embodied the wishes and aspirations of most of the people of Hong Kong. He emphasised that, apart from maintaining prosperity, it was equally important to preserve the existing social and economic systems and the way of life in Hong Kong. He called on both Governments to continue to cooperate in a good spirit to deal with affairs relating to the future of Hong Kong.

Mr. F. K. HU raised the issue that Chinese military forces stationed in Hong Kong should be confined to remote border areas and be subject to Hong Kong civil and criminal law. In case of emergencies, the Chief Executive of the SAR should have full authority to command all military forces in Hong Kong. On the question of land, he said land leases not having the right of renewal and expiring after 30th June, 1997, should be dealt with in the same way as those that would expire before that date. Land zoned for Government, Institutional and Community use should only be taken over by Government in accordance with the needs of development programmes. Leases granted for special purposes should be extended beyond 1997. He added that the limit on the sale of land should be applied with reasonable flexibility and the exclusion of public housing land should extend to land required by the Hong Kong Housing Society.

Mr. WONG Po-yan believed the Agreement would be implemented by both Governments. He stressed that steps had to be taken before 1997 to obtain the agreement of Hong Kong's trading partners to ensure that existing external economic and trade links would be maintained. He shared the view of other Members that Hong Kong people should participate in drafting the Basic Law.

Mr. W. C. L. Brown said the Agreement was reasonable and sensible, and addressed all the issues raised in LegCo and elsewhere whilst the negotiations were in progress. He said the Agreement was the best possible one under the circumstances and had met with almost universal applause from parties overseas, including the Secretary General of the United Nations, and the leaders of all Hong Kong's major trading partners.

Mr. J. J. Swaine expressed doubts about a number of points, including the employment of judges from other common law jurisdictions; the possible difference in the perception of "elections" between the Chinese leadership and the people of Hong Kong; lack of safeguards that elections to the legislature would be free and genuine; and infiltration of the political system and suppression of dissent by pressure or fear. He pointed out that Britain went to the negotiating table with one arm tied behind her back since she had long closed the door to Hong Kong by a series of immigration and nationality acts. He said he could not endorse the Agreement or commend it to the people of Hong Kong because he regarded it as the best of a bad deal. He abstained from voting.

Mr. CHAN Kam-chuen said uncertainty over the future had caused a 107.9% increase in the number of emigrants from Hong Kong in the past five years. He added that people who had experience of past political turmoil in China would not believe China's promises and he voiced reservations about the faithful implementation of the Agreement. He feared the ceiling placed on the sale of land might have undesirable implications for Hong Kong's reserves and annual budgets, and that the Land Commission and the Joint Liaison Group were bound to interfere with the functions of the Hong Kong Government. He also abstained from voting.

Mr. Stephen CHEONG felt the Agreement provided a stronger guarantee of Hong Kong's institutions, rights and freedoms than did the Letters Patent and Royal Instructions. He reiterated that the Chinese leadership had publicly re-affirmed their commitment to the "one country, two systems" policy. He echoed the views of others that the Basic Law should be formulated after the opinions of Hong Kong people had been fully considered. He urged Britain and China to help Hong Kong to maintain existing trade agreements, its role in GATT and in other international organisations. He pointed out that over the next 13 years, Hong Kong should explore, develop and improve mutual understanding with China. He asked for further consideration of a possible claw-back arrangement in case the Government had to buy back Private Sector Participation Scheme property and dispose of flats at a price below the fixed price; and for alternative compensation in case the complete redemption of Letters B could not be achieved by 1997.

Mr. CHEUNG Yan-lung stressed the importance of stipulating the selection process for the future Chief Executive and the Legislature. He asked whether the Chief Executive would be empowered to issue military directives to maintain public order; whether there would be military conscription in the Hong Kong SAR; whether citizens of Hong Kong would be subject to state directions regarding their movement within China; whether new owners, who bought land from indigenous villagers, would be given equal treatment with indigenous villagers as regards rentals for old schedule lots, village lots, small houses and similar rural holdings; and whether rental assessments for agricultural land would continue to be the same. He said no agreement was better than a bad agreement and the Agreement was better than no agreement; he urged Hong Kong people to make a contribution to the future by speaking out.

Mrs. Selina CHOW pointed out that there should be a Hong Kong input to the drafting of the Basic Law and Hong Kong should be entrusted with its implementation and interpretation. She supported the calls for inclusion of Hong Kong representatives in the Joint Liaison Group and for Chinese people of international standing to advise on and monitor the drafting, implementation and subsequent amendments to the Basic Law. She warned against possible abuse of power by PLA troops stationed in Hong Kong and against China's direct interference in Hong Kong affairs.

Miss Maria TAM said the Agreement included adequate and detailed provisions to maintain Hong Kong's existing social and economic systems. She added that the concept of personal freedom and the legal procedures for its protection had to be preserved in the laws of the Hong Kong SAR. She stressed that Chinese military forces and other personnel stationed in Hong Kong should observe and abide by the laws of the Hong Kong SAR and that the Basic Law should not contradict China's laws relating to SARs. She believed that both Britain and China would fulfil the Agreement and the commitments set out in the Exchange of Memoranda. She asked whether welfare institutions run by welfare agencies would continue to exist; would the Basic Law reflect the text of the Agreement; would Hong Kong people be allowed to participate in drafting the Basic Law; would citizens of the Hong Kong SAR be required to serve in the PLA; would the new British passport be internationally recognised; would the problem of nationality of those Hong Kong children born after 1997 who were not of Chinese descent be satisfactorily resolved; and would both Governments help to enhance Hong Kong's international trading status through the Joint Liaison Group?

Dr. Henrietta IP considered the Agreement was a good one and better than anyone had expected. She pointed out that it would be very difficult to remove all anxieties and urged Hong Kong people to recover their confidence and direct their energies to building up Hong Kong.

Mr. CHAN Ying-lun said effective implementation of the Agreement depended largely on the effort and determination of China, Britain and Hong Kong. He called on the British Government to remain resolute in honouring her responsibilities and obligations in the coming 13 years. On the Joint Liaison Group, he stressed that the Group should confine its activities to those laid down in the Agreement, strive to maintain the international agreements Hong Kong had entered into and should consider allowing Hong Kong people to participate directly in arrangements for the transition. He supported the need to

have a well-established elected Government in Hong Kong before 1997.

Mrs. Pauline NG agreed that the views and proposals of Hong Kong people on the Agreement should be taken into account in formulating the Basic Law. She reiterated the importance of preserving existing rights and freedoms and appealed for the total removal of Britain's reservations in respect of the application to Hong Kong of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

Mr. Peter POON welcomed the fact that the Agreement provided for the preservation of the basic rights and freedoms of the individual, financial autonomy for Hong Kong, continued employment of public servants, freedom of travel and an elected legislature. However, he warned that taxes might have to be raised substantially to compensate for the loss of revenue resulting from the new policy on the renewal of land leases, the limit on land sales and the sharing of premium income from land transactions. In addition, he cautioned that radical changes in the political structure introduced prematurely and hastily had to be avoided and asked for further amplification of the provision for ensuring genuine freedom of travel.

Mr. YEUNG Po-kwan said Hong Kong people should voice their opinions on the Agreement and these views should be taken into account in drafting the Basic Law. He considered the Basic Law should be formulated as soon as possible so as to put the hearts of the people at ease and urged Hong Kong people to take an active part in the local political process.

Dr. Kim CHAM called on both Governments to issue a joint statement to clarify provisions in the Agreement so as to remove any uncertainties arising from its interpretation. He stressed the importance of keeping the future monetary system separate and distinct from the official fiscal system and the need for effective management and control of the Exchange Fund. He further pointed out that the vital elements of a flexible and adaptive private sector, low taxation and a non-coercive system of fiscal and monetary regulation, had to be preserved.

Mr. Keith LAM said the Agreement should be an acceptable package to the people of Hong Kong, but he asked for clarification of a number of points. These included whether there were other provisions in the Chinese Constitution that would be applicable to Hong Kong or were relevant to the provisions of the Basic Law. He urged that special arrangements be made for "free-hold" land; that military conscription in the Hong Kong SAR should not be carried out; that Chinese troops stationed in Hong Kong should be subject to Hong Kong law; and that local advice be sought in drafting the Basic Law.

Mr. Carl TONG said the Agreement had taken into account Hong Kong's existing systems. He pointed out that the Joint Liaison Group should include local representatives and the people of Hong Kong should be kept fully informed throughout the transition period. He added that Her Majesty's Government, in conjunction with the Chinese Government, should clarify the status of non-Chinese Hong Kong BDTCs after 1997 and that the Basic Law should include all necessary refinements to the Agreement.

The Chief Secretary, the Attorney General, the Financial Secretary, the Secretary for Security and the Secretary for Lands and Works spoke in reply. The Chief Secretary said the Agreement had included all the essential features. He pointed out that the Secretary of State for Foreign and Commonwealth Affairs had said that if there was a need to supplement, amplify or clarify the Agreement, and if both sides agreed, that could be done with the same good sense as the two Governments had dealt with the Agreement itself. In general, the Officials expressed the view that the Joint Declaration provided a comprehensive framework for the continuation of the existing socio-economic systems in Hong Kong and for the extension of these systems for 50 years beyond 1997. Clarification was given on many of the points raised by Unofficial Members, e.g. tariff preferences and export quotas; the land sales limit; redemption of Letters B; nationality provisions for BDTCs and children born to non-Chinese BDTCs after 1997; the legal status of the Exchange of Memoranda; arrangements for expatriate civil servants; and Hong Kong representation on the Joint Liaison Group.

In winding up, Mr. Lobo said the debate had responsibly reflected the reservations, fears and worries which had troubled many about the future. He added that people of Hong Kong were to participate in an unprecedented experiment which would see the absorption of a free enterprise society into a communist state; and only time and history would tell whether the high hopes for the Agreement were justified and whether Members had discharged their duties adequately.

The motion was carried.

2nd UMELCO Delegation to London (November/December 1984)

To ensure that Members of Parliament were fully briefed on the reactions, concerns and worries of the people of Hong Kong to the terms of the Joint Declaration, it was decided that a delegation should be sent to London to reflect the views and wishes of Hong Kong people before the Parliamentary debates. The delegation, jointly led by Sir S. Y. CHUNG and Mr. R. H. Lobo, included Miss Lydia DUNN, Mr. Q. W. LEE, Miss Maria TAM, Mr. Allen LEE, Mr. Andrew SO, Mr. CHEUNG Yan-lung, Mrs. Selina CHOW, Mr. CHAN Ying-lun and Mrs Rita FAN.

In parallel with the Assessment Office, UMELCO jointly with other largely mass media organisations, sponsored Survey Research Hong Kong Ltd. to conduct a comprehensive survey of over 6,000 persons to assess their reaction to the Sino-British Joint Declaration. Results of this survey were published in the major Chinese and English papers on 24.11.84.

Based on the findings of this major survey, and from representations and opinions expressed by various sectors of the community following publication of the Joint Declaration—but leaving aside the results of the Assessment Office exercise—a position paper was drawn up which confirmed general acceptance of the Agreement as a whole. However, it also reflected areas of doubt about the terms of the Agreement and made specific requests for a "Hong Kong input" in the Joint Liaison Group and in the drafting of the Basic Law. The position paper was published on 29.11.84 and distributed to all Members of the House of Commons and to selected Members of the House of Lords and to the UK media. A copy of the position paper is at Appendix VII.

The visit took place between 30.11.84 and 12.12.84. Apart from attending the debates in the House of Commons and the House of Lords on the Draft Agreement on 5.12.84 and 10.12.84 respectively, the delegation met the following groups:—

(*i*) British-Hong Kong Parliamentary Group (Sir Peter Blaker)

(*ii*) Foreign Affairs Select Committee (Sir Anthony Kershaw)

In addition, the delegation held discussions with a number of MPs, including Rt. Hon. David Owen, Rt. Hon. Denis Healey, Rt. Hon. Peter Rees, Mrs. Shirley Williams, Mr. George Robertson, Mr. Tom Clarke and Sir Paul Bryan. Meetings were also held with the Prime Minister, the Secretary of State for Foreign and Commonwealth Affairs, Sir Geoffrey Howe, and the Minister with special responsibility for Hong Kong, Mr. Richard Luce. The delegation also met Rt. Hon. Lord Whitelaw, Lord MacLehose, Lord Rhodes, Lord Kennet, Lord Whaddon and Lord Lindsay.

The debate in the House of Commons was described by Sir S. Y. CHUNG as historic, serious and wide-ranging. In a statement to the press afterwards he said:

". . . We were pleased that all the points in our position paper of November 29 were reflected in the debate. The major concerns and anxieties of the people of Hong Kong were raised by many MPs, and the Government, in reply, undertook that these would be fully taken into account and in its future discussions with the Chinese Government.

There was general agreement that whilst Hong Kong must move towards a representative form of Government this should be balanced with the need to preserve the stability and prosperity of Hong Kong. There was support by many for our suggestion of an annual report to be made in Parliament and we were encouraged that the Minister in reply agreed to find some system of accountability to the House of Commons on a regular basis.

The majority of MPs were in favour of participation by Hong Kong people in the drafting of the Basic Law and on the Joint Liaison Group.

The Motion in the House was passed unanimously. This marked the beginning of a new chapter for all of us in Hong Kong, a new chapter in which we all have a part to play."

Similarly, the debate in the House of Lords was considered to be balanced and realistic. Speaking afterwards outside the House of Lords, Mr. Lobo said:

"We are pleased that our message seems to have been well-received and that those who spoke put our points across.

As we said after the debate in the House of Commons last week, our purpose in coming to London was to explain the anxieties and hopes of Hong Kong people. We have done this and, as you have seen this afternoon, our points have been taken on board."

Signing of the Sino-British Joint Declaration

With the acceptance of the Draft Agreement by both Houses of Parliament, it was announced that the Official Signing Ceremony would take place on 19.12.84 in Beijing. The Prime Minister, Mrs. Margaret Thatcher, and the Chinese Premier, Mr. ZHAO Ziyang, officiated on behalf of the two Governments. A party of 12 UMELCO Members were among the 100 Hong Kong people invited by the Chinese authorities to attend this historic event in the Great Hall of the People (Beijing). They were Sir S. Y. CHUNG, Mr. R. H. Lobo, Mr. M. G. R. Sandberg, Mr. Q. W. LEE, Miss Maria TAM, Dr. Harry FANG, Dr. Francis TIEN, Mr. Peter C. WONG, Mr. W. C. L. Brown, Mr. Stephen CHEONG, Mrs. Selina CHOW and Dr. Henrietta IP. Speaking at the Ceremony, Mrs. Thatcher pledged that:

". . . the British Government will do all in its power to make the Agreement a success. It will be our pride and our pleasure to administer Hong Kong up to the 30 June, 1997, in accordance with the highest principles of British Administration. We shall administer it prudently with foresight and in the best interest of the people."

On 20.12.84, Mrs. Thatcher visited Hong Kong. She lunched with UMELCO immediately after her arrival from Beijing. In the evening she addressed a joint session of ExCo and LegCo and gave a press conference before she left the following day.

Responding to the Prime Minister's address after the joint session, Sir S. Y. CHUNG agreed with Mrs. Thatcher that it was a momentous occasion. He added:

"I should particularly like to endorse the Prime Minister's remarks about the need in Hong Kong to move towards a more representative Government, but that at the same time 'we must avoid sudden and dramatic changes which might have a disturbing effect.' As the Prime Minister rightly said, 'we need to build, but to build carefully and securely.'

I agree with the Prime Minister that the signing of the Joint Declaration 'is not the end'. Much of the success of this unique Agreement lies in the hands of all of us, the people of Hong Kong. We, the people of Hong Kong, have made Hong Kong what it is today, a territory respected internationally for its achievements. I have no doubt that, given continued understanding and sensitivity by both the British and Chinese Governments and the faithful implementation of this Agreement, the people of Hong Kong will face up to the changes ahead with their usual resilience, courage and confidence and that what we have witnessed today is the beginning of another chapter in Hong Kong's proud history."

As Sir S. Y. CHUNG pointed out, acceptance of the Joint Declaration marks the beginning of a fresh chapter in Hong Kong's history. It remains necessary for legislation to be passed in the UK Parliament before the Agreement is ratified in June 1985. This legislation is likely to be introduced early in the new year and must provide for sovereignty over Hong Kong to revert to China on 1st July 1997. It is expected that it will also make provision for the future nationality title and status of Hong Kong's British subjects (BDTCs).

CHAPTER 3
Executive Council

The Executive Council (ExCo) is primarily a consultative body. Its functions are similar to those of the Cabinet in Britain and its proceedings are confidential. ExCo meets in private, usually once a week, to advise the Governor on all matters of importance. Extra meetings are held for matters requiring urgent attention. Eleven Unofficials served on the Council during the year. They were:

Sir S. Y. CHUNG, CBE, LLD, DSc, JP
(Senior Unofficial Member of ExCo)
Mr. O. V. CHEUNG, CBE, QC, LLD, JP
Mr. R. H. Lobo, CBE, LLD, JP
Mr. LI Fook-wo, CBE, DSoSc, JP
Mr. M. G. R. Sandberg, CBE, JP
Mr. LO Tak-shing, CBE, JP
Mr. D. K. Newbigging, OBE, JP
(retired January, 1984)
Miss Lydia DUNN, CBE, JP
Mr. Q. W. LEE, CBE, JP
Mr. S. L. CHEN, CBE, JP
Miss Maria TAM, OBE, JP

Five Members of ExCo also served concurrently on LegCo: Mr. R. H. Lobo, Mr. LO Tak-shing, Miss Lydia DUNN, Mr. S. L. CHEN and Miss Maria TAM.

As ExCo meetings are secret, an account of the work of the Unofficials on the business of ExCo cannot be given. However, no legislation, Government policy or change in policy can be made without the Council's prior advice and agreement. If the Governor decides to act against the advice given by his unofficial advisers, he must report his reasons to the Secretary of State for Foreign and Commonwealth Affairs in London.

There were 53 regular meetings of ExCo during the period covered by this report to consider normal business and an additional 91 meetings were convened in the period 1st September 1983 and 31st December 1984 to discuss the future of Hong Kong.

Visits to London

As reported in Chapter II, the Unofficials of ExCo accompanied the Governor on several visits to London as part of a continuing process of consultation with the Prime Minister and other senior Ministers on the future of Hong Kong.

UMELCO delegation to London in December meets the Prime Minister, Mrs. Margaret Thatcher.

Right: *Sir S. Y. CHUNG meets Chairman DENG Xiaoping in Beijing in June.*

Below: *The Prime Ministers of Great Britain and China sign the Agreement in Beijing in December. (courtesy of South China Morning Post)*

Right: *UMELCO meet the press after the Prime Minister's address to the two Councils.*

Below: *The Prime Minister addresses a joint meeting of the Executive and Legislative Councils on December 20.*

Top: *Back from Beijing the three ExCo Members meet the press.*

Left: *UMELCO delegation meets the press in London after attending the parliamentary debate in May.*

CHAPTER 4
Legislative Council

The main functions of the Legislative Council are to enact laws, control public expenditure and debate matters of public concern. The Council meets in public fortnightly throughout most of the year.

The procedures of the Council are broadly similar to those of a parliament and questions may be asked by the Unofficial Members relating to any area of Government responsibility. Question time also provides an opportunity for Unofficial Members to obtain explanations of official actions and intentions in regard to topical issues. The questions—usually numbering between 15 and 20 per sitting—stem from Unofficial Members' wide public contacts, as well as from complaints and representations made to the UMELCO Office and points arising from regular district visits. The views of Unofficial Members expressed in LegCo have a strong influence on Government policies.

The President of the Council is the Governor, and the Chief Secretary, Financial Secretary and Attorney General are ex-officio Members. In 1983–84, there were 15 nominated Official and 29 Unofficial Members of LegCo. The Unofficial Members were:

Mr. R. H. Lobo, CBE, LLD, JP
(Senior Unofficial Member of LegCo)
Dr. Harry FANG, CBE, LLD, JP
Mr. LO Tak-shing, CBE, MA, JP
Dr. Francis TIEN, OBE, LLD, DSoSc, JP
Mr. Alex WU, CBE, JP
Mr. S. L. CHEN, CBE, JP
Miss Lydia DUNN, CBE, LLD, JP
Fr. Patrick T. McGovern, OBE, SJ, JP
Mr. Peter C. WONG, OBE, JP
Mr. WONG Lam, OBE, JP
Mr. Charles YEUNG, OBE, JP
Dr. HO Kam-fai, OBE, JP
Mr. Allen LEE, OBE, JP
Mr. Andrew SO, OBE, JP
Mr. F. K. HU, JP
Mr. WONG Po-yan, OBE, JP
Mr. W. C. L. Brown, OBE, JP
Mr. CHAN Kam-chuen, OBE, JP
Mr. J. J. Swaine, OBE, QC, JP
Mr. Stephen CHEONG, JP
Mr. Benton CHEUNG Yan-lung, MBE, SBStJ, JP
Mrs. Selina CHOW, JP
Miss Maria TAM, OBE, JP
Dr. Henrietta IP
Mr. CHAN Ying-lun
Mrs. Rita FAN
Mrs. Pauline NG
Mr. Peter POON, MBE, JP
Mr. YEUNG Po-kwan, CPM

Standing Orders of LegCo

The proceedings of LegCo are governed by Standing Orders made by the Council in pursuance of the Hong Kong Royal Instructions. Following a revision of Standing Orders by a working party set up in the 1982–83 session, further amendments were moved by the Acting Chief Secretary, Mr. Denis Bray, on 18.7.84. The new amendments became effective on 20.7.84 and included:

(*i*) A new Standing Order 7A to provide that the Governor may, where he is satisfied that the public interest so requires, determine that a sitting of the Council shall be held on such day and shall begin at such hour as he may specify, and that the procedures for that sitting should follow those for any ordinary sitting held during a session.

(*ii*) A new Standing Order 8(4) to prohibit any new business after the six o'clock hour of interruption—other than adjournment debates—but explicitly providing that a motion to waive Standing Order 8 shall not count as new business.

(*iii*) An amendment to Order 60A to provide for public meetings of the Public Accounts Commitee.

(*iv*) A new Standing Order 4A to establish the title of Counsel to the Legislature to denote the special position which the Law Draftsman occupies in the workings of the Council.

In moving the amendments, Mr. Bray said that as the work of the Council developed in sophistication and complexity Standing Orders should keep up with needs and changes. He added that reviews of Standing Orders would continue to ensure that their provisions remained up-to-date and as rational as possible.

Business of LegCo

There were 27 public sittings of LegCo during the 1983–84 Session. Two major parliamentary events of the Council each year are the Governor's opening address at the commencement of the Session and the annual budget debate. It is customary for the Governor to review Government plans and development proposals annually at the first meeting of the Session which usually takes place during the first week of October, and the opportunity is taken by Unofficial Members to debate matters of public concern and all facets of Government business. At the time of the annual budget presentation, groups of Unofficials analyse and study in depth the Government's proposals.

Annual Policy Debate

The Governor delivered his annual policy address at the opening of LegCo on 5.10.83. Twenty-four Unofficials spoke to the Motion of Thanks on 26.10.83 and 27.10.83 and the Officials replied on 9.11.83 and 10.11.83. The main subjects covered by the Unofficials included:—

Education
Establish a Commission to advise on priorities for the development of education at all levels and to define educational objectives; improve language standards in schools; choice of emphasis on quality or quantity in the development of secondary education; possible problems and repercussions resulting from the abolition of the Junior Secondary Education Assessment; a co-ordinated strategy required for the development of Hong Kong's young people to ensure that efforts are complementary and not wasted through unnecessary duplication; early decision on whether a third university should be built; establishment of a working party under the aegis of the University and Polytechnic Grants Committee to consider the provision of an alternative form of higher education for mature students; establish an open university to co-ordinate and extend continuing education; develop a flexible, responsive and pragmatic education system that takes into account the aspirations of the community; evaluate results of the moral education programme currently being followed in schools; the development of student-centered, self-learning programmes for those who need continuing education; encouragement for teachers to attain better qualifications and professional training; introduction of a "general studies" course at Form VI level to give students an insight into disciplines which are not their main courses of study; the possibility of giving Government subsidies to suitably qualified students on "approved" training courses; the formation of an education development fund through private donations; and provide subsidised places to all school children who aspire to study in Form IV.

Economy
Hong Kong's industry must continue to invest in modern plant and machinery to keep abreast of advancing technology, increased productivity and upgrade products; endorsement of government's monetary package to stabilise the then falling Hong Kong dollar; the need for a conservative budget and assistance to such foreign exchange earners as exports and tourism; Government's commitment to maintain and improve the legal and institutional framework of the financial sector welcomed; and the Government should be firm in introducing measures and legislation speedily where the public interest clearly overrides sectional interests.

Administration
Review the organisation and procedures of Government departments with the view to giving better effect to the decisions of Urbco and the advice of district boards; changes in the composition of Legislative Council are welcomed; advice of district boards should be sought on issues of territory-wide interest and significance; district boards should be encouraged to participate in the management of local community and recreational facilities; Government should review and update established procedures; a review should be undertaken to ensure that the ties between district boards and area committees are strengthened so as to further improve the operation of the district administration scheme; need for a staff college to provide training at various levels for professional, administrative and executive officers; and a fundamental reappraisal was necessary of the central machinery of Government and its management structure generally.

Future of Hong Kong
Government should make periodic announcements about the talks on the future of Hong Kong to correct misguided reports and speculation; the public should not speculate on the outcome of the talks; praise for the Government's determination to pursue the talks to a successful conclusion, to continue the development of Hong Kong's infrastructure and the planned expansion in social programmes; the future stability and prosperity of Hong Kong can better be achieved by the continuation of British administration and the preservation of the existing system of administering justice; the need for confidentiality about the talks must be respected and accepted; and continuation of the present system of administration, law and judicial independence is essential to preserve prosperity.

Social Welfare
Legislation on the lines of the Child Care Centres Ordinance should be introduced requiring the registration of privately-run homes; the scales of the various social security payments should be reviewed; special attention should be paid to the actual provision of places in half-way houses and the staffing of these institutions.

Industry
The need for industrial diversification and the acquisition of technology; an exhibition centre should be built; concern over the growing body of labour legislation which could have the effect of increasing production costs; Government should treat its consultancy on the monitoring of the power companies as something much more important than purely a public relations exercise.

Medical and Health
Consideration of the possibility of setting up a hospital authority to provide for the needs of both the Medical and Health Department and the University of Hong Kong Medical Faculty over the use of hospitals for teaching purposes; appointment of a panel of overseas and local experts to take a broad look at Hong Kong's medical and health programme over the next 10 years; need for a paediatric medical centre-cum-hospital; criticism of the Government for failing to implement recommendations of the management review team set up to look into the organisation and management of the Medical and Health Department.

Housing
Government plans to rehouse about half of the 100,000 families living in temporary huts over the next five years and the programme to improve safety, sanitation and environmental conditions in squatter areas welcomed; Government should take a fresh look at all aspects of its long-term public housing policy, including the establishment of a realistic ratio between rental housing and home ownership; the housing needs of the middle-income class should also be reviewed.

Miscellaneous
Government should make a prompt decision on the proposed nuclear power station at Daya Bay, which would be of benefit to both China and Hong Kong; the need for a review of deportation policy; a legal aid fund should be set up to help those who have a reasonable chance to succeed, but cannot afford the costs of civil litigation.

Annual Budget Debate

The Financial Secretary introduced the Appropriation Bill 1984 into LegCo on 29.2.84. Twenty-four Members spoke on 28.3.84 and 29.3.84 on the Government's fiscal policies and Budget proposals. The Officials replied on 18.4.84 and 19.4.84. The main subjects covered by the Unofficial Members included:

Administration
Consideration should be given to revamp the McKinsey system; civil servants who recently demanded salary adjustments beyond what the Government can afford should realistically look at the financial situation of the Government; one enlarged regional council for the whole

territory would ensure uniformity and consistency in the implementation of guiding policies; the setting up of new departments or sections should be carried out with care; how seriously is the concept of increased productivity being applied to public sector activities; the Government should educate the public about elections; opening of the examination of the 1984–85 Estimates to the public welcomed; a special team should be attached to the Chief Secretary's office to review excessively complicated procedures; agree with the plan to keep annual overall growth of the civil service to below $2\frac{1}{2}$ per cent; a training programme in management should be set up for civil servants; Government should be more critical of proposals to employ overseas consultants; and the policy of localisation of the civil service should be pursued with vigour so as to reduce the expenses of employing expatriate staff.

Economy and Finance

Private investment expenditure not matching the improvement in export demand; need to exercise stringent control over public sector expenditure; concern over the lack of a coherent Budget strategy; deficit financing is acceptable only as a short-term expedient; the Budget is a demonstration of Government's optimism and confidence in the territory's future; arguments for and against changing the peg of the Hong Kong dollar to the US dollar; fiscal reserves cannot be drawn down continuously to cover Budget deficits; urgent need to encourage growth in GDP by increasing expenditure on selected infrastructure projects; rises in fees and charges should be avoided during the year unless critical scrutiny establishes that an increase is justified; and suggestions on how priorities could be adjusted to make the Budget more fair and balanced.

Education

Early approval is needed on the setting up of technical institutes in Sha Tin and Tuen Mun; the establishment of the Education Commission is welcomed; increased expenditure on education is supported; rehabilitation experts needed to sit on the Vocational Training Council; the Junior Secondary Education Assessment should be abolished; inadequacy of school places for the mentally handicapped; the increase in funds for the construction and equipping of new school buildings is welcomed; the need for ample opportunities for students to participate in extra-curricular activities.

Future of Hong Kong

The agreement being negotiated between Britain and China should take fully into account the views, aspirations and fears of the people who live here; uncertainty is possibly a larger threat than lack of confidence; vital for Hong Kong to have confidence in its future; slowdown in capital investment in 1983 is a sign of the lack of confidence and political uncertainty; an early announcement on the current state of the Sino-British talks is necessary; Government should take steps to allay civil servants' worries; Government should reveal early the general plan for the future of Hong Kong; and the people of Hong Kong are urged to act positively and have confidence in their own future.

Land and Housing

The Housing Authority should pursue a sound rental policy to reduce the gap between actual costs and rental income from public housing.

Trade and Industry

Early review required of the textile quota allocation system; policies towards enhancing the growth of manufacturing industries should be reviewed regularly; need to establish a centralised co-ordinating body to promote and disseminate relevant technological information among industrialists; devaluation of the Hong Kong dollar has provided a temporary edge over competing exporters elsewhere.

Labour

Consideration should be given to the establishment of a Central Provident Fund; expansion of the apprenticeship inspectorate; the need for more stringent policing by factory inspectors to improve industrial safety.

Public Works and Utilities

The construction of a second cross harbour tunnel should be examined without further delay; the growth rate of inefficient road users, such as private cars, should be restrained through fiscal measures; Government should take a more critical look at public works expenditure and postpone some new projects so as to balance the Budget.

Social Welfare

A Commissioner for Rehabilitation should be appointed; concern over fee increases for hostels, homes and half-way houses; Government should not delay any of its development plans for social services.

Taxation

The Financial Secretary's taxation proposals are particularly harsh on the so-called 'sandwich' class; consideration should be given to tax goods which only the well-off could normally afford; there should be an increase on the petrol tax except for meeting public transport needs; arguments for and against the proposed cross harbour tunnel tax as a measure to alleviate traffic congestion; the proposed cross harbour tunnel tax should not be imposed at a uniform rate at all times and should take account of periods of high and low demand; the two percent increase in direct taxation is justified; tax bands of net chargeable income should be set at $15,000 intervals; Government should reconfirm its commitment to the basic principle that taxation should only be applied to income arising in Hong Kong; taxing interest earned overseas is incompatible with the principle and spirit of the existing tax system in Hong Kong; consideration should be given to adjusting personal allowances upwards to reflect inflation; fees and charges must be kept under constant review and brought into line with costs; and part of the income of working wives should be exempted from taxation.

Miscellaneous

The establishment and privatisation of public corporations should continue; introduce radical reforms to improve efficiency in environmental protection; examine whether radio and television programmes maintain an acceptable standard of language; expand evening out-patient services.

Bills

During the 1983–84 Session, 89 Bills were passed by LegCo (see Appendix XIV). Twenty-four Bills were amended in the course of their passage through the Council, mainly in response to public representations taken up by Unofficial Members. Some of the more important items are reported in the following paragraphs:

Employment (Amendment) Bill 1983

First Reading: 13.7.83

Second and Third Readings: 12.10.83

The purpose of this Bill was to increase sickness benefits under the Employment Ordinance. It proposed to increase sick leave entitlements from one day for every completed month of service to two days per month for the first 12 months and four days per month thereafter; and that such entitlement might be accumulated from a maximum of 36 days to 90 days without an element of hospital stay and 120 days with an element of hospital stay.

Following introduction of the Bill, a large number of representations were received from both employers' and employees' associations. In the light of the conflicting views received, an Ad Hoc Group under the convenership of Mr. Peter C. WONG, which had been set up to study the Bill, decided that it should be deferred so that the representations could be studied thoroughly. In the end, 28 representations from employers' and employees' associations were received and examined by the Ad Hoc Group which comprised 22 Unofficial Members. The Group held a total of 15 meetings, including seven with various organisations and five with the Administration before debate on the Bill could be resumed. Members generally accepted that the ceiling for sick leave should be 120 days. However, the Group recommended and the Administration agreed to amend the Bill as follows:

(*i*) to delete the hospitalisation element proposed in the Bill;

(*ii*) to require any claim for sickness benefits in excess of the existing maximum 36 days to be supported by a medical certificate from a hospital-based doctor; and

(*iii*) to modify the sick leave earning rate to two days per month for the first year of employment and four days from the second year onwards, so that a worker could earn the maximum of 120 days in three years.

At the debate on second reading, 11 Members, Mr. LO Tak-shing, Fr. Patrick T. McGovern, Mr. Peter C. WONG, Mr. WONG Lam, Mr. Andrew SO, Mr. F. K. HU, Mr. WONG Po-yan, Mr. CHAN Kam-chuen, Mr. Stephen CHEONG, Mrs. Selina CHOW and Dr. Henrietta IP, spoke.

Mr. LO explained the amendments recommended by the Ad Hoc Group as a compromise between the immediate short-term interests of employers and employees.

Abstaining from voting, Fr. McGovern registered his disgust not only at the way the Bill had been mangled by amendments but also at the damage that had been and would be done to harmonious industrial relations at a sensitive time in Hong Kong's history. He observed that the Bill as originally introduced was already a long overdue effort to improve employees' sickness benefits.

Mr. Peter C. WONG reported that the spirit of the Bill was not in dispute. He then outlined the modifications recommended by Unofficial Members which he considered a reasonable and workable package. He also urged the Government to consider the employee groups' suggestion of a comprehensive social security scheme, and the employer associations' suggestion that the consultation process of the Labour Advisory Board be improved.

Mr. WONG Lam supported the Bill, but pointed out that it failed to guard against abuse of sick leave by employees and failed to provide for appropriate supervision or punishment of those irresponsible employers who might try to dismiss, for trumped up reasons, aged and infirm employees who were entitled to long, accumulated paid sick leave.

Mr. SO opposed the amendments to the original Bill, which aimed to provide financial assistance for sick workers in the absence of a comprehensive social security scheme; he abstained from voting.

Mr. HU said the sickness benefits to employees in Hong Kong should be improved so that they were comparable to those of neighbouring countries. He supported the Bill as it was moving in the right direction, but he stressed the need to monitor developments and to review the position regularly. He also urged the Administration to give early consideration to the welfare of non-manual workers who were not protected by the Employees' Compensation Ordinance.

Mr. WONG Po-yan supported the Bill as the amendments introduced were an honest attempt to strike a balance between the interests of all the parties concerned.

Mr. K. C. CHAN said members of the Labour Advisory Board, of which he was a member, were reasonably satisfied that the Bill represented an improvement for employees suffering from "genuine" prolonged sickness. He considered the certification of extended sick leave by a hospital-based doctor would safeguard abuse. In conclusion, Mr. CHAN urged pressure groups not to rock the boat in these stormy days.

Mr. CHEONG said the amendments would safeguard and limit possible abuses and covered various contingencies.

Mrs. CHOW said it was not a matter of abuse or not, but of where to draw the line. It was up to employees to guard against relaxation of self-discipline which would undermine productivity and efficiency of the work force in Hong Kong.

Dr. IP supported the Bill and noted that doctors would be given the privilege of recommending sick leave. Dr. IP said it was important that doctors keep a file copy of sick leave certificates issued so that cross checking was possible to prevent abuse.

In reply, the Commissioner for Labour thanked Unofficial Members for the proposed amendments. He said it would be unrealistic to expect the Bill, as amended, to please all concerned, but it did represent a reasonable compromise between sharply conflicting views. He added that to avoid misunderstanding the Labour Department would issue a guide to explain the legislation. The Commissioner for Labour also spoke in defence of the consultative process followed by the Labour Advisory Board.

At the Committee Stage, Mr. LO proposed amendments to five clauses. These amendments were to extend the period during which sick leave could be earned at two days per month from the first three months of employment to the first 12 months; to make transitional arrangements by introducing a form of retroactive legislation governing the rate at which sick leave was to be earned; to remove the hospital stay requirement for sick leave in excess of 90 consecutive days; to require employers to keep a sick leave record to show the sick leave position of each employee; to divide sick leave entitlement into two categories: category 1 to contain the sick leave earned up to 36 days and category 2 to contain the sick leave earned other than category 1 up to a maximum of 84 days; and to require sick leave be first deducted from category 1.

The Commissioner for Labour also proposed an amendment at the Committee Stage to enable the Bill to come into operation on a day to be appointed by the Governor. The proposed day was 1.11.83.

All the amendments were agreed and the Bill was read the third time and passed.

City Polytechnic of Hong Kong Bill 1983

First Reading: 9.1.83

Second and Third Readings: 23.11.83

The Bill provided for the establishment and incorporation of the City Polytechnic of Hong Kong. The purpose of the Bill was to seek to establish the City Polytechnic as an incorporated body with perpetual succession and specify its objectives and powers; establish a

Council as the governing and executive body and stipulate its membership; provide for the appointment of a Director and other staff; provide for the establishment of an Academic Board; and regulate accounting and other financial reporting procedures.

The Bill was studied by the LegCo Social Services Group under the convenership of Dr. Harry FANG. After seeking clarification from the Administration on a number of clauses, the Group supported all the provisions in the Bill.

Dr. FANG spoke at the second reading debate. He urged that the provision of students' hostels be seriously considered so as to facilitate social interaction among students and provide those who came from poor families and remote districts with a better place for study.

Mr. S. L. CHEN welcomed the Bill and noted an increasing demand by the young people of Hong Kong for a Polytechnic-type tertiary education, and an increasing demand by local commerce, industry and community services for Polytechnic-trained graduates. It was therefore a timely decision for Government to establish a second polytechnic.

Dr. HO Kam-fai emphasised that a proper industrial infra-structure and a sound economy required contributions from technical personnel at all levels. It was therefore imperative for Government to ensure the balanced development of technical manpower.

In reply, the Secretary for Education and Manpower agreed to consider Dr. FANG's remarks about hostels and agreed with Dr. HO that the balanced development of technical manpower was important. He said the Administration would aim to achieve this in planning technical education and industrial training.

Banking (Amendment) Bill 1983
Deposit Taking Companies (Amendment) Bill 1983

First Reading: 10.8.83

Second and Third Readings: 7.12.83

These two Bills sought to amend their respective principal Ordinances to improve further the level of protection afforded to depositors and investors. The main provisions in the two Bills were to impose tighter limits on lending by a deposit-taking company (DTC) or a bank to a single customer or grouping and to directors; to limit the amount of money placed by a bank or a DTC with foreign banks; to require the auditor of a DTC to report to the Authority matters affecting the financial position of the company and contraventions of the DTC Ordinance; and to clarify the provisions of both Ordinances relating to secrecy.

Following publication of the Bills, representations were received from the Hong Kong Deposit-taking Companies Association, the Finance Houses Association of Hong Kong Ltd., the Chinese Association of Finance Companies Ltd., the Hong Kong Society of Accountants, the Hong Kong Association of Banks and a number of finance companies. The Bills and the representations were examined by the LegCo Monetary Policy Group under the convenership of Mr. W. C. L. Brown.

The Group held discussions among themselves and with the Commissioner of Banking and the Commissioner of Deposit-taking Companies, as well as with other senior Government officials. Members supported the reservations of the business community in relation to the role of the auditor and the requirement which could compel the disclosure of privileged information by a solicitor. The Administration agreed to amend the Bills accordingly and in addition a number of other technical amendments were agreed.

At the debate on the second reading, Mr. Brown declared his interest as Chairman of the Hong Kong Association of Banks and as an executive holding positions with both a bank and a deposit-taking company. He added that the financial community generally supported the aims and principles of the Bills. Nonetheless, he related the concern raised on the proposed powers for the Commissioner of Banking to limit monies placed with a foreign bank, and on the restrictive definition of "company" in the principal Ordinance.

In reply, the Financial Secretary thanked Unofficial Members for the consideration given to the Bills and to the many representations that had been made. He gave the assurance sought by Mr. Brown that the Commissioner of Banking would exercise with discretion his power to limit placements of money with a foreign bank, provided the foreign bank was considered adequately supervised by its parent authority. He also agreed to review the definition of "company" at some future date.

At the committee stage, Mr. Brown and the Financial Secretary moved amendments to 14 clauses and seven clauses respectively. Among these were amendments to provide some flexibility in restricting advances to directors and to cover transitional arrangements.

Debtors (Arrest and Imprisonment) Bill 1983

First Reading: 7.12.83

Second and Third Readings: 11.1.84

The Bill's object was to reform the law relating to the arrest and imprisonment of civil debtors. Specifically, it sought to provide for court hearings prior to the arrest and imprisonment of persons against whom claims were made. It also clarified the rules governing the imprisonment of civil debtors.

Following publication of the Bill, representations were received from the Law Society of Hong Kong, the Hong Kong Bar Association, the Hong Kong Association of Banks, the Chinese Manufacturers' Association of Hong Kong, individual law firms, banks, finance houses and businessmen. The representations were considered by the LegCo General Services Working Group under the convenership of Mr. LO Tak-shing. The Group met the Deputy Law Draftsman and, in the light of advice from Unofficial Members, the Administration drafted a large number of amendments to the Bill.

The technical aspects of the Bill were studied by the Legislation Scrutiny Group under its convener, Mr. Peter C. WONG. The Group met four times and the Deputy Law Draftsman was in attendance at each session. As a result of these discussions further amendments were proposed and, in view of the complexity of the Bill, the Administration agreed to publish a revised Bill for information in the Gazette on 23.12.83.

More representations followed which were carefully considered by Members and resulted in further amendments to the Bill. It was apparent that there were two main bodies of opinion: one considered that imprisonment for debt should be completely abolished, while the other wished to maintain the existing arrangements. Members took the view that these views were entrenched and completely irreconcilable, and that the Bill as amended offered the best compromise.

When the debate on the Second Reading was resumed, Mr. Peter C. WONG outlined the changes proposed. He pointed out that whilst imprisonment would be ruled out, certain improvements had been made to ensure that recalcitrant debtors did not escape the provisions of the law. He said the reforms were long overdue. While preserving the rights of the creditor, he said, the Bill removed a glaring inequity and abolished an anachronism which belonged to another age.

Mr. Charles YEUNG took up the theme of the anachronistic nature of the existing law with reference to the writings of authors such as Charles Dickens. He went on to quote statistics in respect of debtors which indicated that over the past eight years debtors remained in prison, on average, for only 20 days. He noted that the imprisonment provisions constituted a deterrent, but it was also necessary to protect those who genuinely could not pay. In summing up he said he thought that if all the amendments were accepted the new Ordinance would be a piece of fair legislation which would receive the support of the community.

Mr. WONG Po-yan also spoke in support of the Bill, pointing out that while it appeared at first to be lenient to debtors it in fact provided a much greater level of legal redress than was available under existing legislation. Mr. CHAN Kam-chuen pointed out that under the old system only a small percentage of debtors ever found themselves in prison because most debtors were wilful defaulters who were deterred from further default by the threat of their creditors to throw them into prison. He believed however that the Bill should be supported, provided the Government monitored the possible consequences of it giving rise to the increased use of 'hired muscle'.

Mr. J. J. Swaine thanked the Attorney General's Chambers for agreeing to publish the revised Bill for information, something which had greatly assisted Unofficials in their consideration of the Bill. He also called attention to the pioneering efforts of his Unofficial colleagues, notably Mr. Peter C. WONG, to bring about this welcome measure of law reform.

Mr. Stephen CHEONG noted that many representations had been made on the Bill protesting at what was seen to be upsetting a piece of tested and proven legislation that had been designed with local conditions in mind. He did not subscribe to that view because in any civilised country with an acceptable legal system only the judiciary should have the right to hand down jail sentences.

In reply, the Attorney General noted that some degree of opposition had been expressed to the Bill, elements of which Mr. CHAN and Mr. YEUNG had pointed out. He paid tribute to the time, effort and wisdom Unofficial Members had contributed to the Bill and was grateful for the enthusiastic welcome they had in general given to its compromise provisions which sought to reconcile the competing interests of creditors and debtors.

At the committee stage, Mr. Peter C. WONG, Mr. YEUNG and Mr. Swaine moved amendments to six clauses, while the Attorney General moved amendments to five clauses.

Motor Vehicles (First Registration Tax)(Amendment) Bill 1984
Road Traffic (Registration and Licensing of Vehicles) Regulations (Amendment) Bill 1984

1st Reading: 11.1.84

Resumption of Debate on 2nd Reading: 18.1.84

On 11.1.84, the Secretary for Transport introduced a package of proposals to limit the growth of taxis following a comprehensive review of the taxi trade. He explained that taxis had always been regarded as personalised transport and, while it was acknowledged that they provided a valuable service within the transport mix, the Administration was of the view that their numbers could not be allowed to continue to grow. This was particularly important as other forms of public transport had significantly improved their standard of service. The Administration further took the view that, in view of the significant improvement in public transport services, there was no longer any need for taxis to be favoured by low First Registration Tax and annual licence fees. The First Registration Tax payable on taxis was to be the same as for private cars, while the annual licence fee was to be doubled to twice the level of that for private cars on the basis that taxis covered many more times the distance on the roads than the average private car. The diesel engine surcharge was also set at double the level for private cars.

The taxation measures were introduced under Public Revenue Protection Orders, a fact which provoked taxi operators to take immediate protest action. At 4.15 p.m. on 12.1.84 a group of operators arrived at Swire House and insisted on seeing UMELCO Members. Mr. F. K. HU, Mr. CHAN Kam-chuen and Mrs. Selina CHOW met the representatives who came from various taxi organisations. Numbers grew at the meeting as other drivers arrived and considerable congestion was caused by taxis parked along Connaught and Chater Roads. The demands made by the taxi operators were:—

(*i*) to pay the old First Registration Tax and annual licence fees;

(*ii*) to allow successful tenderers in previous tender exercises to pay the old First Registration Tax and annual licence fees;

(*iii*) to allow replacement taxis to be exempted from the First Registration Tax; and

(*iv*) to recognise that taxis are a form of public transport.

The meeting continued until Members withdrew at 8.30 p.m. However, at the invitation of Members, the taxi operators continued their discussions in the UMELCO Office until 11.15 p.m.

The following day (13.1.84) traffic in Central was virtually immobilised by parked taxis. Similar chaos was caused in Nathan Road and at Tai Po which was completely cut off by a taxi blockade. The three Members who had met the representatives briefed a full meeting of LegCo Unofficials specially convened by Dr. Harry FANG. Members later held a meeting with the Secretary for Transport to explore options for improving the situation.

After meeting the Secretary for Transport, a delegation of Members led by Dr. FANG went to see the Acting Governor who agreed that an additional meeting of LegCo should be held on 18.1.84 to debate the Bills. Meanwhile, unruly elements in Kowloon unconnected with the taxi drivers took advantage of the tense situation to loot shops and create disorder in the streets.

After careful consideration of the measures proposed by the two Bills, Members were unanimously of the view that the package represented an unreasonable burden on many taxi operators and did not take adequate account of the complex position and problems of the taxi trade. They decided to oppose the Bills at the special sitting on 18.1.84. Members also considered that insufficient consultation had taken place and that the traditional principle of government by consensus had been transgressed in this instance.

On 13.1.84 Members held a press conference at 11.45 p.m. and issued a press release informing the taxi trade representatives that Unofficial LegCo Members would oppose the Bills at the forthcoming special LegCo meeting. They also urged the taxi operators to resume normal operations immediately in the general interests of the community. The taxi blockades began to disperse shortly afterwards.

At the LegCo meeting on 18.1.84, 22 Unofficials spoke. Dr. FANG opened by putting the taxi increases in the context of the operating costs of running a taxi. He pointed out that, although Government had agreed to a 17% increase in fares—against the operators' long-standing request for a 33% increase— this would now have to cover the additional estimated 7½% increase in operating costs caused by the new taxes. Dr. FANG said while the manner in which the taxi operators had chosen to demonstrate their dissatisfaction was to be regretted, there could be no doubt as to their sincere concern and depth of feeling at what they believed to be forces threatening their livelihood. He said it was Members' unanimous view that the package as a whole represented an unreasonable burden on many taxi operators and did not take adequate account of the complex position and problems of the taxi trade. Dr. FANG urged a radical rethink of the entire package, not as a sign of weakness and capitulation but as an earnest indication of an open Government sensitive to public reaction and ever willing to seek just and fair solutions to whatever problems might confront the community.

Dr. Francis TIEN saw the proposal to regulate the taxi trade by fiscal means as running contrary to the basic free enterprise system of Hong Kong and Mr. Alex WU stated his anxiety that policies were being devised purely on the basis of a statistical analysis without taking account of the human factor. Fr. Patrick T. McGovern pointed out that the amendments proposed were associated with taxi fare increases under the Road Traffic (Public Service Vehicles) (Amendment) Regulations; this, he considered, negated the claim that taxis were personalised transport. He also hoped the debate showed that the limited democracy of an appointed unofficial membership in LegCo could work.

Mr. Peter C. WONG criticised the imposition of a sudden hefty increase in fees without warning and considered the proposed increases "excessive and inequitable". He also pointed out that taxis provided a useful public transport service. Mr. WONG Lam also agreed that taxis were a means of public transport and urged the Government to consider the plight of the large number of taxi operators who had borrowed money to pay for their vehicles.

Mr. Charles YEUNG spoke of the "social and financial aspects" of taxis on the transport scene and pointed out the communication breakdown in the Government's consultation process. Dr. HO Kam-fai refuted the argument that taxis were a form of personalised transport and drew attention to the value of their services to the disabled, the elderly, the sick and injured and those not able to commute by the crowded mass carriers. Mr. Andrew SO, Mr. HU and Mr. CHAN were critical of the abrupt and drastic increases proposed.

Mr. W. C. L. Brown addressed the question of whether Members, in voting against the Bill, were merely giving in to pressure. He noted that it was unfortunate that the normal time-frame for the study of Bills was denied to Members in this instance; however he accepted that the need for action was urgent and that all that had happened was that Members had studied the Bills rather faster than they might otherwise have done. He considered if there were a victor in this particular case it was the system of Government which enabled Unofficials to oppose Bills which they believed required further consideration.

Mr. J. J. Swaine spoke of the human element in transport policy. Mr. Stephen CHEONG considered that the proposed tax increases would have the opposite effect to what they were intended to have, as increased costs would mean increased fares which would result in a higher level of consumer resistance and thus more taxis cruising empty. Mr. CHEUNG Yan-lung condemned the strike action taken by the taxi trade, but did not agree with the policy of treating taxis as personalised transport. Mrs. CHOW's opposition to the Bill was on the basis that the timing was wrong, consultation had been inadequate and because she did not agree with the logic on which the Bills were based. Both Dr. Henrietta IP and Mr. CHAN Ying-lun considered the proposed increases particularly unfair on the 973 taxi owners who had successfully tendered before the Bills were introduced.

Mrs. Rita FAN shared Mrs. CHOW's view that the increases coming as they did at Chinese New Year were a particular hardship to taxi operators. She considered, however, that the way in which they had expressed their dissatisfaction was regrettable.

In opposing the Bills, Mrs. Pauline NG urged the Government not to ignore the value of taxis to the general public. Mr. Peter POON said the taxi trade was complex and fragmented and felt that the Government should undertake a more in-depth study of financial aspects of the trade. Mr. YEUNG Po-kwan spoke of anxiety and resentment against use of the Public Revenue Protection Orders.

In reply, the Secretary for Home Affairs spoke of the consultation which had taken place on the proposed Bills. The Attorney General said the events had been a vindication of the present system in Hong Kong and had demonstrated that LegCo was the ultimate safeguard if the Government misjudged what was politically acceptable to Hong Kong. After the Secretary for Transport explained and amplified the reasoning behind the policy package, the question that the Bills be read a second time was put and defeated, with the Officials abstaining from voting.

Companies (Amendment) Bill 1983

First Reading: 9.3.83

Second and Third Readings: 25.1.84

The purpose of the Bill was to complete substantially a programme of legislation commenced in 1974 to implement recommendations of the Companies Law Revision Committee (CLRC). The Bill was first published in draft on 18.7.80 for general information. On publication, it attracted a number of public representations from organisations and individuals in the professional, business and academic sectors, including the Hong Kong General Chamber of Commerce, the Law Society and the Hong Kong Society of Accountants. These submissions were considered by the Registrar General whose written comments were referred to Unofficial Members in May, 1981.

Between November, 1981, and March, 1983, an Ad Hoc Group to consider the representations and comments of the Registrar General met 10 times, first under the convenership of Mr. S. L. CHEN, then Mr. W. C. L. Brown. They met twice with the Registrar General and sought detailed written clarification of a number of issues. It was finally agreed that all controversial issues on which agreement could not be reached should be withdrawn from the Bill and referred to a Standing Committee on Company Law Reform (SCCLR) for further consideration.

It was against this background that the Companies (Amendment) Bill 1983 was re-published in the Gazette on 4.3.83 and introduced into LegCo on 9.3.83.

Another round of consultations followed, during which more comments and representations were received from organisations and individuals, including some who had given their comments previously. Again, these were considered by the Administration whose written comments were studied by Members. Meanwhile, the Ad Hoc Group met again to review and discuss the Bill, while the Legislation Scrutiny Group, convened by Mr. Peter C. WONG, looked at the technical aspects. As a result, the Ad Hoc Group met a further 15 times and the Legislation Scrutiny Group once.

Upon resumption of the debate, eight Unofficials spoke in support of the Bill.

Mr. Brown referred to the Bill as an important and complex piece of legislation. He described the "unusual step" Unofficials had taken in deliberating on comments from the public and reaching agreement with the Administration on a wide-ranging number of changes whilst the Bill was still in draft form and before being introduced into LegCo. He added that enactment of the Bill would merely take Hong Kong's company law to "a further milestone", and there was still a long way to go. He thus welcomed the establishment of the SCCLR with terms of reference calling for an annual report on progress made in regard to those matters referred to it for further examination. He then commended 22 items to the Committee for further examination.

Mindful of the numerous amendments proposed in the Bill and referring to a view expressed in the House of Lords when similar legislation in the United Kingdom was last debated, Mr. Brown proposed that it would assist all in understanding company legislation if, in the event that the SCCLR were to recommend further changes to company law, an entirely new Bill, rather than another voluminous amendment Bill, should be produced.

Mr. Peter C. WONG referred to company law as "one of the most fascinating of the legal subjects", and joined Mr. Brown in welcoming the establishment of the SCCLR. He said the Bill represented the culmination of almost two decades of concerted and arduous effort, and was a major step forward towards reform in the field of commercial law.

Mr. WONG Po-yan spoke of the importance to industry and the economy of an improved legal framework for the regulation of companies. He warned that where a self-regulation system proved inadequate a code of conduct would be required. The amendment Bill would provide such a code. Mr. WONG also welcomed establishment of the SCCLR.

Mr. Stephen CHEONG described introduction of the Bill as timely and suggested that it would help consolidate Hong Kong's success in preparation for the next phase of growth.

Miss Maria TAM stressed the importance of disclosing the true identity of the directors of a company and suggested amendments to the Bill that would further clarify directors' responsibilities and restrict their powers.

Mr. Peter POON welcomed the Bill which would "contribute to the improvement of financial reporting and auditing standards in Hong Kong", adding that it contained many amendments to update company legislation which had been lagging behind Hong Kong's rapid development as a leading financial centre.

The Secretary for Economic Services spoke in reply in the Second Reading debate. He thanked Mr. Brown and the Unofficials of the Ad Hoc Group for their support and for the time and effort they had spent in examining the Bill. In agreeing with Unofficials that a lot remained to be done in the field of company law reform, even after enactment of the Bill, he announced the establishment of the SCCLR under the chairmanship of Mr. Justice Cons and outlined the Committee's terms of reference. He also assured Mr. Brown that he would not lose sight of his suggestion to produce an entirely new Companies Bill rather than another voluminous amendment Bill.

At the Committee Stage, Mr. Peter C. WONG, Mr. Charles YEUNG, Mr. Andrew SO, Mr. WONG Po-yan, Mr. Stephen CHEONG, Miss Maria TAM and Mr. Peter POON moved amendments to 17 clauses and two schedules, while the Secretary for Economic Services moved amendments, mostly of a technical nature, to 41 clauses and four schedules.

Pawnbrokers' Bill 1983

First Reading: 10.8.83

Second and Third Readings: 15.1.84

The Bill's object was to repeal the existing Pawnbrokers' Ordinance and introduce certain changes to legislation regulating the operations of pawnbrokers. More specifically the Bill sought to raise the loan limit from $5,000 to $25,000, impose a maximum rate of interest applicable to all loans, improve licensing control by the Commissioner of Police in line with current licensing practices, and increase the level of penalties.

Shortly after the Bill's introduction, a group of representatives from the Hong Kong and Kowloon Pawnbrokers' Association came to UMELCO to raise points of concern. These, together with points raised at a subsequent meeting with the representatives, were considered by the LegCo General Services Working Group under the convenership of Mr. LO Tak-shing. The pawnbrokers were particularly concerned about the duty the Bill imposed on them to insure pawned items against fire or theft.

The Group met with the Administration and it was agreed with other matters that the pawnbrokers' liability to pay compensation should be limited. Amendments to this effect would be introduced and Mr. Charles YEUNG spoke in support of the Bill in the Second Reading debate.

In reply, the Secretary for Security thanked the Unofficial Members for the time and effort they had spent on the problems which had been brought to light, and their helpful suggestions for solving them. He also pledged to introduce regulations to ensure that clients would be adequately warned of the risks taken in pawning goods of a value greater than the maximum loan limit.

At the Committee Stage, the Secretary for Security moved amendments to six clauses to clarify that pawnbrokers would only be liable to make good the loss of, or damage to, pawned items if the loss or damage was a result of their default, neglect or misfeasance, and to limit the pawnbroker's liability for any article to $25,000, the maximum loan limit allowable under the Bill.

Magistrates (Amendment) Bill 1984

First Reading: 25.1.84

Second and Third Readings: 2.5.84

This Bill proposed that, generally, for charges classified as minor offences, a summons should not be issued to the defendant in the first instance, but that a notice of prosecution be issued and subsequent proceedings dealt with in the absence of the complainant and defendant unless the defendant wished to deny the charge or requested a hearing. Minor offences were those subject to a penalty not exceeding a fine of $10,000 and imprisonment for six months.

Following a meeting between the Legislation Scrutiny Group convened by

Mr. Peter C. WONG and the Administration, some amendments to the Bill were agreed and certain administrative undertakings given by the Registrar of the Supreme Court as to the way in which the legislation would be implemented.

At the debate on the Second Reading, Mr. WONG spoke in support of the Bill. He said the simplified procedure for dealing with minor offences would save time and effort, as the defendant's appearance in court would not be required. Nonetheless he emphasised that the rights of the defendant would not be compromised in the administration of justice.

In reply the Attorney General made known the two administrative undertakings given by the Registrar of the Supreme Court:

(*i*) to include in the 'Notice of Payment of Fine' advice to the defendant on the steps he should take to dispute the fine if he claimed that he had never been served with a minor offence notice; and

(*ii*) to instruct his staff that, if a defendant contested the demand for payment on this basis, all further steps to enforce the fine would cease until the matter had been determined by a magistrate.

At the Committee Stage, Mr. WONG moved amendments to one clause to further protect the rights of defendants by increasing the period from 28 to 35 days during which the defendant could file a written notice requiring a hearing; and by deleting the provision to include the defendant's previous convictions in the notice of prosecution.

Employment (Amendment) Bill 1984

First Reading: 14.3.84

Second and Third Readings: 2.5.84

The purpose of the Bill was to increase severance payments to workers and extend the period during which claims for such payments had to be made from one month to three months after the date of termination or lay-off.

A large number of representations from both the employers' and employees' organisations were received. An Ad Hoc Group under the convenership of Dr. Harry FANG was formed to study the Bill and the representations. The Group met with a delegation of employers' representatives and three groups of employees' representatives and held in-depth discussions with the Administration. After careful consideration, Members generally agreed that the Bill should be allowed to pass and would provide better protection for workers.

In speaking at the debate on the Second Reading, Dr. FANG supported the Bill and summed up the points put forward by both employers' and employees' organisations. Mainly, the employers were worried that increased severance pay benefits would mean additional financial costs. They also considered the process of consultation in the Labour Advisory Board needed improvement. For their part the employees felt that severance pay should be raised to one month's pay for each year of service and that the qualifying period of service should be reduced to one year. In conclusion, Dr. FANG urged the Government to set up a Central Provident Fund to provide better protection to workers.

Fr. Patrick T. McGovern recalled that the original provision for severance pay had been passed by LegCo in June, 1974. Ten years had passed and employers were still using the same arguments in their efforts to keep workers' benefits to a minimum. He noted that the Bill contained only half the original proposals put forward to the Labour Advisory Board, and he supported the Bill on the ground that half a Bill was better than no Bill. However, he hoped the Administration would reconsider the sections not incorporated in this Bill as well as various other proposals which had been put forward over the years by workers' representatives.

Dr. HO Kam-fai said he supported the Bill, but noted possible labour disputes arising from the provision of security to workers who were caught up in contingencies such as child birth, sickness, injury and being laid off. Therefore, he supported Dr. FANG's point and asked the Administration to consider a centrally-administered provident fund scheme as an alternative which might provide greater security to workers.

Mr. Andrew SO supported the Bill by saying unrestrained welfare for the workforce would impede the initiative of society and asked for sincere co-operation between employers and employees to bring prosperity and progress to society. Mr. SO saw the aim as being to improve the welfare of workers step by step.

In reply, the Commissioner for Labour said he shared Fr. McGovern's desire to see further improvements to workers' welfare.

Cross Harbour Tunnel (Passage Tax) Bill 1984

First Reading: 25.4.84

Second and Third Readings: 16.5.84

The purpose of the Bill was to impose a passage tax on vehicles using the Cross-Harbour Tunnel in order to reduce non-essential use of the tunnel, thereby lessening congestion.

Following the Budget Speech at which the passage tax was proposed, critical comments and representations were received from a handicapped driver and the Hong Kong Automobile Association. Subsequent to introduction of the Bill in LegCo on 25.4.84, the Hong Kong Society for Rehabilitation and the Traffic and Transport Committee of Central and Western District Board also made representations to UMELCO.

An Ad Hoc Group was convened by Mr. S. L. CHEN to study the representations together with the provisions of the Bill. After careful consideration, Members fully agreed that for handicapped drivers cars were not a luxury and that they and the rehabuses should be exempted from the passage tax.

Four Members spoke at the debate on the Second Reading. Mr. CHEN and Dr. Harry FANG drew attention to the needs of the handicapped who did not have the option of taking public transport and welcomed the Administration's favourable response to the suggestion of exempting handicapped drivers. Mr. CHEN added that a flexible scheme of applying the tax during peak hours only could help even out the peaks and troughs of tunnel usage, and that the inability of the Tunnel Company's computer system to operate such a system and to distinguish between public and private light buses for tax purposes seemed singularly out of place in present day Hong Kong. Noting the assurance given by the Administration that revenue from tunnel taxes would be considered especially for transport purposes, he hoped that it would mean a commitment to the provision of a second fixed harbour crossing as soon as possible.

Fr. Patrick T. McGovern opposed the motion, saying the present generation of motorists had already paid for the existing cross-harbour tunnel and it would not be fair for them to start paying for the next harbour crossing which did not yet exist. He questioned the assumption that a considerable number of private motorists made unnecessary journeys through the tunnel and considered as unconvincing the suggestion that the Bill was justified on traffic management grounds.

Mr. WONG Lam abstained from voting on the Bill as he doubted the effectiveness of the tax in solving the congestion problem, pending completion of another cross-harbour link, because motorists would soon become accustomed to the tax and use the tunnel again. He said Government should settle the computer problem first with the Tunnel Company before introducing the tax.

In reply, the Secretary for Transport accepted the Unofficial Members' proposal for exempting disabled drivers from the tax. As regards rehabuses, he assured Members that the passage tax was regarded as a recognised cost for which additional subventions would be made. He considered it inappropriate for Government to ask the Cross Harbour Tunnel Company to change its computer system solely for Government's purpose. But, if the system was to be replaced or updated for other reasons, he would discuss with the Company how the revised system could take account of Government needs. He also said a final report on the second fixed harbour crossing would be submitted to ExCo by September, 1984.

Dr. FANG moved an amendment at the Committee Stage to provide for the exemption of disabled drivers from payment of the passage tax.

Medical Registration (Amendment) Bill 1984

First Reading: 25.1.84

Second and Third Readings: 16.5.84

The purpose of the Bill was to redefine existing foreign medical qualifications for registration as a medical practitioner in Hong Kong and to empower the Medical Council to exempt any person from any of the requirements for becoming a Licentiate.

After publication of the Bill, 13 representations from both groups and individuals were received. The Bill and the representations were studied by the LegCo Social Services Group under the convenership of Dr. Harry FANG. The Group members met with representatives of the Hong Kong Medical Association and the British Medical Association, Hong Kong Branch, to discuss the power granted to the Medical Council to exempt suitable candidates from the Licentiate Scheme and the appeal procedures proposed. The Group also met with the Administration to discuss the provisions of the Bill.

At the debate on the Second Reading, Dr. FANG supported the Bill as a measure to make it easier for persons holding overseas medical qualifications to be registered as medical practitioners in Hong Kong, but emphasised the need to maintain standards.

Dr. HO Kam-fai supported the Bill and urged the Medical Council through Government, in exercising its new powers in granting exemptions, to give special consideration without sacrificing standards to those candidates who had expressed a willingness to work in unpopular streams and to accept unpopular postings.

Dr. Henrietta IP said she had some reservations about the Bill, but would support it because the Administration had said that full exemption would only be granted on rare occasions, and that internal guidelines for exemptions would be worked out by the Medical Council. Moreover, she had confidence that members of the Medical Council would not lightly allow such full exemptions.

In reply, the Secretary for Health and Welfare thanked Dr. FANG, Dr. HO and Dr. IP for their support of the Bill and explained in more detail how the power of exemption would be delegated by the Medical Council and how appeals could be made against exemption decisions.

At the Committee Stage, Dr. FANG moved amendments to two clauses to qualify the power of the Medical Council and to clarify appeal procedures in exemption matters. Dr. IP also moved an amendment to one clause on the acceptability of certain overseas qualifications.

Inland Revenue (Amendment) Bill 1984

First Reading: 30.5.84

Second and Third Readings: 13.6.84

The Bill sought to implement three proposals made by the Financial Secretary in his Budget speech on 29.2.84 when moving the Second Reading of the Appropriation Bill 1984. The main provisions of the Bill were to increase the standard rate of tax from 15% to 17% and the rate of profits tax payable by corporations from 16½% to 18½%, applicable to all provisional and final assessments for 1984/85 and subsequent years; to render chargeable to profits tax all interest accruing from the carrying on of a business in Hong Kong; and to discourage the use of loan capital secured against deposits with the object of avoiding payment of profits tax.

The draft Bill was initially published in the Gazette as a Schedule to a Public Revenue Protection Order on 30.3.84. Publication of the Bill sparked off critical comments from both the media and the public. There was also criticism of the measure to protect profits tax following the removal of interest tax, an area attracting representations mainly from local business concerns and trade bodies. Representations were also received from the Hong Kong General Chamber of Commerce, the American Chamber of Commerce, the Hong Kong Society of Accountants, the Taxation Institute of Hong Kong, the Insurance Council of Hong Kong, plus various banks, corporations and individuals. In view of the large number of representations, it was decided that the draft Bill and the representations should be examined by a LegCo Ad Hoc Group under the convenership of Mr. W. C. L. Brown.

The Group held long discussions among themselves and with the Commissioner of Inland Revenue. A number of suggestions were made by Unofficial Members and these were incorporated into the Bill published in the Gazette on 25.5.84. More representations followed and further meetings were held between the Ad Hoc Group, under the deputy convenership of Mr. Peter C. WONG. The Group also met representatives from the Hong Kong Textile and Clothing Industries' Joint Conference on 28.5.84 to listen to their views. At the same time, the LegCo Legislation Scrutiny Group was convened by Mr. WONG to examine technical aspects of the Bill. After careful deliberations, Members generally agreed that the Bill's proposals were essential for the protection of revenue and to deter tax avoiders. They were also satisfied that the Bill was not retrospective in nature and would not represent a departure from the territorial source principle of taxation in Hong Kong.

Four Members spoke in the debate on the Second Reading. Mr. Brown highlighted the various amendments which had been made to the original draft Bill resulting from the discussions between the LegCo Ad Hoc Group and the Administration. He said Unofficial Members supported the Bill with its amendments which he believed had removed most genuine business transactions from the ambit of the new proposals. However, given that many multi-national corporations financed their subsidiaries from a central treasury, he expressed concern at the possible

impact of the decision to disallow for tax relief interest paid by a Hong Kong subsidiary or associated company to an overseas parent, and asked the Government to reconsider the relevant clause of the Bill in the light of experience. He also urged the Government to clarify the meaning of 'carrying on business in Hong Kong' as soon as possible.

Both Mr. WONG and Mr. Peter POON regarded the Bill as an effort to plug the tax loophole caused by abolition of tax on certain interest income. Mr. WONG spoke of the importance of the unit trusts industry in the context of Hong Kong as a financial centre, and said he would move a committee stage amendment to clarify the unit trust position. Mr. POON suggested the Inland Revenue Department should apply the new laws in a sensible and reasonable manner and review them in the light of experience. He also echoed Mr. Brown and urged the Government to give clear guidance on the meaning of 'carrying on business in Hong Kong'.

Mrs. Rita FAN said, while she was in favour of any anti-tax-avoidance measures to protect Government revenue, she had reservations about extending the territorial concept in taxation to include off-shore interest in the tax-net, and the growing complexity of the tax system, particularly as regards the treatment of interest payments. She thought the Bill would create complications in the tax system, especially for companies carrying on on-shore as well as off-shore business activities from Hong Kong. The growing complexity of the tax system might well prompt Hong Kong businessmen to take steps to prevent their normal commercial transactions from being caught unexpectedly by the Bill. Noting that the financial benefits generated might well be offset by the costs of implementing the legislation, as well as the likely unfavourable economic and financial ramifications, Mrs. FAN abstained from voting on the Bill.

In reply, the Financial Secretary thanked Unofficial Members for giving "wise advice" on the Bill. He stressed it was the duty of Government to introduce legislation to counter tax avoidance and that the Bill would in part help to achieve this objective without hindering genuine business borrowings or dampening the interest of potential foreign investors in Hong Kong. Regarding the meaning of 'carrying on business in Hong Kong', he said there were technical difficulties in clarifying this, but he assured Members the Government would examine each case carefully and a Departmental Interpretation and Practice Note would be issued by the Commissioner of Inland Revenue to provide guidance in this matter soon after enactment of the Bill.

At the Committee Stage, Mr. WONG and Mr. POON moved amendments to two clauses in relation to interest income received by authorised unit trusts and interest payments concerning publicly listed bonds issued prior to 1.4.84.

Landlord and Tenant (Consolidation)(Amendment) Bill 1984

First Reading: 16.5.84

Second and Third Readings: 13.6.84

The purpose of the Bill was to make further amendments to the principal Ordinance as part of the process of continuous review of the Ordinance and its operation. Specifically, the Bill sought to adjust the permitted rent of pre-war domestic premises from 14 times to 21 times the standard rent; to exclude from control with effect from 1.7.84 rented business premises located in pre-war domestic premises; to exclude from Part II control with effect from 19.12.84 luxury premises with a rateable value of $35,000 (as at 10.6.83) or above; and to raise the minimum rent from 30% to 45% of the prevailing market rent.

Following publication of the Bill, three representations were received and an Ad Hoc Group under the convenership of Mr. Peter C. WONG was formed to study the Bill. The Group held lengthy discussions with the Administration and examined more than 23 specific points of objection. As a result, the Administration agreed to amendments to six clauses and the addition of a new clause.

Three Unofficial Members spoke during the debate on the Second Reading. Speaking in support of the Bill, Mr. WONG first outlined the new measures proposed in the Bill before explaining the amendments arrived at after discussions with the Administration.

Fr. Patrick T. McGovern spoke in opposition to the Bill. He said Part II was wrong in principle in that it further eased the way for an increase in rents towards the still "unfair market rent." At a time when supply fell far short of both demand and need it was not advisable to ease control.

Dr. Henrietta IP supported the Bill and noted that it was one of a series to decontrol rent systematically. Complicated as it might be, it was well calculated so as not to bring significant hardship to the tenants affected. She noted that, regarding residential premises, the only ones which would be decontrolled were luxury flats, 73% of which were let to corporations anyway.

In reply, the Secretary for Housing said he understood Fr. McGovern's concern about a possible upswing in the rental market, but the long-term solution to such a problem lay in improving the supply of suitable accommodation, and not by prolonging rent control for a particular sector of the housing market.

At the Committee Stage, Mr. WONG moved amendments to seven clauses. Among these was an amendment to simplify the notification of new rents without impairing protection of either landlord or tenant.

Public Omnibus Services (Amendment) Bill 1984

First Reading: 2.5.84

Second and Third Readings: 27.6.84

The principal object of the Bill was to strengthen existing provisions for supervising the operation of the bus companies, and in particular the forward planning of the franchised bus companies, and for more effective sanctions to apply to cases of failure to operate a proper and efficient service.

After publication of the Bill, formal written representations were received from China Motor Bus Company and Kowloon Motor Bus Company. Their main concerns included the definitions of 'residents' service' and 'multiple transport service' which they feared might infringe on their franchise, and the duty imposed on them to prepare a forward planning programme. In view of these representations, the Administration agreed to defer the Bill and make amendments to some of its provisions.

The Community Services Working Group (Convener: Miss Lydia DUNN) discussed the Bill, the representations received and the proposed amendments to be moved by the Administration. After careful consideration, Members were of the view that, while there seemed to be a case for saying 'residential' and 'multiple transport' services operated by private bus companies infringed the terms of the franchises of the two companies, these services did benefit the community; and provided there was sufficient monitoring of these private operators there would be sufficient business for all concerned.

Miss Maria TAM spoke in the debate on the Second Reading, reflecting the Working Group's opinion that co-existence of franchised and private bus companies could provide high or quality service to the public and would serve the interests of the community, provided sufficient care was taken to ensure that private operators did not contravene the conditions of their licence.

In reply, the Secretary for Transport gave the assurance that residential coach services were intended to complement, not compete with, franchised services, and approval of such services would be subject to strict conditions. With the coming into effect of the new Road Traffic Ordinance (Cap. 374) in August, 1984, the passenger service licence required for a residential coach service might be suspended or cancelled if licence conditions were contravened and the vehicle concerned would effectively be put off the road. Enforcement would then become more effective.

The Secretary for Transport moved amendments to three clauses at the Committee Stage to avoid any doubt about infringing the rights of the franchised bus services. Provision was made to ensure that, before granting any licence to a private bus company, the Commissioner for Transport would consider first the interests of the franchised companies and avoid introducing a service which would parallel a regular commuter service.

Employment (Amendment)(No. 3) Bill 1984

First Reading: 27.6.84

Second and Third Readings: 11.7.84

The main purpose of this Bill was to give statutory recognition to end-of-year payments to employees, and clarify contractual obligations of an employer in this respect.

After publication of the Bill, representations were received from nine employees' unions and four employers' organisations. These raised a number of points mainly concerning payment of maternity leave, definition of "wages", sub-contractors' employees' wages and eligibility criteria for the end-of-year payment. The Bill and these representations were studied by the LegCo Economic Services Working Group, under the convenership of Mr. Allen LEE, which met the employees' unions and the Administration to clarify various points.

At the debate on the Second Reading, Mr. LEE spoke in support of the Bill. He summarised the representations of both the employers' and employees' associations and reported his conclusion that the general principle of the Bill was supported by both. To avoid delay it was hoped the Bill would be passed as early as possible, leaving other suggestions put forward to be considered separately and, if appropriate, incorporated into the Ordinance at a later date.

The Commissioner for Labour, in reply, acknowledged Mr. LEE's support of the Bill and said some of the points would be the subject of further consideration. He added that a short guide to the legislation in both English and Chinese would be made available for free distribution to the public.

At the Committee Stage, the Commissioner for Labour moved a consequential amendment to Section 48 of the Apprenticeship Ordinance to ensure that all registered apprentices as well as those employees covered by the Employment Ordinance would benefit from the end-of-year payment part of the Bill.

Business Registration (Amendment) Bill 1984

First Reading: 11.7.84

Second and Third Readings: 24.7.84

The main purpose of this Bill was to provide for the imposition of a levy of $100 on each business registration certificate; and to create a branch registration certificate which would also be subject to the levy. The levy would be paid to the Protection of Wages on Insolvency Fund, which would be set up under the Bill.

After publication of the Bill, the Hong Kong General Chamber of Commerce criticised the short consultation period and the proposed levy of $100. The Chamber considered the levy inequitable to small businesses as it would result in small businesses subsidising large businesses and suggested that a sliding scale of levy be introduced rather than a flat rate for all businesses. The representation was duly reflected to the Administration whose comments on it were studied at a full meeting of Unofficials. Members finally agreed that the Bill should go forward as proposed.

At the debate on the Second Reading, Mr. CHAN Kam-chuen and Mr. Stephen CHEONG spoke in support of the Bill. Mr. CHAN explained the background to setting up the Protection of Wages on Insolvency Fund as recommended by the Working Group on Problems Experienced by Workers of Companies in Receivership. He further explained the reasons for a single flat levy in preference to alternative schemes. Mr. CHEONG said the system of collecting the levy ought to be simple, efficient and cost-effective. The method chosen was to strike a balance between equity and simplicity and to enable first payments from the Fund to be made as early as possible. However, he urged the Administration to review the rate of levy, including the decision to raise the levy on branch certificates.

In reply, the Secretary for Education and Manpower thanked Members for supporting this important step in setting up a Protection of Wages on Insolvency Fund.

Conveyancing and Property Bill 1984

First Reading: 27.6.84

Second and Third Readings: 25.7.84

The purpose of this Bill was to improve and simplify the system of conveyancing in Hong Kong. In particular, it sought to expedite court procedures for resolving disputes related to land; establish a "25-year root of title" to land; prescribe standard conveyancing documents; and introduce a new system of mortgaging with increased protection for lenders.

To ensure that the legislation proposed would be as comprehensive as possible, the Bill was published in draft on 29.7.83 for public comments and suggestions. An Ad Hoc Group was formed under the convenership of Mr. W. C. L. Brown to consider the principles of the draft Bill and representations from the public. The Ad Hoc Group also invited the Legislation Scrutiny Group, convened by Mr. Peter C. WONG, to look into the technical aspects. The Ad Hoc Group met twice, while the Legislation Scrutiny Group held six meetings with the Registrar General and other Government officials. Many amendments were proposed, and total agreement with the Administration was reached by the time the Bill was ready for formal introduction and the Second Reading stage.

When debate was resumed on the Second Reading, Mr. Brown and Mr. WONG spoke in support of the Bill.

Comparing the nearly 100 years taken in considering reforms in conveyancing, Mr. Brown said the one year taken by Unofficials to deliberate on the Bill appeared like undue haste. He outlined the consultations which had taken place since the Bill was published in draft and paid tribute to those who had put so much time and effort into the examination of these important

proposals. Mr. WONG described the Bill as a momentous occasion in the history of the legislative process.

The Attorney General replied on behalf of the Administration and thanked the Unofficials for all their work and support for this major piece of legislation.

At the Committee Stage, Mr. WONG moved amendments to 15 clauses and four schedules, the most significant of which was the deletion of the clause regarding overreaching of equitable interests; there had been disagreement within the legal profession over the extent to which an assignment of a legal estate should overreach equitable interest. In the end, it was agreed that more research should be devoted to this topic before making provision under the law. Mr. WONG proposed a further amendment to introduce a new clause which created a presumption that, where a tenancy was vested in two or more persons, the tenancy would be presumed to be a tenancy in common. This reflected Chinese customary law in the New Territories and of the operation of equity elsewhere in Hong Kong.

Subsidiary Legislation

Under the Interpretation and General Clauses Ordinance (Cap. 1), subsidiary legislation means any proclamation, rule, regulation, order, resolution, notice, rule of court, by-law or other instrument made under or by virtue of any Ordinance and having legislative effect. All subsidiary legislation must be published in the Government Gazette and comes into effect on the day of such publication unless otherwise specified.

The normal practice is for subsidiary legislation made by the Governor-in-Council on Tuesdays to be published in the Gazette the following Friday. It will then be tabled in LegCo at the next sitting. Public representations on subsidiary legislation may be received by the UMELCO Office and may be examined by the appropriate working group of LegCo Unofficials any time after publication.

S. 34(2) of the Interpretation and General Clauses Ordinance provides that, where subsidiary legislation has been so tabled, LegCo may, by resolution passed at the first sitting held not less than 27 days after the sitting at which it was so laid, amend or repeal it; and, if a resolution is passed by LegCo to repeal or amend such subsidiary legislation, it is deemed to be repealed or amended as from the date of publication in the Gazette of the resolution, but without prejudice to anything already done under the subsidiary legislation.

During the 1983/84 session, 374 items of subsidiary legislation were tabled in LegCo. The items passed during the session are published in the Hong Kong Hansard 1983–84. Examples of the involvement of Unofficial Members in the passage of controversial items are given in the paragraphs below:

Merchant Shipping (Fees) (Amendment) (No. 2) Regulations 1983

The 1983 amendment regulations were Gazetted on 4.11.83 and tabled in LegCo on 9.11.83. The purpose was to provide for the payment of fees charged at an hourly rate on the basis of the actual time involved and increase the fees chargeable in respect of services performed by the Marine Department to shipowners as contained in the Schedule to the principal Regulations. The proposed fees were based on a review of costs conducted in 1979.

On publication in the Gazette, the Regulations attracted representations from the Hong Kong Cargo-Vessel Traders' Association, Fraternal Association of the Floating Population of Hong Kong, Hong Kong & Kowloon Motor Boats' Association and Hong Kong & Kowloon Floating Fishermen's Welfare Promotion Association. These were considered by the LegCo Economic Services Working Group convened by Mr. Allen LEE. The Group met with a delegation representing these organisations on 23.11.83. The delegation claimed that the proposed increases in fees in respect of lighters, small launches and fishing vessels were exhorbitant and unreasonable. They complained that their member organisations had not been consulted on the proposed revision of fees.

The Economic Services Working Group met the Secretary for Economic Services and the Deputy Director of Marine on 29.11.83 to discuss the points raised in the representations. Views were exchanged on possible effects on the livelihood of small operators and fishermen caused by the fee increases proposed. Members were assured that the current increases were to update fees which had not been adjusted since 1965 so as to cover the increase in costs over the years and, in deciding on the level of fees, the earning capacity of lighter operators and fishermen had been taken into account. In response to Members' concern about the lack of consultation over the fee increases, the Administration agreed to strengthen consultation with these trade organisations. It also agreed to review fees more frequently to obviate the need for large scale increases in future.

Building (Lifts)(Amendment) Regulations 1983

The Building (Lifts)(Amendment) Regulations 1983 were Gazetted on 25.11.1983 and tabled in LegCo on 7.12.83. Their purpose was to improve safety standards applicable to the design, construction and installation of lifts and to ensure conformity with current British Standard Codes of Practice and Specifications relating to lifts.

On publication, the Regulations attracted representations from the Lift and Escalator Contractors' Association. The Regulations and representations on them were fully considered by the LegCo Community Services Working Group under the convenership of Mr. S. L. CHEN. Members of the Group also met representatives of the Lift and Escalator Contractors' Association who expressed doubts on the necessity of some of the proposed Regulations and explained their difficulties in complying with them. The Association was also upset that the Regulations as published were different from those circulated previously to them in draft for consultation purposes.

When asked about this by the Working Group, the Administration replied that the points raised at the meeting did not constitute 'additional evidence' and concluded that no amendments to the 1983 Regulations were warranted. Nevertheless, on the three outstanding points raised by the Association, the Administration agreed to two, i.e. to consider changes in the requirement that lift doors be protected against accidental or malicious opening and to allow cargo lifts to have mesh perforated, vertically sliding car doors. The latter point would be reflected in the proposed Lifts (Construction) Regulations which were being drafted. As regards the Association's objection to the wording of the provision relating to the design of lift pits, the Administration considered that the wording proposed would not be subject to misinterpretation.

Unofficial Members' Motions

During the year, three motions were introduced by Unofficial Members to debate issues of major public concern.

The Future of Hong Kong

The two debates are covered in Chapter II.

Green Paper on the Further Development of Representative Government in Hong Kong

The Green Paper on the Further Development of Representative Government in Hong Kong was published and presented to LegCo by the Governor on 18.7.84. The purpose of the Paper was to suggest how the central institutions of Government in Hong Kong might be made more representative in a way which would make the Government more directly accountable to the people of Hong Kong and to invite public discussion of and comment on the proposals set out in it.

On publication, the Green Paper received a mixed reception from people in various quarters, and was widely discussed by numerous interest groups and in the media.

At an in-house meeting of Unofficial LegCo Members on 20.7.84, it was agreed to table an Unofficial Motion on 2.8.84 to debate the subject in public. The Motion, moved by Mr. R. H. Lobo, read:

"That this Council welcomes the publication of the Green Paper on the Further Development of Representative Government in Hong Kong and commends it to the public for examination and comments."

Speaking to the Motion, Mr. Lobo said the debate was to enable Members to speak on the Green Paper and to initiate further discussions on the part of the public. He said the Government of Hong Kong was very responsive and the public decision-making process was not divorced from the people. He therefore suggested that the public should examine and identify the strengths of the present system and then find a way to build on these strengths in pursuance of the further development of representative government in Hong Kong.

Nineteen Members spoke during the debate. They unanimously welcomed publication of the Green Paper and generally supported its proposals which advocated a gradual and progressive approach towards representative government in Hong Kong. All urged the public to express their views and to register and vote for the best candidates who would work for the interests of the community as a whole. Nevertheless, some Members expressed reservations about the timing for direct elections to LegCo, the definition of functional constituencies and the period allowed for public consideration and comments. It was suggested that executive powers be allowed to elected Members as a means towards establishing a truly representative system of government.

Mr. Alex WU said people had not been interested in politics in the past and it was time for a change in attitude. He added that the proposed changes in the administrative system would be a challenge to the people of Hong Kong and he urged them to make use of this unprecedented opportunity and through the electoral system to participate in the administration of Hong Kong.

Miss Lydia DUNN, Mr. Stephen CHEONG and Mrs. Selina CHOW all spoke in favour of a 'ministerial type system', i.e. the advisory role of ExCo and LegCo should gradually change to embrace executive responsibility so as to link the people's elected representatives with the administration of the territory. It would also make them more accountable. Miss DUNN also suggested Government should mount a campaign to persuade the people of Hong Kong to participate in the elective system. She added that, by emphasising that the Green Paper was but a first step in an exercise designed to place a majority of elected members in LegCo, there might be a high level of public participation in and support for its proposals.

Mr. Peter C. WONG pointed out that the present system of Government by consultation and consensus had the virtue of absence of confrontation and adversarial politics. It had brought about a stable environment upon which the economy of Hong Kong had prospered in the past. He urged the Administration to ascertain in a positive and impartial manner the sentiments towards the Green Paper of those who did not choose to be in the lime-light. Comparing the proposals in the Green Paper with the constitutional process of evolution undergone by Ceylon, Mr. WONG believed the proposals, with variations to meet Hong Kong's particular circumstances, would work.

Mr. WONG Lam, Mr. Charles YEUNG and Mr. WONG Po-yan all spoke in favour of indirect elections at the initial stage of constitutional reform to LegCo in view of the apolitical attitude of the public, the low level of voter participation in past District Board and Urban Council elections and the risk of adversarial politics which would undermine the stability and confidence of Hong Kong.

Dr. HO Kam-fai suggested that, by increasing the number of appointed members to take account of representatives from functional constituencies, the system of election by functional constituencies could be abolished altogether. He also suggested the appointments system might be withdrawn when the time was ripe for direct elections. Dr. HO and Mr. YEUNG Po-kwan asked Government to take positive steps to nurture political leaders and to educate the electorate to fulfil the goal of self-administration of Hong Kong.

Mr. WONG Po-yan said, for any direct election to be meaningful and representative of the people, at least 50% of potential voters should be registered and there should be at least a two-thirds turnout of registered voters. Only then would a sound foundation have been laid for direct elections to LegCo.

Mr. W. C. L. Brown said it was important that the form of government should not only ensure stability and prosperity up to 1997, but should also be in a form that would facilitate a smooth return of sovereignty to China that year. He said it was not only a right but also the duty of citizens to express their wishes at elections, and suggested that consideration be given to compulsory voting if some form of direct election was to be introduced. Turning to the need for representatives to come from all walks of society and noting that the job of Unofficial Members was a full-time one, Mr. Brown and Mrs. Pauline NG urged the Government to provide proper financial arrangements in order to encourage the participation of grass roots candidates.

Mr. CHAN Kam-chuen observed that as long as it was democratic, direct and indirect elections and elections through an electoral college were just roads leading in the same direction. The system should provide for the independence of the three powers of democracy, i.e. the legislature, the executive and the judiciary.

Mr. Stephen CHEONG, also representing the views of Mr. F. K. HU who was away from Hong Kong, asked Government to clarify the concept of functional constituencies and to publish more details of how it would take account of public comments. He also asked Government to consider excluding appointed members from the electoral college for the 1988 election. Referring to the functions of ExCo, Mr. CHEONG said the total number of ExCo Members in 1991 could remain at 16 with eight elected by LegCo, four Ex-Officio and four Appointed.

Mr. CHEUNG Yan-lung suggested partial direct elections to LegCo from 1988 onwards when people would have had three years' experience of indirect elections and would better understand the electoral system. He said provided all Councillors, be they directly or indirectly elected, abided by the objective to create a prosperous and better society in Hong Kong, there should be no disparity between them in terms of representativeness and they would make a concerted effort to serve the public.

Endorsing the gradual approach and indirect elections proposed in the Green Paper, Mrs. Selina CHOW said indirect elections could guarantee the expansion of elected representation in LegCo and would provide a reliable method of selecting suitable people to serve. She said the system of appointments, both of unofficials to public bodies and civil servants to senior posts in the Administration, and the criteria for these appointments, should be slowly taken over by a committee composed of both Officials and Unofficials. Mrs. CHOW also said the future Chief Executive should be elected by representatives of the Hong Kong people and his powers clearly defined.

Miss Maria TAM outlined the representations made by a number of organisations to the UMELCO Office about the proposals in the Green Paper and suggested these views would serve as important references for Government in examining public comments. She also emphasised the need for experts from various fields to serve in ExCo and LegCo.

Dr. Henrietta IP said the method used to choose who represented us was not so important; it was more important that the person chosen performed efficiently on our behalf and had our interests at heart. She endorsed the proposals in the Green Paper as a well thought-out package which offered the lesser of all evils and could work to meet the aspirations of the people of Hong Kong.

Mr. CHAN Ying-lun said Government should publish the principles and criteria proposed for the electoral college and these should be discussed and accepted by the public. It was important to ensure the representativeness of those elected through the electoral college.

Mrs. Rita FAN urged the Government to encourage and help the silent majority to express their views and to be seen to take the initiative in collecting public opinion on the proposals set out in the Green Paper.

Mrs. Pauline NG suggested once the ratio between elected and appointed DB Members reached 4:1, it would be time to introduce direct elections to a number of LegCo seats; and the review of representative Government proposed in the Green Paper should be brought forward from 1989 to 1987. Similarly, Mr. CHEUNG Yan-lung and Mr. Peter POON suggested advancing the timing for the proposed review to 1986 and 1988 respectively.

In supporting the proposed functional constituencies, Mr. Peter POON, together with other Members, agreed on the value of professionals in LegCo and ExCo and that functional groups should be given a number of seats to ensure there were experts from various fields. In this way they would be more accountable to the people of Hong Kong.

Mr. YEUNG Po-kwan, together with Dr. HO Kam-fai, suggested the proposed two-month consultation period be extended to enable public discussion and the formal submission of representations on the Green Paper. Mr. WONG Lam, Mr. CHEUNG Yan-lung and Mrs. Pauline NG called on Government to initiate comprehensive consultation with the public on this matter.

In reply, the Chief Secretary reassured Members that Government had been doing its utmost to stimulate public discussion and debate on the proposals in the Green Paper and would continue to do so, and that the Government's machinery had been tasked to feed back all comments for central collation and analysis. Turning to specific points raised by Members, he said the possibility of direct elections and of introducing some variant of the ministerial system could be considered when the overall position was reviewed in 1989. He also agreed to consider providing financial arrangements to encourage candidates from all walks of life to take part. In conclusion, the Chief Secretary said the two-month consultation period could not be extended in the light of the overall timetable for elections.

The motion was carried unanimously.

Questions

Unofficial Members put down for answer a total of 180 questions. In addition, 286 supplementary questions were asked, arising from the official replies (see Appendix XI). The subject matter of the questions and the dates on which they were asked are reported at Appendix XII.

Finance Committee

The composition and powers of the Finance Committee are given in paragraph 60 of LegCo Standing Orders.

The Finance Committee consists of all the Unofficial Members of LegCo, plus the Chief Secretary, who is Chairman, the Financial Secretary and the Secretary for Lands and Works. All matters before the Committee are decided by a majority vote, but no ex-officio Member or Official Member has a vote; therefore, the business of the Finance Committee is totally in the hands of Unofficial Members.

The examination of the Budget and all proposals for additional public funds arising during the financial year after the Appropriation Bill has been passed are the main functions of the Finance Committee.

Two weeks before the Financial Secretary presented his Budget speech in LegCo on 29.2.84, copies of the Draft Estimates of Expenditure 1984–85 were made available to Members. To facilitate their examination, four study teams were formed by Unofficial Members. The teams and conveners appointed were:

Study Team	*Convener*
Economic and Community Services	Mr. W. C. L. Brown
General Services	Mr. S. L. CHEN
Law and Order	Mr. LO Tak-shing
Social Services, Education, Health and Housing	Dr. Harry FANG

Each of the 71 Heads of Expenditure was critically examined and Members formally raised 445 queries. These were either answered in writing or clarified by Controlling Officers at four special Finance Committee meetings which were convened on 7, 8, 9 and 12.3.84 in LegCo. For the first time since World War II these meetings were held in public. A total of 43 Controlling Officers appeared before the Committee and were questioned closely by Members.

Upon resumption of the debate on the Appropriation Bill on 28–29.3.84, 23 Members expressed their views on the Budget. On 25.4.84, 10 Official Members spoke in reply to the points raised by Unofficial Members.

During the year, the Finance Committee met on 18 occasions, normally immediately after the open sessions of the full LegCo. The Committee examined a total of 232 applications for expenditure and raised formal queries on 65 items. As a result of Members' scrutiny or queries, four items were either deferred or withdrawn by the Administration. Altogether, Members approved 228 items and charges amounting to $2,510 million.

Members also took the opportunity at Finance Committee meetings to raise other matters of public interest for discussion with the Administration and 63 ex-agenda matters were discussed in these circumstances.

The Finance Committee has two sub-committees: the Establishment Sub-Committee and the Public Works Sub-Committee. The former reviews the staffing needs of departments and the latter keeps a check on the Government building programme and decides the degree of priority to be given to individual projects.

Establishment Sub-Committee

The Establishment Sub-Committee is one of the two major sub-committees of the Finance Committee. It was formed in July, 1961, to examine requests for staff increases in the 1962–63 Estimates. The terms of reference of the Sub-Committee are:

(*i*) *Annual draft Estimates of Expenditure*

To advise the Government whether its preliminary proposals for the provision of additional posts should be included under the personal emoluments subheads of the draft Estimates of Expenditure.

(*ii*) *Supplementary provision in respect of the personal emoluments subheads of the approved estimate*

To examine all supplementary provisions put forward by the Government during the financial year for the creation of posts or for the regrading of existing posts involving increased expenditure, and to make recommendations on them to the Finance Committee of LegCo.

The Sub-Committee is composed of 13 Unofficial Members of LegCo, one of whom is chairman, and two Government officials.

With effect from 1.4.80 new arrangements were made for creating posts, under which a figure was specified for each department as the departmental establishment ceiling for the financial year, and Controlling Officers were authorised to create or delete posts in existing non-directorate ranks, provided that the net additional number of posts created did not cause the departmental establishment ceiling to be exceeded and provided that adequate funds were available within the personal emoluments subhead to meet resulting expenditure for the remainder of the year for both the new posts and posts already approved.

In each department a Departmental Establishment Committee (DEC) was set up to advise the Controlling Officer in the exercise of his delegated powers to create posts. Finance Branch and Civil Service Branch are represented on DECs. With a few specified exceptions, posts may only be created by a Controlling Officer after obtaining the advice of the DEC, but the Controlling Officer may redeploy approved posts freely without reference to the DEC. This procedure has speeded up the creation of essential posts and has enabled the emphasis of the sub-Committee's work to be shifted towards regular meetings to discuss the reviews of departmental establishments prepared by the Finance Branch. The Sub-Committee still considers requests for the creation and deletion of posts at directorate level and for the creation of all new ranks.

The size of the Civil Service has expanded rapidly in recent years. During the 10–year period from 1971–72 to 1981–82, the total establishment increased by 61% from 94,417 to 151,809 posts. During 1983–84 the establishment increased by a further 7,633 posts, or 4.6%. At 1.4.84, for the year 1984–85, the establishment showed further, but reduced, growth of 3,207 posts, an increase of 1.85% over the preceding year. This reflected the implementation of a no growth policy by the civil service except where it is essential to provide staff for new facilities and where staff cannot be provided by redeployment.

In 1982–83, $7,479 million or 24% of Government's total revenue of $31,097 million was spent on direct and indirect emoluments of the civil service; this figure increased to $8,370 million or 28% of Government's total revenue of $30,280 million in 1983–84. Membership of the Sub-Committee is reported at Appendix VIII.

Public Works Sub-Committee

From the earliest days of British administration in Hong Kong, there has been a committee with Unofficial Members on it to review the progress of public works. At the beginning of this century, the Government was proposing wide-ranging schemes for improving road communications between Kowloon and the New Territories and further into Guangdong Province; and Unofficial and Official Members of the Public Works Committee of the Legislative Council, as it was then known, took an active part in the consultative process.

For the financial year 1902–03, for instance, the Public Works Committee was consulted on expenditure on on-going and new projects amounting to $1,279,189. Projects under construction in that year included the Central Law Courts, estimated to cost $50,000, and Western Market at an estimated cost of $30,000.

Nowadays, the progress of public works is watched over by the Public Works Sub-Committee of Finance Committee. For 1984–85, special note was taken of the restriction on new starts on projects arising both from the budgetary limit on commitments for new works laid down by the Financial Secretary and on the capacity of the works department to carry out planning and supervision of works, and it is estimated that the spending on on-going projects in the Public Works Programme will be about $7,900 million.

In dollar terms, public works items form the lion's share of items of Government expenditure looked at by the Finance Committee each year, and the Public Works Sub-Committee plays an important part in examining the detailed proposals and justifications for each project.

The Public Works Sub-Committee is chaired by the Financial Secretary, and members of Finance Committee who are particularly interested in public works elect to sit on it. During the year under report, there were 17 Unofficial Members on the committee. On the Official side, besides the Financial Secretary, the Secretary for Lands and Works is the only full member. The heads of departments responsible for building development, engineering development (including highways), New Territories development and water works, as well as a representative of the Finance Branch of the Government Secretariat, attend each meeting to answer any questions members may have.

The Public Works Sub-Committee meets about once a month, after Finance Committee meetings. All projects for which Government wants to start detailed design and planning, or for which Government wishes to enter into a financial commitment, must be put to the Sub-Committee. If the item is agreed, it is referred to Finance Committee for formal endorsement. Once a project has started, it may be necessary to change the estimate of the cost of the works involved and, again, the Sub-Committee is consulted and its approval sought.

Many of the Unofficials who choose to sit on the Public Works Sub-

Committee have a business background, and they are quick to point out where they feel proposed works do not provide value for money. Other members with backgrounds in community work, education, medicine and members of District Boards seek to ensure that the social value, as well as the financial value, of proposals is given due weight.

Each item to be considered at a Sub-Committee meeting is supported by a paper prepared by the Government, setting out the details of the proposals and the justification behind them. At the end of each financial year, the Sub-Committee publishes an annual report in which all the papers they have considered are reproduced.

Members often question the validity of the policy of providing a certain type of facility and ask for an information paper stating why such a policy exists, when it was last reviewed, and whether it is still thought to be valid. For example, during 1984, Members studied information papers on the reasons why there were no projects in the Public Works Programme for parking facilities near MTR stations, the definition of 'completed projects' and the policy for accepting the lowest tenders for projects. Membership of the Sub-Committee is reported at Appendix VIII.

Public Accounts Committee

The Public Accounts Committee was established by Resolution of LegCo on 10.5.78. It is a standing committee responsible for studying the report of the Director of Audit on the accounts of the Government and, where the Committee considers necessary, to call for explanations from public officers on matters referred to in the report. The Committee consists of a chairman and six members, all of whom are Unofficial Members nominated by the President of LegCo. Membership of the Committee is reported at Appendix VIII.

During the year ended 31.8.83, the Committee held six meetings, at three of which evidence from a total of 18 branch secretaries and heads of departments was heard. The conclusions and recommendations of these hearings are contained in the Report of the Public Accounts Committee which was published in January, 1984. Following amendments to the Audit Ordinance and minor changes to LegCo Standing Orders, examination meetings of the Public Accounts Committee, hitherto held in private, will be open to the public from 1984/85.

Mr. S. L. CHEN, Chairman of the Committee, made a statement when the Committee's Report was laid before LegCo on 11.1.84. He urged the Government to make more use of cost accountants in its management structure whose responsibility would be to advise the directors of departments on appropriate yardsticks for the measurement of productivity and efficiency.

Instead of investigating in detail every observation contained in the Director of Audit's report, the Committee confined its attention to the more serious irregularities and shortcomings reported.

The response of the Administration to the comments of the Committee was contained in the Government Minute laid before LegCo on 14.3.84. The remedial measures promised by the Administration included the following major items:

(*i*) *Delays in the occupation of leased office accommodation by Government Departments.*
The Director of Audit pointed out that nugatory expenditure had been incurred as a result of delays in the occupation of leased office accommodation by Government departments. In response to comments by the Committee, the Administration produced a set of revised procedures in the Accommodation Manual to reduce such delays to a minimum and would make every effort to ensure the procedures were adhered to.

(*ii*) *Subventions of special schools and special classes.*
The Director of Audit pointed out that the Director of Education had exercised discretion in granting 100% capital subsidy to six special school projects, notwithstanding that the voluntary organisations concerned had agreed to contribute sums totalling $1.37 million towards their capital costs. On the recommendation of the Committee, the Director of Education would draw up guidelines for subventions which would be implemented shortly.

(*iii*) *Pilot refuse baling plant at Sai Tso Wan—Deficiencies in contract documentation and project management.*
The Director of Audit brought to light that value for money had not been obtained on the pilot refuse baling plant at Sai Tso Wan. In response to comments by the Committee, the Administration would consider possible use of the plant in the context of the Government's solid waste disposal programme.

(*iv*) *Potential or actual loss of revenue from properties and investments, land transactions, fees and charges.*
The Director of Audit identified inadequacies in the valuation, assessment and control procedures covering various aspects of land transactions, which had resulted in potential or actual loss of tens of millions of dollars of revenue or delays in its collection. As a result, a new post of Senior Treasury Accountant in the Lands Department was created and the incumbent would carry out a full-scale review of the procedures relating to the collection of revenue in the department.

(*v*) *Abuse of the scheme for private dental treatment for civil servants.*
Evidence of abuse of the scheme was reported towards the end of 1982 and suspected cases were referred to the Secretary for the Civil Service for investigation and further action. A full report on the investigation would be released.

(*vi*) *University of Hong Kong redevelopment, delay and additional expenditure.*
It was revealed that the final stage of the first phase of the University's building programme was completed nearly four years late and at a cost likely to be something in excess of $200 million compared to the original estimate of $75 million. In response to comments by the Committee, procedures had been revised to ensure that adequate site investigations, which had caused much of the trouble, would be carried out in future. The University and Polytechnic Grants Committee would also consider whether the estates offices of institutions of tertiary education were adequately staffed.

CHAPTER 5
Umelco Activities

The Unofficial Members of both the Executive and Legislative Councils (UMELCO) usually meet at least twice a month in the UMELCO Office to discuss topical issues, important public representations and matters concerning the administration of the UMELCO Office. In 1983–84 16 panels were formed to deal with different aspects of Government business and public administration. The Panels met with Government officials regularly to discuss future plans and current problems in areas such as the civil service, transport, housing, education, medical and health, industrial relations, cultural affairs and the Government's Chinese language policy.

UMELCO Panels

Chinese Language Policy Panel,
Convener, Mr. WONG Lam
This panel aims to assist the Chinese Language Division of the Home Affairs Branch and to monitor the effective implementation of Government's Chinese language policy.

During the year, the Panel held meetings on 27.1.84 and 26.4.84 with senior officials of the Home Affairs Branch to review matters arising within the Panel's area of interest. Subjects discussed included the pilot scheme on the teaching of Putonghua and the evaluation of second year, Primary 5 results; the Government's efforts in promoting the wider use of Chinese in official business; the attention paid to spoken Chinese in the form of either Cantonese or Putonghua in the school curriculum; and the plain language movement.

Civil Service Panel,
Convener, Mr. LO Tak-shing
The Panel met with the Secretary for the Civil Service on 16.1.84 to discuss disciplinary action in the civil service, localisation, morale of the civil service and training for senior staff.

Cultural Affairs and Recreation Panel,
Convener, Mr. Alex WU
At a meeting on 19.1.84 the Panel was briefed by the Commissioner for Television and Entertainment Licensing on the censorship of theatrical scripts. Other subjects discussed included Government's role in the promotion of visual arts; teaching of the arts in schools; and the report on the Third Conference of Commonwealth Arts.

Economic Services and Monetary Affairs Panel,
Convener, Mr. LI Fook-wo
During the year, the Panel held two meetings. On 10.11.83, Panel members met the Rt. Hon. Peter Walker, Secretary of State for Energy, to discuss the nuclear power plant project at Daya Bay and China's offshore oil development. A joint meeting was held on 1.6.84 with the UMELCO Trade and Industry Panel and Members were briefed on the work of the Economic Services Branch by the Secretary for Economic Services.

Education and Manpower Panel,
Convener, Fr. Patrick T. McGovern
On 16.1.84 the Panel met an Australian delegation to discuss tuition fees in Australia for overseas students; the Secretary for Education and Manpower then met the Panel to discuss the overall review of education in Hong Kong, a wage security fund and schools affected by noise. Other subjects raised at the meeting included apprenticeship training; continuing education and the establishment of an open university; computer studies in secondary schools; preparatory classes for special schools; the recruitment of teachers to assist in speech therapy; policy on donations towards the construction of dormitories; and hostels for students. On 2.3.84, the Panel met Miss Jenny Little, International Secretary of the Labour Party; and on 1.8.84, the Panel met again to discuss a proposal by some labour groups to set up a central provident fund.

Environmental Affairs Panel,
Convener, Mr. S. L. CHEN
The Panel held a meeting with the Secretary for Health and Welfare, the Deputy Secretary for Health and Welfare and the Commissioner for Environmental Protection on 3.4.84. Subjects discussed included refuse storage chambers in buildings; air pollution control; noise control; water pollution control; waste control; and beach pollution.

Health and Welfare Panel,
Convener, Dr. Harry FANG
The UMELCO Health and Welfare Panel met the Secretary for Health and Welfare on 8.2.84, 22.2.84 and 25.5.84.
The main topics discussed included further training for practising medical practitioners; community nursing; undesirable medical advertisements and controlling "Chinese Doctors"; nursing homes for the aged; control of private hospitals by the Medical and Health Department; and controlling hospital admissions. At a meeting on 8.2.84, Panel members were briefed by Mr. P. B. Williams, Commissioner of the I.C.A.C., on proposals to improve current restaurant licensing procedures.

On 15.8.84, the Panel met Mr. Antony Newton, MP, Minister for the Disabled, to exchange views on policies towards disabled persons and social security.

Housing Panel,
Convener, Mr. R. H. Lobo
During the year, four meetings were held with the Secretary for Housing and the Director of Housing. On 5.10.84, Members were briefed on the rehousing policy for single persons. At the meetings on 15.12.83 and 5.7.84, topics discussed included the draft white paper on housing policy; squatter area improvements; public housing production; review of landlord and tenant legislation; aluminium wind-shutters for public housing units; review of public housing allocation policies; illegal parking in public housing estates; succession rights to tenancies in public

housing; and the Lei Muk Shue public light bus service. On 31.8.84, the Panel invited the Secretary for Housing to discuss the rent increases proposed for 38 post-1973 public housing estates, after which members made several recommendations regarding future rent adjustments.

Lands and Works Panel,
Convener, Mr. O. V. CHEUNG
The Panel held a meeting on 1.3.84 with the Secretary for Lands and Works, the Director of Lands, the Director of Water Supplies and the Director of Building Development. Subjects discussed included factory canteens; temporary use of vacant Crown land; water supply to squatter areas; repair of waterworks access roads; and unauthorised building works.

Public Relations Panel,
Convener, Mr. O. V. CHEUNG
A total of 10 meetings were held during the year. Topics discussed included channelling of public opinion on the future of Hong Kong; problems in squatter villages; the progress of the MTR Island Line and Island Eastern Corridor; private street management; multi-storey building management; and the role of the Information Services Department. Individual District Officers were invited to brief Members on district developments prior to UMELCO district visits. To enhance public awareness of the work of UMELCO, Radio Television Hong Kong was commissioned to produce a documentary film showing Members' day-to-day activities; their work in ExCo and LegCo and connected with the future of Hong Kong; the UMELCO redress system; and the UMELCO visits to London and Beijing. It was televised on the Chinese and English channels of TVB in July, 1984.

Public Utilities Panel,
Convener, Miss Maria TAM
Lord Kadoorie and Mr. W. F. Stones, Chairman and Managing Director of China Light and Power Company respectively, gave a presentation of the Daya Bay Nuclear Project to the Panel on 2.4.84. At a meeting on 10.7.84, the Secretary for Transport, the Chief Treasury Accountant of the Economic Services Branch and the Commissioner for Transport briefed members on the schemes of control applicable to the China Motor Bus Co. Ltd. and the Kowloon Motor Bus Co. Ltd. Members also sought clarification of the procedure governing applications for fare increases from franchised bus companies.

Security Panel,
Convener, Mr. LO Tak-shing
On 28.11.83, the Panel met the Deputy Director of Crime of the Royal Hong Kong Police Force and Members were briefed on the triad situation. A meeting with the Secretary for Security and Director of Immigration took place on 10.2.84. Topics discussed included progress of the new ID card issue scheme, and figures for legal and illegal immigration. The Panel also met Mr. Ian Percival, MP, on 8.3.84 and five MPs of the Parliamentary Sub-Committee on Race Relations and Immigration on 13.6.84.

Trade and Industry Panel,
Convener, Mr. Q. W. LEE (from September 1, 1983, to January 6, 1984, Mr. D. K. Newbigging)
The Panel received regular briefings from the Administration on the state of the Hong Kong economy as well as on trade and industry issues of topical interest throughout the year. On 6.1.84, the Panel met Mr. Peter Rees, UK Minister of Trade; on 23.1.84, members met Sir Brian Hayes, Permanent Secretary of the U.K. Department of Trade and Industry; and on 22.2.84, a meeting was held with Mr. W. Dorward, Commissioner for Hong Kong Commercial Affairs, New York. Other overseas guests met by the Panel included the Rt. Hon. Paul Channon, UK Minister of State for Trade, and Mr. D. J. C. Jones, Minister, Hong Kong Government Office in Brussels.

An in-house meeting was held on 23.3.84 to review the work of the Panel. Thereafter, meetings were held with the Secretary for Economic Services and the Secretary for Trade and Industry on 1.6.84 and 27.7.84. Topics discussed included the establishment of a laboratories accreditation scheme; the Hong Kong Government Standards and Calibration Laboratory; the Hong Kong Industrial Estates Corporation; overseas investment in Hong Kong manufacturing industries; major negotiation commitments for the Trade Department in the next two to three years, namely the future of the M.F.A. (1985), E.E.C. (1986) and U.S.A. (1987); and textile protectionism in the U.S.

Transport Panel,
Convener, Miss Lydia DUNN
The Panel held periodic meetings with the Administration to discuss various traffic and transport problems. It met the Secretary for Transport and the Commissioner for Transport on 15.6.84 to discuss public transport facilities for the physically handicapped; the progress of the Electronic Road Pricing (E.R.P.) Scheme; the taxi review; and traffic flow on the Island Eastern Corridor.

Other UMELCO Studies
Apart from the Panel activities reported above, two further UMELCO groups dealt with UMELCO Staff and House matters, and the full UMELCO met regularly each month with the Chief Secretary to discuss Government business in general. A full list of UMELCO Panels and Groups is set out at Appendix VIII.

UMELCO Groups Appointed by the Governor

I.C.A.C. Complaints Committee,
Chairman, Sir S. Y. CHUNG
This Committee was created by the Governor in December, 1977, and has the following terms of reference:

(*i*) to monitor and, where it considers appropriate, to review the handling by the I.C.A.C. of complaints by anyone against the I.C.A.C. and officers of the I.C.A.C.;

(*ii*) to identify any faults in I.C.A.C. procedures which lead or might lead to complaints; and

(*iii*) when it considers appropriate, to make recommendations to the Commissioner of the I.C.A.C. or, when considered necessary, to the Governor.

Membership of the Committee is reported at Appendix VIII and includes a Law Officer appointed by the Governor. During the period under review, the Committee considered 32 complaints against the I.C.A.C. and its officers.

UMELCO Police Group,
Chairman, Mr. LO Tak-shing
This Group was also established in 1977. It provides an independent non-police element in the machinery for investigating complaints against the Police. Appointments to the Group are made by the Governor and the Group's terms of reference are:

(*i*) to monitor and, where it considers appropriate, to review the handling by the Police of complaints by the public;

(*ii*) to keep under review statistics of the types of conduct by Police officers which lead to complaints by members of the public;

(*iii*) to identify any faults in Police procedures which lead or might lead to complaints; and

(*iv*) when it considers appropriate, to make recommedations to the Commissioner of Police or, when necessary, to the Governor.

In addition to regular monthly meetings with the Director of Management and Inspection Services, the Group held meetings during the year amongst themselves to discuss matters of policy and procedure. The Group also met the Commissioner of Police to exchange views on important matters of policy and principle.

The Group's 1983 report was tabled in the Legislative Council on 27.6.84.

During the period under review, Members considered 3,855 investigation reports completed by C.A.P.O. and questioned 323 case reports at meetings with the Police. The results in 180 cases were modified. Further reports were sought in respect of 38 cases. In addition, 10 cases were referred to the Attorney General's Chambers for examination or re-examination on the instructions of the Attorney General.

UMELCO Visits

UMELCO Members continued their programme of regular visits to various districts in the urban area and in the New Territories to keep in touch, not only with new developments, but also with the problems, views and aspirations of the district communities. Informal discussions with local representatives are an important feature of these visits.

Points raised either by the representatives or the Unofficials themselves are recorded and referred to the Chief Secretary for comment, and recommendations are added by the Unofficials as appropriate. These reports and the Chief Secretary's comments are later circulated to all Unofficials, so that those who did not participate in a particular visit may be kept informed of territory-wide problems and developments.

Visits cover both Government departments and private institutions, and last year a total of 13 such visits were made. These were:—

Sham Shui Po District visited on 19.9.83
To visit the oldest public housing estate—Tai Hang Tung—and a new estate, Nam Shan; receive a briefing on the existing Sham Shui Po Market, illegal hawking and the future Urban Council complex in the district; see the progress of environmental clearance of illegal structures in rear lanes; visit the site of the future Po On Market; and discuss local affairs with District Board members.

Government Dockyard visited on 3.10.83
To visit the Dockyard's Fleet Maintenance Section and see the operations of its three slipways each with two cradles and served by electrical winches; tour various workshops, the Fleet Operation Section and the Nautical Training School.

UMELCO at the Government Dockyard.

Royal Observatory visited on 7.11.83
To be briefed on the history, organisation and development of the Royal Observatory, tour the Centenary Building and see the operation of the Central Forecasting Office, the Hydrometeorology Section, the Air Pollution Meteorology Research Unit, the Physical Oceanography Unit, the Seismography Section and other offices.

Wong Chuk Hang Police Training School visited on 21.11.83
To be briefed on the Stage V Development Programme and the major courses run by the school; discuss with officers-in-charge various aspects of police training; see a class of Station Sergeants undergoing training to become instructors and recruits engaged in firing practice; inspect facilities at the school, including hostels for the trainees, the visual-aid studio, language laboratory and catering facilities.

Tai Po District visited on 4.12.83
To tour Tai Mei Tuk Water Sports Centre; receive a briefing on cycling problems at Tai Mei Tuk and along Ting Kok Road at weekends; view the latest developments in the district from the roof of a building in Kwong Fuk Estate; and discuss local problems with District Board members.

Sha Tin Housing for the Elderly and Caritas Sheltered Workshop visited on 9.1.84
To inspect facilities in flats at Sha Tin City One provided for the elderly; visit the Caritas Lok Hang Workshop located at the Yaumatei Caritas Social Centre; see the mentally-handicapped working in sheltered workshops and others receiving vocational training; and discuss transport facilities for the trainees, the subvention for the workshop and the co-ordination between Government-run workshops and those operated by voluntary agencies.

Central and Western District visited on 23.1.84
To tour Hoi Pong Village, the largest squatter area in the district, which will be cleared for development into a park; visit the Temporary Wholesale Fruit Market on the Western Reclamation; inspect the poultry laans at Forbes Street; and discuss local affairs with District Board members.

UMELCO visit the Government's Data Processing Agency.

Government Data Processing Agency visited on 13.2.84
To be briefed on the organisation of the Agency and the major computer systems now in use; see demonstrations of the Chinese processing of the Electoral Roll System, the Vehicle and Licensing Integrated Database System and the process for issuing new identity cards.

Agriculture and Fisheries Department visited on 2.4.84
To visit Tai Lung Experimental Farm in Sheung Shui and tour the various laboratories; to see first-hand how tests are conducted on soil samples, the control of plant diseases and the protection of crops from insects and pests; see a group of farmers attending a training course on farm machinery repair and maintenance; inspect the operation of an animal waste collection point at Fan Kam Road; and meet members of the Shek Kong Vegetable Marketing Co-operative Society.

Tsuen Wan District visited on 16.4.84
To view the latest developments in the district, particulary on Tsing Yi; tour the new Tsuen Wan Pier; look at the various sites being developed for public housing estates, the second Tsing Yi Bridge and the new Town Centre; visit the Chi Kwu Wan Squatter Area at Texaco Road where improvement works will be carried out; and meet with District Board members on local affairs.

Yuen Long District visited on 7.5.84
To be briefed on Kam Tin and Fung Kat Heung layouts and cross border links; view latest developments in Yuen Long from roof of a block in Shui Pin Wai Estate; and discuss with District Board members local affairs.

Information Services Department visited on 21.5.84
To see at first-hand Government information services; and tour the various divisions including the News Room, Media Research and Overseas Public Relations Divisions and the design studios of the Creative Sub-division.

Kowloon City visited on 11.6.84
To see the squatter clearance project at Sai Tau Village; environmental problems in private streets; receive a briefing on the proposed development on the site of the existing Whampoa Dockyard and improvements in progress to the existing highway network; meet with District Board members on local affairs.

UMELCO Redress System

One of the main functions of Unofficial Members is the operation of the UMELCO Redress System. Unlike the statutory grievance systems operating in some countries, the UMELCO system is neither defined nor confined by the law. It handles both appeals from members of the public objecting to Government decisions, and complaints alleging maladministration on the part of Government departments.

Under the system, Members have three rights. The first is the right to information, including access to Government files and correspondence, policies, procedures and instructions. The second is the right of access to senior Government officers and, third, Members may challenge a department's actions. All heads of departments and Government officers are required to co-operate with UMELCO in operating the redress system.

Members of the public may put forward their problems by telephone, letter or through a personal visit. In most cases they are interviewed by a Complaints Officer of the UMELCO Office who endeavours to obtain all relevant information. It is also sometimes necessary to visit the site of a complaint, often with a representative of the Government department concerned, to understand the problem fully. A report is prepared on every interview, and together with any site visit report these form the basis of future enquiries and action.

The next step is to study the case in the light of Government policies and procedures. Some general information is usually available in the UMELCO Office, but it is often necessary to ask the Government department concerned to comment on a case or to supply additional papers or files for reference purposes. In important cases involving a matter of principle or policy, or containing controversial issues, and in all cases where a head of department's explanation appears to be inadequate or unsatisfactory, the Secretary General of the UMELCO Office may refer the case to the Unofficial Members who will consider what further action should be taken.

Each week one Unofficial Member of ExCo and two Unofficial Members of LegCo are on call. The Duty Roster Members, as they are called, are there to interview members of the public who ask to see them and to examine reports on all cases handled by Complaints Division staff during the week.

To augment the duty roster system, Members of the relevant UMELCO panel may also be involved in hearing public complaints and representations. This can provide a specialist input, given the fact that the Duty Roster Members may not have the same intimate knowledge of the subject under complaint as Members of the appropriate UMELCO Panel. As a rule, Members of the appropriate UMELCO Panel, for example, the Lands and Works Panel for land affairs, and the Transport Panel for representations and complaints arising in the transport field, are invited to join the Duty Roster Members at the hearing stage. After the hearing, the Panel representative(s) will consider whether the case has policy implications and, if necessary, the Panel convener may refer the matter to a full meeting of UMELCO for advice.

Inevitably some grievance cases brought to UMELCO fall outside the jurisdiction of Unofficial Members. These are disputes between private individuals, disputes between employers and employees, including individual civil servants, matters which are sub-judice or may involve possible criminal charges, matters over which a statutory appeal has already been initiated or on which the Governor or the Governor-in-Council has made a decision, and matters for which a foreign Government is responsible. In these cases, nevertheless, the staff of the UMELCO Office may still be able to offer advice or assistance, and always endeavour to do so, such as making enquiries or arranging appointments for the aggrieved party.

The UMELCO redress system is advertised regularly in the press. It is also advertised on TV, and posters publicising the UMELCO Office as a channel for the redress of grievances are widely displayed. Of the 3,280 new complaints received during 1983–84, 68 were from delegations or groups claiming representative status. This is a sharp increase over the number of group complaints received in previous years. Unlike individual grievances which form the bulk of complaints, group delegations usually question broad general principles of government policy and consequential decisions. Such policies or decisions often concern a large number of people or, when implemented, would have wide implications for various sectors of the community. Representations of this nature invariably attract intense media attention, and the hearing and

UMELCO visit the Information Services Department.

UMELCO in the control tower at Kai Tak.

A group of physically handicapped people discuss their problems with Duty Roster Members.

examination of group complaints during the year imposed considerable pressure on the resources of the Office.

Typical complaint cases handled by the UMELCO Office are reported at Appendix XV.

UMELCO Office

The UMELCO Office was established in August, 1963, to provide support to Unofficial Members. It is located on the 12th floor of Swire House in the Central District of Hong Kong Island, immediately above the Mass Transit Railway Central Station. Although financed under the Government Estimates, the UMELCO Office is not a Government department.

The UMELCO Office is headed by the Secretary General, who is responsible to the Senior Unofficial Members of the two Councils for the work of the Office. It comprises a Members' Division, a Complaints Division, an Administration Division, a Special Duties Division and an Information Unit. It has a staff of 76.

To ensure a full understanding of Government procedures and policies, some of the staff are seconded Government officers. Other members of the staff are employed directly by UMELCO. An organisation chart showing the establishment and deployment of posts in the UMELCO Office is at Appendix XVIII.

The Members' Division assists Members in all their official activities, except those concerning the handling of public complaints. Its staff arrange and attend all in-house meetings of Members. They carry out research, prepare information papers, keep minutes and take follow-up action arising from meetings. They also undertake studies of draft legislation and help organise and participate in all UMELCO visits. Representations by public bodies and other interest groups on draft legislation or other public business are also handled administratively by the Members' Division.

The Complaints Division supports Members in the operation of the UMELCO Redress System. It receives complaints from 8.30 a.m. to 6 p.m. on Mondays to Fridays and from 8.30 a.m. to 1 p.m. on Saturdays. Its staff interview complainants, research cases and prepare reports, and conduct all correspondence arising from complaints. The charter rights of UMELCO as a channel for redress of grievances and the UMELCO complaints system are described earlier in this Chapter.

The Administration Division provides general office services and looks after the house-keeping functions of the UMELCO Office. The Division's Interpretation/Translation Section handles the translation of all in-coming letters in Chinese and the translation of correspondence from UMELCO in response to representations made in Chinese.

The Special Duties Division was established in July, 1984, to assist and service the work of Members connected with the future of Hong Kong and constitutional reform. It also coordinates liaison with the District Boards.

The Information Unit handles all the information and publicity work of UMELCO and was expanded during the year to deal with increased activities and heightened media interest.

Top: *Duty Roster Members meet public light bus operators.*

Right: *UMELCO briefed on Yuen Long development plans.*

APPENDIX I

Members' Biographies

as at 31.8.84

Sir Sze-yuen CHUNG, CBE, LLD, DSc, JP

b.: 3.11.1917

Executive Council
Senior Unofficial Member (since 1.9.80)
Member (1.7.72–31.8.80)

Legislative Council
Member (1.7.68–30.6.74)
Senior Unofficial Member (1.7.74–31.8.78)

Education and Professional Qualifications
B.Sc. (Eng.)(1st Class Honours), University of Hong Kong
Ph.D. (Engineering Science), University of Sheffield
D.Sc. (Honoris Causa), University of Hong Kong
LL.D. (Honoris Causa), Chinese University of Hong Kong
British Council Research Scholar
Fellow, Fellowship of Engineering, United Kingdom
Chartered Mechanical & Production Engineer in the UK
Honorary Fellow, Institution of Mechanical Engineers, London
Honorary Fellow, Hong Kong Institution of Engineers
Honorary Fellow, Asian Productivity Organization, Japan
Fellow, Institution of Production Engineers, London
Companion, British Institution of Management

Principal Occupation
Chairman and Chief Executive Officer, Sonca Industries Ltd.

Public Service
Chairman, Council of the Hong Kong Polytechnic
Chairman, Hong Kong/Japan Business Co-operation Committee
Chairman, HK/United States Economic Co-operation Committee
Chairman, ICAC Complaints Committee
Chairman, Council of the City Polytechnic of Hong Kong
Chairman, Standing Commission on Civil Service Salaries and Conditions of Service
Convener, UMELCO Staff Steering Panel
Convener, UMELCO Basic Law Panel
Member, Council of University of Hong Kong
Member, Po Leung Kuk Advisory Board
Member, Tung Wah Group of Hospitals Advisory Board
Member, General Committee, Hong Kong Association, UK
Vice Patron, Community Chest of Hong Kong
Honorary Life President, Federation of Hong Kong Industries

Mr. CHEUNG, Oswald Victor, CBE, QC, LLD, JP

b.: 1922

Executive Council
Member (since 1.7.74)

Legislative Council
Member (21.7.70–31.8.78)
Senior Unofficial Member (1.9.78–31.8.81)

Education and Professional Qualifications
Diocesan Boys' School, Hong Kong
University of Hong Kong
B.A., M.A., University College, Oxford
LL.D. (Honoris Causa), University of Hong Kong
Fellow, International Academy of Trial Lawyers

Principal Occupation
Queen's Counsel

Public Service
Chairman, Investment Advisory Board on Correctional Services Children's Education Trust
Convener, UMELCO House Committee
Convener, UMELCO Lands and Works Panel
Convener, UMELCO Public Relations Panel
Director, Mass Transit Railway Corporation
Vice-Chairman, Hong Kong War Memorial Fund Committee
Member, Court of University of Hong Kong
Steward, Royal Hong Kong Jockey Club

Mr. Lobo, Rogerio Hyndman, CBE, LLD, JP

b.: 15.9.1923

Executive Council
Member (since 1.9.78)

Legislative Council
Member (1.7.72–31.8.81)
Senior Unofficial Member (since 1.9.81)

Education and Professional Qualifications
Escola Central, Macao
Seminario de S. Jose, Macao
Liceu Nacional Infante D. Henrique, Macao
La Salle College, Hong Kong
LL.D. (Honoris Causa), University of Hong Kong

Principal Occupation
Chairman, P. J. Lobo & Co. Ltd.

Public Service
Chairman, Advisory Committee on Corruption of the ICAC
Commissioner, Civil Aid Services
Convener, UMELCO Housing Panel
Member, Court of University of Hong Kong
Member, ICAC Complaints Committee
Member, Landlord and Tenant (Consolidation) Ordinance Review Committee
Member, Tenancy Tribunal Panel
Member, UMELCO Public Relations Panel
Member, UMELCO Staff Steering Panel
Vice Patron, Community Chest of Hong Kong
Vice Patron, The Hong Kong Society for the Aged

Mr. LI Fook-wo, CBE, DSoSc, JP

b.: 26.9.1916

Executive Council
Member (since 1.9.78)

Legislative Council
Member (1.7.73–31.8.81)

Education and Professional Qualifications
Queen's College, Hong Kong
St. Joseph's College, Hong Kong
B.S. (Business Administration), Boston University
Master of Commercial Science, New York University
Harvard University
D.So.Sc. (Honoris Causa), Chinese University of Hong Kong
Fellow, Institute of Bankers

Principal Occupation
Chairman, The Bank of East Asia Ltd.

Public Service
Chairman, Hong Kong Industrial Estates Corporation Board
Chairman, Project Board of the Hong Kong Academy for Performing Arts
Convener, UMELCO Economic Services and Monetary Affairs Panel
Deputy Chairman, Board of Stewards, Royal Hong Kong Jockey Club
Member, Industry Advisory Board
Member, Jubilee Sports Centre Board
Member, Standing Committee on Directorate Salaries and Conditions of Service
Member, UMELCO Public Utilities Panel
Member, UMELCO Trade and Industry Panel

Mr. Sandberg, Michael Graham Ruddock, CBE, LLD, JP

b.: 31.5.1927

Executive Council
Member (since 1.9.78)

Education and Professional Qualifications
St. Edward's, Oxford
LL.D. (Honoris Causa), University of Hong Kong
Fellow, Institute of Bankers

Principal Occupation
Chairman, The Hong Kong and Shanghai Banking Corporation

Public Service
Chairman, Board of Stewards, Royal Hong Kong Jockey Club
Vice-Chairman, Hong Kong Arts Festival
Vice-Chairman, The Hong Kong Heart Foundation Ltd.
President, Duchess of Kent's Children's Hospital at Sandy Bay
Vice-President, The Institute of Bankers (London)
Vice-President, Hong Kong Society of Rehabilitation
Treasurer, University of Hong Kong
Trustee, The China Fleet Club
Member, Exchange Fund Advisory Committee
Member, General Committee, Hong Kong General Chamber of Commerce
Member, Hong Kong/Japan Business Co-operation Committee
Member, Hong Kong/United States Economic Co-operation Committee

Member, Stamp Advisory Committee
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO House Committee
Member, UMELCO Security Panel
Member, UMELCO Staff Steering Panel
Member, General Committee, Hong Kong Association, UK
Vice Patron, Community Chest of Hong Kong
Vice President and Hon. Treasurer, World Wildlife Fund, Hong Kong

Mr. LO Tak-shing, CBE, MA, JP

b.: 23.1.1935

Executive Council
Member (since 1.4.80)

Legislative Council
Member (since 1.7.74)

Education and Professional Qualifications
Lingnam Primary School, Canton Lingnam Middle School, Hong Kong
King's College, Taunton
Wadham College, Oxford

Principal Occupation
Solicitor & Partner, Lo & Lo Solicitors

Public Service
Chairman, UMELCO Police Group
Convener, LegCo General Services Working Group
Convener, UMELCO Civil Service Panel
Convener, UMELCO Security Panel
President, Hong Kong Playground Association
Member, Court of University of Hong Kong
Member, Law Reform Commission of Hong Kong
Member, Legal Practitioners Disciplinary Committee Panel
Member, LegCo Legislation Scrutiny Working Group
Member, UMELCO Staff Steering Panel

Mr. Newbigging, David Kennedy, OBE, JP

b.: 19.1.1934

Executive Council
Member (2.12.80–6.1.84)

Legislative Council
Member (1.9.78–31.8.82)

Education
Educated in Canada and at Oundle School, England

Principal Occupation
Chairman and Senior Managing Director, Jardine Matheson & Co. Ltd.
Chairman and Managing Director, The Hong Kong Land Co. Ltd.

Public Service
Chairman, Ocean Park Ltd.
Chairman, The Sailors' Home and Missions to Seamen, Hong Kong
Trustee, The China Fleet Club
Convener, UMELCO Trade and Industry Panel
Member, Aviation Advisory Board
Member, Economic Review Committee
Member, General Committee, Hong Kong General Chamber of Commerce
Member, Hong Kong/Japan Business Co-operation Committee
Member, Jubilee Sports Centre Board
Member, Trade Development Council
Member, University and Polytechnic Grants Committee
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Security Panel
Member, UMELCO Staff Steering Panel
Steward, Royal Hong Kong Jockey Club

Miss DUNN, Lydia, CBE, JP

b.: 29.2.1940

Executive Council
Member (since 1.9.82)

Legislative Council
Member (since 1.9.76)

Education and Professional Qualifications
St. Paul's Convent School, Hong Kong
B.S. (Business Administration), University of California (Berkeley)

Principal Occupation
Executive Director, Swire Pacific Ltd.
Director, John Swire & Sons (HK) Ltd.

Public Service
Chairman, Board of Governors of the Prince Philip Dental Hospital
Chairman, Hong Kong Trade Development Council
Chairman, Textile Sub-Committee, Federation of Hong Kong Industries
Convener, LegCo Community Services Working Group
Convener, UMELCO Transport Panel
Director, Mass Transit Railway Corporation
Director, Kowloon-Canton Railway Corporation
Hon. Treasurer and Member, Council of the Chinese University of Hong Kong
Member, Clothing Institute
Member, Council of the Hong Kong Management Association
Member, Council of the Trade Policy Research Centre, London
Member, Council of World Wildlife Fund
Member, ICAC Complaints Committee
Member, UMELCO House Committee
Member, UMELCO Trade and Industry Panel
Member, General Committee, Hong Kong Association, UK
Member, General Committee of the Hong Kong General Chamber of Commerce

Mr. LEE Quo-wei, CBE, LLD, FIB, JP

b.: 5.8.1918

Executive Council
Member (since 1.9.83)
Member (1.9.76–31.8.78)

Legislative Council
Member (1.7.68–31.8.78)

Education and Professional Qualifications
St. Joseph's College, Hong Kong
LL.D. (Honoris Causa), The Chinese University of Hong Kong
F.I.B. (Fellow of The Institute of Bankers)

Principal Occupation
Chairman and General Manager, Hang Seng Bank Ltd.

Public Service
Chairman, Council of Chinese University of Hong Kong
Chairman, Education Commission
Convener, UMELCO Trade and Industry Panel (w.e.f. 6.1.84)
Deputy Chairman, Board of Governors of the Hong Kong Arts Centre
Vice Patron, Community Chest of Hong Kong
Council Member and Treasurer, World Health Foundation (Hong Kong)
Member, Board of Inland Revenue
Member, Council of the City Polytechnic of Hong Kong
Member, Court of University of Hong Kong
Member, Tenancy Tribunal Panel
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Staff Steering Panel

Mr. CHEN Shou-lum, CBE, JP

b.: 30.8.1925

Executive Council
Member (since 1.9.83)

Legislative Council
Member (since 1.9.76)

Education and Professional Qualifications
M.Sc. (Engineering), University of London
Fellow, Imperial College, University of London
Fellow, Institution of Electrical Engineers, London
Hon. Fellow, Hong Kong Institution of Engineers
Senior Member, Institute of Electrical and Electronic Engineers of U.S.A.

Principal Occupation
Director and General Manager, The Hong Kong Electric Co. Ltd.
Director, Hong Kong Electric Holdings Ltd.
Director, Cable & Wireless (Hong Kong) Ltd.

Public Service
Chairman, Academic Planning and Development Sub-Committee of the Planning Committee of the City Polytechnic
Chairman, Public Accounts Committee
Chairman, University and Polytechnic Computer Centre
Deputy Chairman, Council of the City Polytechnic of Hong Kong
Deputy Chairman, Council of the Hong Kong Polytechnic
Convener, UMELCO Environmental Affairs Panel
Deputy Convener, LegCo Community Services Working Group
Member, Advisory Committee on Corruption of the ICAC
Member, Advisory Committee on Diversification
Member, Committee to Review Post-Secondary and Technical Education
Member, Council of Chinese University of Hong Kong
Member, LegCo Economic Services Working Group
Member, Standing Commission on Civil Service Salaries and Conditions of Service
Member, UMELCO Lands and Works Panel
Member, UMELCO Transport Panel
Member, Vocational Training Council

Miss TAM, Maria Wai-chu, OBE, JP

b.: 2.11.1945

Executive Council
Member (since 1.9.83)

Legislative Council
Member (since 1.9.81)

Education and Professional Qualifications
St. Paul's Co-Educational College, Hong Kong
LL.B., London University
Member of Gray's Inn

Principal Occupation
Barrister-at-Law

Public Service
Convener, UMELCO Public Utilities Panel
Member, Action Committee Against Narcotics
Member, Board of Education
Member, Central and Western District Board
Member, Council of the Chinese University of Hong Kong
Member, Education Commission
Member, Hong Kong Association of Business and Professional Women
Member, LegCo Community Services Working Group
Member, LegCo Legislation Scrutiny Group
Member, Transport Advisory Committee
Honorary Member, Zonta Club of Hong Kong
Member, UMELCO Economic Services and Monetary Affairs Panel

Member, UMELCO Education and Manpower Panel
Member, UMELCO Security Panel
Member, Urban Council

Dr. FANG, Harry Sin-yang, CBE, LLD, JP

b.: 2.8.1923

Executive Council
Member (1.9.78–31.8.83)

Legislative Council
Member (since 1.7.74)

Education and Professional Qualifications
King's College, Hong Kong
M.B., B.S., University of Hong Kong
Master Degree in Orthopaedic Surgery, University of Liverpool
Fellow, Royal College of Surgeons, Edinburgh
Fellow, American College of Surgeons
Fellow, Royal Australasian College of Surgeons
Fellow, British Orthopaedic Association
Fellow, Societè Internationale de Chirurgie Orthopedique et de Traumatologie
LL.D. (Honoris Causa), University of Hong Kong

Principal Occupation
Practitioner in Orthopaedic Surgery

Public Service
Chairman, Establishment Sub-Committee of the Finance Committee, Legislative Council
Chairman, Medical Development Advisory Committee
Chairman, Rehabilitation Development Co-ordinating Committee
Vice-Chairman, School Medical Service Board
Convener, LegCo Social Services Working Group
Convener, UMELCO Health and Welfare Panel
Member, Council of the Chinese University of Hong Kong
Member, Council of University of Hong Kong
Member, Hong Kong Auxiliary Medical Service
Member, Licentiate Examination Committee, Medical Council
Member, UMELCO Civil Service Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Staff Steering Panel

Mr. TIEN, Francis Yuan-hao, OBE, LLD, DSoSc, JP

b.: 25.9.1915

Legislative Council
Member (since 1.7.74)

Education and Professional Qualifications
Certificate, Lester Technical School, Shanghai, China
Matriculation Certificate (External), London University
Diploma in Mechanical Engineering, Henry Lester Institute of Technical Education, Shanghai, China
Practical Training, Mechanical Engineer, Metropolitan Vickers Electrical Co. Ltd., Manchester, England
Fellow, Clothing and Footwear Institute, London
Fellow, Hong Kong Institution of Engineers
Hon. Fellow, Royal College of Surgeons, Edinburgh
LL.D. (Honoris Causa), University of Hong Kong
D.So.Sc. (Honoris Causa), Chinese University of Hong Kong

Principal Occupation
Founder, Chairman and Managing Director, Manhattan Garments Ltd.

Public Service
Chairman, Clothing Industry Training Authority
Chairman, Extra-Mural Studies Advisory Board, Chinese University of Hong Kong
Chairman, Vocational Training Council
Chairman, Clothing Industry Training Board, Vocational Training Council
Hon. Life Chairman, Hong Kong Garment Manufacturers Association
International Vice-President, Clothing and Footwear Institute, London
Convener, LegCo Economic Services Working Group
Member, Council of the Chinese University of Hong Kong
Member, Council of the City Polytechnic of Hong Kong
Member, Council of the Hong Kong Polytechnic
Member, Court of University of Hong Kong
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Trade and Industry Panel

Mr. WU, Alex Shu-chih, CBE, JP

b.: 14.9.1920

Legislative Council
Member (since 1.7.75)

Education and Professional Qualifications
Yale-in-China, Changsha, Hunan, China
Customs College (Marine School), Shanghai, China
National South West Associated University, Kunming, China
Fellow, British Institute of Management
Fellow, Institute of Printing
Fellow, Hong Kong Management Association

Principal Occupation
Chairman, Fidelity Management Ltd.

Public Service
Chairman, Council for the Performing Arts
Chairman, Printing Industry Training Board
Chairman, Council of the Hong Kong Academy for Performing Arts
Chairman, Supplementary Medical Professions Council
Chairman, Working Party on the Development of a Chinese Language Foundation
Chairman, Working Party on the Pharmacy and Ancillary Matters
Deputy Chairman, Vocational Training Council
Convener, UMELCO Cultural Affairs and Recreation Panel
Deputy Convener, LegCo General Services Working Group
Member, Aviation Advisory Board
Member, Board of Governors of the Hong Kong Arts Centre
Member, Hong Kong Industrial Estates Corporation
Member, Po Leung Kuk Advisory Board
Member, Tung Wah Group of Hospitals Advisory Board
Member, UMELCO Chinese Language Policy Panel
Member, Medical Sub-Committee of the University and Polytechnic Grants Committee

The Rev. McGovern, Patrick Terence, OBE, SJ, JP

b.: 28.10.1920

Executive Council
Member (1.9.80–31.8.82)

Legislative Council
Member (1.9.76—30.9.84)

Education and Professional Qualifications
Belvedere College, Dublin
B.A., University College Dublin, National University of Ireland
Ecclesiastical Degrees in Philosophy and Theology

Principal Occupation
Catholic Priest

Public Service
Convener, UMELCO Education and Manpower Panel
Deputy Convener, LegCo Social Services Working Group
Member, Court of University of Hong Kong
Member, English Schools Foundation
Member, LegCo Community Services Working Group
Member, LegCo Legislation Scrutiny Working Group
Member, Public Accounts Committee
Member, UMELCO Health and Welfare Panel
Member, UMELCO Police Group
Member, UMELCO Transport Panel

Mr. WONG, Peter C., OBE, JP (Peter Chak-cheong WONG)

b.: 19.9.1922

Legislative Council
Member (since 1.9.76)

Education and Professional Qualifications
Solicitor, England
Solicitor, Hong Kong
Notary Public,Hong Kong
Fellow, Chartered Institute of Arbitrators, England
Fellow, Association of Business Executives, England
Fellow, British Institute of Management
B.A., University of Hong Kong
Part I, Engineering Degree Course, University of Hong Kong
Final Part II (Hons.), Australian Institute of International Accountants
Certificate of Education

Principal Occupation
Solicitor, Notary Public and Chartered Arbitrator

Public Service
Chairman, Board of Education
Convener, LegCo Legislation Scrutiny Working Group
Member, Education Commission
Member, Board of Directors of Widows' and Children's Pensions Scheme
Member, Council of the University of Hong Kong
Member, Council of the Hong Kong Academy for Performing Arts
Member, Court of University of Hong Kong
Member, Landlord and Tenant (Consolidation) Ordinance Review Committee
Member, Legal Practitioners Disciplinary Committee Panel
Member, Medical Development Advisory Committee
Member, Insurance Advisory Committee
Member, Public Accounts Committee
Member, Standing Committee on Company Law Reform
Member, Textile Advisory Board
Member, UMELCO Education and Manpower Panel
Member, UMELCO Environmental Affairs Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Public Relations Panel
Member, UMELCO Staff Steering Group

Mr. WONG Lam, OBE, JP

b.: 23.7.1919

Legislative Council
Member (since 1.9.76)

Education
Ellis Kadoorie School, Hong Kong
Kwong Chung Middle School, Canton

Principal Occupation
Public Relations Manager, Kowloon Motor Bus (1933) Ltd.

Public Service
Convener, UMELCO Chinese Language Policy Panel
Member, Fireworks Vetting Committee
Member, Fish Marketing Advisory Board
Member, Fisheries Development Loan Fund Advisory Committee
Member, LegCo Community Services Working Group
Member, LegCo General Services Working Group
Member, LegCo Social Services Working Group
Member, Marine Fish Scholarship Fund Advisory Committee
Member, UMELCO Civil Service Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Housing Panel
Member, UMELCO Police Group
Member, UMELCO Public Relations Panel
Member, UMELCO Transport Panel

Mr. YEUNG, Charles Siu-cho, OBE, JP

b.: 19.12.1934

Legislative Council
Member (since 1.9.77)

Education and Professional Qualifications
LL.B., University of London

Principal Occupation
Solicitor and Notary Public

Public Service
Member, Appeals Board (Education)
Member, Board of Education
Member, Council for Recreation and Sport
Member, Country Parks Board
Member, Court of University of Hong Kong
Member, Environmental Protection Advisory Committee
Member, Fight Crime Committee
Member, Heung Yee Kuk
Member, Keep Hong Kong Clean Campaign Steering Committee
Member, Legal Practitioners Disciplinary Committee Panel
Member, LegCo General Services Working Group
Member, LegCo Legislation Scrutiny Working Group
Member, LegCo Monetary Policy Working Group
Member, Po Leung Kuk Advisory Board
Member, Public Accounts Committee
Member, UMELCO Civil Service Panel
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Trade and Industry Panel
Member, Yuen Long District Board

Dr. HO Kam-fai, OBE, JP

b.: 10.6.1933

Legislative Council
Member (since 1.9.78)

Education and Professional Qualifications
Postgraduate Diploma in Social Study, University of Hong Kong
M.S.W., Columbia University
D.S.W., Columbia University

Principal Occupation
Senior Lecturer in Social Work, the Chinese University of Hong Kong

Public Service
Member, Board of Widows' and Children's Pensions Scheme
Member, Fight Crime Committee
Member, Law Reform Commission of Hong Kong
Member, LegCo General Services Working Group
Member, LegCo Social Services Working Group
Member, Social Welfare Advisory Committee
Member, UMELCO Chinese Language Policy Panel
Member, UMELCO Civil Service Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Public Utilities Panel
Member, English Schools Foundation
Member, Vocational Training Council
Member, Working Party on the Command and Management Course for Mid-Level Civil Servants
Member, Working Party on the Establishment of a Chinese Language Foundation
Member, Working Group on Provision of Aftercare Services for Ex-mental Patients

Mr. LEE, Allen Peng-fei, OBE, JP

b.: 24.4.1940

Legislative Council
Member (since 1.9.78)

Education and Professional Qualifications
B.S. (Engineering Mathematics), University of Michigan

Principal Occupation
President and Director, AVA International Limited

Public Service
Chairman, Hong Kong Productivity Council
Member, Industrial Affairs Committee, Hong Kong General Chamber of Commerce
Deputy Convener, LegCo Economic Services Working Group
Member, Broadcasting Review Board
Member, Court of University of Hong Kong
Member, Economic Review Committee
Member, Chairman's Committee of Federation of Hong Kong Industries
Member, Advisory Committee on Engineering of Hong Kong University
Member, Advisory Committee on Design of the Hong Kong Polytechnic
Member, The Hong Kong Association
Member, General Committee, Federation of Hong Kong Industries
Member, Industry Development Board
Member, Industry Advisory Board
Member, Securities Commission
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Public Utilities Panel
Member, UMELCO Trade and Industry Panel
Member, Vocational Training Council

Mr. SO, Andrew Kwok-wing, OBE, JP

b.: 29.3.1939

Legislative Council
Member (since 1.9.78)

Education and Professional Qualifications
Wah Yan College, Kowloon
Grantham Teachers Training College, Hong Kong

Principal Occupation
Assistant Vice-President (Asia and Africa), CUNA Mutual Insurance Group

Public Service
Member, Complaints Committee of the ICAC
Member, Economic Review Committee
Member, Environmental Pollution Advisory Committee
Member, LegCo Economic Services Working Group
Member, LegCo Social Services Working Group
Member, Stamp Advisory Committee
Member, Standing Commission on Civil Service Salaries and Conditions of Service
Member, UMELCO Cultural Affairs and Recreation Panel
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Environmental Affairs Panel
Member, UMELCO Public Relations Panel
Member, UMELCO Public Utilities Panel

Mr. HU Fa-kuang, JP

b.: 14.2.1924

Legislative Council
Member (since 1.9.79)

Education and Professional Qualifications
B.Sc. (Mechanical Engineering), Chiao Tung University, China

Principal Occupation
Chairman and Senior Managing Director, Ryoden Electric Engineering Co., Ltd.

Public Service
Chairman, Transport Tribunal
Member, Hong Kong Housing Authority
Chairman, Finance Committee, Hong Kong Housing Authority
Vice-President, Hong Kong Playground Association
Member, Jubilee Sports Centre Board
Member, Law Reform Commission of Hong Kong
Member, LegCo Community Services Working Group
Member, LegCo Economic Services Working Group
Member, LegCo General Services Working Group
Member, LegCo Social Services Working Group
Member, Statistics Advisory Board
Member, Transport Advisory Committee
Member, UMELCO Cultural Affairs and Recreation Panel
Member, UMELCO House Committee
Member, UMELCO Housing Panel
Member, UMELCO Public Relations Panel
Member, UMELCO Public Utilities Panel
Member, UMELCO Transport Panel

Mr. WONG Po-yan, OBE, JP

b.: 5.5.1923

Legislative Council
Member (since 1.9.79)

Education and Professional Qualifications
B.Sc. (Chemistry), National University of Amoy, China

Principal Occupation
Chairman and Managing Director, United Oversea Enterprises, Ltd.

Public Service
Hon. President, The Chinese Manufacturers' Association of Hong Kong
Member, Board of Governors of the Hong Kong Baptist College
Member, Economic Review Committee
Member, Hong Kong Trade Development Council
Member, Landlord and Tenant (Consolidation) Ordinance Review Committee
Member, LegCo Economic Services Working Group
Member, LegCo Monetary Policy Working Group
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Lands and Works Panel
Member, UMELCO Public Utilities Panel
Member, UMELCO Trade and Industry Panel

Mr. Brown, William Charles Langdon, OBE, JP

b.: 9.9.1931

Legislative Council
Member (since 1.9.80)

Education
Ashbourne School, Derbyshire

Principal Occupation
Area General Manager, The Chartered Bank

Public Service
Chairman, Appointments Board of the Chinese University of Hong Kong
Chairman, Hong Kong Association of Banks
Chairman, Special Committee on Land Supply
Director, Mass Transit Railway Corporation
Convener, LegCo Monetary Policy Working Group
Vice Patron, The Community Chest of Hong Kong
Member, Advisory Committee on Corruption of the ICAC
Member, Banking Advisory Committee
Member, Board of the Mass Transit Railway Corporation
Member, Council for the Performing Arts
Member, Council of the Chinese University of Hong Kong
Member, Council of the Hong Kong Academy for Performing Arts
Member, Economic Review Committee
Member, Exchange Fund Advisory Committee
Member, Land Development Policy Committee
Member, LegCo Economic Services Working Group
Member, Public Accounts Committee
Member, Sir Robert Black Trust Fund Committee
Member, UMELCO Cultural Affairs and Recreation Panel
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Trade and Industry Panel
Member, UMELCO Police Group

Mr. CHAN Kam-chuen, OBE, JP

b.: 15.6.1925

Legislative Council
Member (since 1.9.80)

Education and Professional Qualifications
La Salle College, Hong Kong
Hendon College, London
Cranfield School of Management, Bedfordshire, U.K.

Principal Occupation
Special Advisor to Director (Far East), Cable & Wireless PLC, Hong Kong

Public Service
Chairman, Correctional Services Children's Education Committee
Member, Fish Marketing Advisory Board
Member, Fisheries Development Loan Fund Advisory Committee
Member, Labour Advisory Board
Member, LegCo Community Services Working Group
Member, LegCo Economic Services Working Group
Member, LegCo General Services Working Group
Member, LegCo Legislation Scrutiny Working Group
Member, LegCo Social Services Working Group
Member, Public Accounts Committee
Member, Transport Advisory Committee
Member, UMELCO Health and Welfare Panel
Member, UMELCO Housing Panel
Member, UMELCO Lands and Works Panel
Member, UMELCO Public Utilities Panel
Member, Vocational Training Council
Member, Working Group of the TAC on CMB Maintenance
Lay Assessor, Magistrates' Courts, Hong Kong

Mr. Swaine, John Joseph, OBE, QC, JP

b.: 22.4.1932

Legislative Council
Member (since 1.9.80)

Education and Professional Qualifications
St. Joseph's College, Hong Kong
B.A., University of Hong Kong
Queen's College, Cambridge

Principal Occupation
Queen's Counsel

Public Service
Chairman, Review Sub-Committee of the Licentiate Committee of the Medical Council of Hong Kong
Deputy Chairman, University and Polytechnic Grants Committee
Deputy Convener, LegCo Legislation Scrutiny Working Group
Member, Court of University of Hong Kong
Member, ICAC Complaints Committee
Member, LegCo General Services Working Group
Member, Panel of Arbitrators
Member, Standing Committee on Directorate Salaries and Conditions of Service
Member, UMELCO Civil Service Panel
Member, UMELCO Police Group
Member, UMELCO Security Panel

Mr. CHEONG, Stephen Kam-chuen, JP

b.: 31.5.1941

Legislative Council
Member (since 2.12.80)

Education and Professional Qualifications
La Salle College, Hong Kong
B.Sc. (Engineering), Imperial College, London
M.Phil., London University
Dip., Imperial College, London

Principal Occupation
Managing Director, Lee Wah Weaving Factory Ltd. and Cheong's Textile Co. Ltd.

Public Service
Chairman, Transport Complaints Unit
Deputy Chairman, Federation of Hong Kong Industries
Member, Economic Review Committee
Member, Hong Kong Export Credit Insurance Corporation Advisory Board
Member, General Committee, Hong Kong General Chamber of Commerce
Member, Hong Kong Industrial Estates Corporation
Member, LegCo Community Services Working Group
Member, LegCo Economic Services Working Group
Member, LegCo Monetary Policy Working Group
Member, Public Accounts Committee
Member, Statistics Advisory Board
Member, Textiles Advisory Board
Member, Transport Advisory Committee
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Environmental Affairs Panel
Member, UMELCO Housing Panel
Member, UMELCO Lands and Works Panel
Member, UMELCO Police Group
Member, UMELCO Public Utilities Panel
Member, UMELCO Trade and Industry Panel
Member, UMELCO Transport Panel

Mr. CHEUNG, Benton Yan-lung, MBE, SBStJ, JP

b.: 18.4.1922

Legislative Council
Member (since 1.9.81)

Education and Professional Qualifications
La Salle College, Hong Kong
B.A., University of Dr. SUN Yat-sen, Canton

Principal Occupation
Businessman

Public Service
Chairman, North District Community Centre and Town Hall Management Committee
Chairman, North District Social Services Committee
Director, Kowloon-Canton Railway Corporation
Member, Fireworks Displays Vetting Committee
Member, Executive Committee, Heung Yee Kuk
Member, Hong Kong Housing Authority
Member, LegCo Community Services Working Group
Member, LegCo General Services Working Group
Member, LegCo Social Services Working Group
Member, North District Board
Member, Police Cadet School Advisory Board
Member, St. John Council
Member, UMELCO Chinese Language Policy Panel
Member, UMELCO Environmental Affairs Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Public Relations Panel

Mrs. CHOW, Selina Shuk-yee (nee LIANG), JP

b.: 25.1.1945

Legislative Council
Member (since 1.9.81)

Education and Professional Qualifications
St. Paul's Co-Educational College, Hong Kong
B.A. (English), University of Hong Kong
Post Graduate Diploma, Rose Bruford College of Speech and Drama, UK
L.R.A.M. in Drama (Teacher and Performer), A.D.B.

Principal Occupation
Director, Brainchild Ltd.

Public Service
Advisor, Against Child Abuse
Member, Agency for Volunteer Service
Member, Consumer Council
Member, Council for the Performing Arts
Member, Council of the Hong Kong Academy for Performing Arts
Member, Executive Committee, Housing Society
Member, LegCo Community Services Working Group
Member, LegCo General Services Working Group
Member, LegCo Social Services Working Group
Member, UMELCO Cultural Affairs and Recreation Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Public Relations Panel
Member, UMELCO Transport Panel
Member, World Wildlife Fund

Dr. IP, Henrietta Man-hing

b.: 7.12.1947

Legislative Council
Member (since 1.9.82)

Education and Professional Qualifications
Maryknoll Convent School, Hong Kong
M.B.Ch.B., University of Liverpool
Licentiate of Royal College of Physicians, London
Member of Royal College of Surgeons, England
Educational Council for Foreign Medical Graduates, USA
Diploma in Child Health, London
Member of Royal College of Physicians (UK)
Diploma in Management for Executive Development, Chinese University of Hong Kong

Principal Occupation
Paediatrician in private practice

Public Service
Chairman, Hong Kong Association for the Mentally Handicapped
Member, Council for Recreation and Sport
Member, Environmental Pollution Advisory Committee

Member, ICAC Complaints Committee
Member, Law Reform Commission of Hong Kong
Member, LegCo Community Services Working Group
Member, LegCo Social Services Working Group
Member, Rehabilitation Development Coordinating Committee
Member, UMELCO Civil Service Panel
Member, UMELCO Cultural Affairs and Recreation Panel
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Housing Panel
Member, UMELCO Lands and Works Panel

Mr. CHAN Ying-lun

b.: 6.10.1950

Legislative Council
Member (since 1.9.83)

Education and Professional Qualifications
Congitio College
B.Soc.Sc., University of Hong Kong

Principal Occupation
Public Relations Manager, San Miguel Brewery Ltd.

Public Service
Member, Hong Kong Housing Authority
Elected Member, Eastern District Board
Member, Board of Education
Member, Sub-Committee on "Breach of Confidence Actions", Law Reform Commission of Hong Kong
Member, LegCo Community Services Working Group
Member, LegCo Economic Services Working Group
Member, LegCo General Services Working Group
Member, LegCo Social Services Working Group
Member, Panel of Assessors
Member, UMELCO Education and Manpower Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Housing Panel
Member, UMELCO Lands and Works Panel
Member, UMELCO Public Relations Panel

Mrs. FAN, Rita Lai-tai (nee HSU)

b.: 20.9.1945

Legislative Council
Member (since 1.9.83)

Education and Professional Qualifications
St. Stephen's Girls' College
B.Sc.Gen., University of Hong Kong
Certificate in Personnel Management, University of Hong Kong
M.Soc.Sc. (Psychology), University of Hong Kong
Member, British Psychological Society
Member, Hong Kong Psychological Society

Principal Occupation
Head, Student Affairs Unit, Hong Kong Polytechnic

Public Service
First Vice-President, Soroptimist International of Hong Kong
Member, Board of Education
Member, Council of the Hong Kong Polytechnic
Member, Labour Advisory Board, Committee on Employment Services
Member, LegCo Economic Services Working Group
Member, LegCo General Services Working Group
Member, LegCo Social Services Working Group
Member, Joint Committee on Student Finance
Member, St. Stephen's Girls' College Council
Member, UMELCO Education and Manpower Panel
Member, UMELCO Housing Panel
Member, UMELCO Police Group
Member, UMELCO Public Relations Panel
Member, UMELCO Trade and Industry Panel

Mrs. NG, Pauline May-lin (nee CHOW)

b.: 1.6.1947

Legislative Council
Member (since 1.9.83)

Education and Professional Qualifications
B.A. (Gen.)(External), London University

Principal Occupation
Teacher, Kit Sam Middle School

Public Service
Elected Member, Wong Tai Sin District Board
Chairman, Wang Tau Hom Area Committee
Chairman, Community Building Committee, Wong Tai Sin District Board
Member, Citizens' Advisory Committee on Community Relations, ICAC
Member, LegCo Community Services Working Group
Member, LegCo General Services Working Group
Member, LegCo Social Services Working Group
Member, Public Advisory Group on Film Censorship Standard
Member, UMELCO Chinese Language Policy Panel
Member, UMELCO Cultural Affairs and Recreation Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Housing Panel
Member, UMELCO Public Relations Panel
Member, UMELCO Public Utilities Panel
Member, Wong Tai Sin District Arts Council
Member, Wong Tai Sin District Recreation and Sports Council

Mr. POON, Peter Wing-cheung, MBE, JP

b.: 1.9.1934

Legislative Council
Member (since 1.9.83)

Education and Professional Qualifications
Wah Yan College
LL.B. (Hons.), London University
LL.M., London University
Fellow, Australian Society of Accountants
Fellow, Hong Kong Society of Accountants
Law Society Qualifying Examination, England
Fellow, Institute of Chartered Secretaries and Administrators, England
Associate, Institute of Taxation, England
Certified Public Accountant
Authorised Company Auditor, England
Certified Practising Accountant (Australia)
Registered Member, Singapore Society of Accountants
Practising Member, Malaysian Association of Certified Public Accountants

Principal Occupation
Certified Public Accountant

Public Service
Chairman, Advisory Committee on Accountancy of Hong Kong Polytechnic
Vice-Chairman, Board of Trustees, United College, Chinese University of Hong Kong
Member, Commodities Trading Commission
Member, Council of Chinese University of Hong Kong
Member, ICAC Complaints Committee
Member, LegCo Economic Services Working Group
Member, LegCo Legislation Scrutiny Working Group
Member, LegCo Monetary Policy Working Group
Member, Operation Review Committee of ICAC
Member, Panel of Arbitrators
Member, Securities Commission
Member, Sir David Trench Fund for Recreation Investment Advisory Committee
Member, UMELCO Economic Services and Monetary Affairs Panel
Member, UMELCO Public Utilities Panel
Member, UMELCO Trade and Industry Panel

Mr. YEUNG Po-kwan, CPM

b.: 5.7.1939

Legislative Council
Member (since 1.9.83)

Education and Professional Qualifications
Ying Wa College
Diocesan Boys' School
B.A., University of Hong Kong
Dip. Ed., Chinese University of Hong Kong
Fellow, Incorporated Phonographic Society, London
Certificate in Educational Management and Administration, Morary House, College of Education, Edinburgh
Member, The Institute of Linguists, London

Principal Occupation
Principal, Ming Yin College

Public Service
Member, Action Committee Against Narcotics
Member, Appeals Board (Education)
Member, Broadcasting Review Board
Member, Criminal and Law Enforcement Injuries Compensation Board
Member, Education Commission
Adjudicator, Immigration Tribunal
Member, Deportation Tribunal
Member, Panel of Assessors
Member, LegCo General Services Working Group
Member, LegCo Legislation Scrutiny Working Group
Member, LegCo Social Services Working Group
Member, Police Education and Welfare Trust Management Committee
Member, UMELCO Chinese Language Policy Panel
Member, UMELCO Civil Service Panel
Member, UMELCO Cultural Affairs and Recreation Panel
Member, UMELCO Education and Manpower Panel
Member, UMELCO Health and Welfare Panel
Member, UMELCO Public Relations Panel
Member, UMELCO Security Panel
Chief Superintendent, Royal Hong Kong Auxiliary Police Force

APPENDIX II

other Public Bodies, Boards and Committees on which UMELCO members serve

as at 31.8.84

Action Committee Against Narcotics
Miss Maria TAM *Member*
Mr. YEUNG Po-kwan *Member*

Advisory Committee on Accountancy of Hong Kong Polytechnic
Mr. Peter POON *Chairman*

Advisory Committee on Corruption of the ICAC
Mr. R. H. Lobo *Chairman*
Mr. S. L. CHEN *Member*
Mr. W. C. L. Brown *Member*

Advisory Committee on Design of the Hong Kong Polytechnic
Mr. Allen LEE *Member*
Mr. YEUNG Po-kwan *Member*

Advisory Committee on Diversification
Mr. S. L. CHEN *Member*

Advisory Committee on Engineering, University of Hong Kong
Mr. Allen LEE *Member*

Against Child Abuse
Dr. HO Kam-fai *Adviser*
Mrs. Selina CHOW *Adviser*

Agency for Volunteer Service
Mrs. Selina CHOW *Member*

Alice HO Miu Ling Nethersole Hospital (Executive Committee)
Mr. Andrew SO *Member*
Mr. YEUNG Po-kwan *Member*

Appeals Board (Education)
Mr. Charles YEUNG *Member*
Mr. YEUNG Po-kwan *Member*

Asian Foundation for the Prevention of Blindness
Mr. Q. W. LEE *Deputy Chairman*

Aviation Advisory Board
Mr. Alex WU *Member*

Banking Advisory Committee
Mr. Q. W. LEE *Member*
Mr. W. C. L. Brown *Member*

Board of Directors of Shek Wu Public School, Sheung Shui
Mr. CHEUNG Yan-lung *Director*

Board of Education
Mr. Peter C. WONG *Chairman*
Miss Maria TAM *Member*
Mr. CHAN Ying-lun *Member*
Mrs. Rita FAN *Member*

Board of Governors of the Hong Kong Baptist College
Mr. WONG Po-yan *Member*

Board of Inland Revenue
Mr. Q. W. LEE *Member*

Board of the Mass Transit Railway Corporation
Mr. O. V. CHEUNG *Director*
Miss Lydia DUNN *Director*

Boys' & Girls' Clubs Association (Executive Committee)
Miss Maria TAM *Member*
Dr. HO Kam-fai *Member*

British Council (Scholarship & Grant Selection Committee)
Dr. Harry FANG *Member*

Broadcasting Review Board
Mr. Allen LEE *Member*
Mr. YEUNG Po-kwan *Member*

Caritas—Hong Kong
Mr. R. H. Lobo *Chairman*
Dr. Harry FANG *Member*

Caritas Medical Committee
Dr. Harry FANG *Chairman*

Central and Western District Board
Miss Maria TAM *Member*

Chi Hong Ching Yuen Ltd.
Mr. Peter C. WONG *Director and Legal Adviser*

Chi Lin Buddhist Nunnery, Orphanage, Home for the Aged and School
Mr. Peter C. WONG *Chairman and Legal Adviser*

Chiao Tung University Alumni Association
Mr. F. K. HU *Hon. President*

China Fleet Club
Mr. M. G. R. Sandberg *Trustee*

Chinese Manufacturers' Association of Hong Kong
Mr. WONG Po-yan *Hon. President*

Chinese University of Hong Kong School of Education Alumni Association
Mr. YEUNG Po-kwan *Member (Executive Committee)*

Chinese University Students' Union
Miss Maria TAM *Legal Adviser*

Citizens Advisory Committee on Community Relations of the ICAC
Mrs. Pauline NG *Member*

Civil Aid Service
Mr. R. H. Lobo *Commissioner*

Clothing and Footwear Institute, London
Dr. Francis TIEN *International Vice-President*

Clothing Industry Training Authority
Dr. Francis TIEN *Chairman*

Clothing Industry Training Board
Dr. Francis TIEN *Chairman*

Clothing Institute
Miss Lydia DUNN *Member*

Committee to Review Post-Secondary and Technical Education
Mr. S. L. CHEN *Member*

Commodities Trading Commission
Mr. Peter POON *Member*

Community Chest of Hong Kong
Sir S. Y. CHUNG *Vice Patron*
Mr. R. H. Lobo *Vice Patron*
Mr. LI Fook-wo *Vice Patron*
Mr. M. G. R. Sandberg *Vice Patron*
Mr. Q. W. LEE *Vice Patron*
Mr. W. C. L. Brown *Vice Patron*

Consumer Council
Mrs. Selina CHOW *Member*

Council of Chinese University of Hong Kong
Mr. Q. W. LEE *Chairman*
Miss Lydia DUNN *Hon. Treasurer and Member*
Dr. Francis TIEN *Member*
Mr. W. C. L. Brown *Member*
Mr. Peter POON *Member*

Elected by UMELCO
Dr. Harry FANG *Member*
Mr. S. L. CHEN *Member*
Miss Maria TAM *Member*

Council of Hong Kong and Kowloon Kai Fong Association Ltd.
Mr. Charles YEUNG *Hon. Adviser*

Council of the City Polytechnic of Hong Kong
Sir S. Y. CHUNG *Chairman*
Mr. S. L. CHEN *Deputy Chairman*
Mr. Q. W. LEE *Member*
Dr. Francis TIEN *Member*

Council of the Hong Kong Polytechnic
Sir S. Y. CHUNG *Chairman*
Mr. S. L. CHEN *Deputy Chairman (Chairman, Conditions of Service Committee)*
Dr. Francis TIEN *Member*
Mrs. Rita FAN *Member*

Council of St. Paul's Co-educational College
Mr. LI Fook-wo *Member and Hon. Treasurer*

Council for the Performing Arts
Mr. Alex WU *Chairman*
Mr. W. C. L. Brown *Member*
Mrs. Selina CHOW *Member*

Council for Recreation & Sport
Mr. Charles YEUNG *Member*
Dr. Henrietta IP *Member*

Council of the Outward Bound Trust of Hong Kong
Mr. M. G. R. Sandberg *Member*

Court of University of Hong Kong
Mr. M. G. R. Sandberg *Treasurer*
Sir S. Y. CHUNG *Council Member*
Mr. Peter C. WONG *Council Member*
Mr. O. V. CHEUNG *Member*
Mr. R. H. Lobo *Member*
Mr. LO Tak-shing *Member*
Mr. Q. W. LEE *Member*
Dr. Harry FANG *Member*
Dr. Francis TIEN *Member*
Fr. Patrick T. McGovern *Member*
Mr. Charles YEUNG *Member*
Mr. Allen LEE *Member*
Mr. J. J. Swaine *Member*

Criminal and Law Enforcement Injuries Compensation Board
Mr. YEUNG Po-kwan *Member*

Croucher Foundation
Mr. M. G. R. Sandberg *Trustee*

Diocesan Standing Committee of the Diocese of Hong Kong and Macau
Mr. LI Fook-wo *Member*

East Asian Tennis Association
Mr. F. K. HU *President*

Eastern District Board
Mr. CHAN Ying-lun *Member*

Eastern Kowloon Centres Management Committee, YMCA
Mrs. Pauline NG *Member*

Economic Review Committee
Mr. LI Fook-wo *Member*
Mr. Allen LEE *Member*
Mr. Andrew SO *Member*
Mr. WONG Po-yan *Member*
Mr. W. C. L. Brown *Member*
Mr. Stephen CHEONG *Member*

Economics Society, University of Hong Kong
Mr. W. C. L. Brown *Hon. Vice President*

Education Commission
Mr. Q. W. LEE *Chairman*
Miss Maria TAM *Member*
Dr. Francis TIEN *Member*
Mr. Peter C. WONG *Member*
Mr. YEUNG Po-kwan *Member*

English Schools Foundation
Mr. R. H. Lobo *Member*
Fr. Patrick T. McGovern *Member*
Dr. HO Kam-fai *Member*

Environmental Pollution Advisory Committee
Mr. Charles YEUNG *Member*
Mr. Andrew SO *Member*
Dr. Henrietta IP *Member*

Exchange Fund Advisory Committee
Mr. M. G. R. Sandberg *Member*
Mr. W. C. L. Brown *Member*

Extra-Mural Studies Advisory Board, Chinese University of Hong Kong
Dr. Francis TIEN *Chairman*

Federation of Hong Kong Industries (Chairman's Committee)
Mr. Allen LEE *Member*

Federation of Hong Kong Industries (General Committee)
Sir S. Y. CHUNG *Hon. Life President*
Mr. Stephen CHEONG *Deputy Chairman*
Mr. Allen LEE *Member*

Federation of Medical Societies of Hong Kong
Dr. Harry FANG *Vice Patron*
Dr. Francis TIEN *Vice Patron*
Mr. Peter C. WONG *Hon. Legal Adviser*

Fight Crime Committee
Mr. Charles YEUNG *Member*
Dr. HO Kam-fai *Member*
Mr. CHEUNG Yan-lung *Hon. President (North District)*

Fireworks Displays Vetting Committee
Mr. WONG Lam *Member*
Mr. CHEUNG Yan-lung *Member*

Fish Marketing Advisory Board
Mr. WONG Lam *Member*
Mr. K. C. CHAN *Member*

Fisheries Development Loan Fund Advisory Committee
Mr. WONG Lam *Member*
Mr. K. C. CHAN *Member*

Glenealy Junior School's School Council
Mr. Charles YEUNG *Member*

Gurkha Welfare Trust (Hong Kong Investment Committee)
Mr. M. G. R. Sandberg *Member*

Hang Lung Bank
Mr. Peter POON *Director*
Mr. YEUNG Po-kwan *Director*

Heung Yee Kuk (Council and Executive Committee)
Mr. Charles YEUNG *Member*
Mr. CHEUNG Yan-lung *Member*

Hong Kong Academy for Performing Arts (Project Board)
Mr. LI Fook-wo *Chairman*

Hong Kong Academy of Ballet (Board of Governors)
Mr. W. C. L. Brown *Chairman*
Mr. F. K. HU *Member*

Hong Kong Academy for Performing Arts (Council)
Mr. Alex WU *Chairman*
Mr. Peter C. WONG *Member*
Mr. W. C. L. Brown *Member*
Mrs. Selina CHOW *Member*

Hong Kong Amateur Basketball Association
Mr. F. K. HU *Hon. President*

Hong Kong and Kowloon Chiu Chow Public Association
Mr. Peter C. WONG *Hon. President and Legal Adviser*

Hong Kong and Kowloon Volleyball Association
Mr. F. K. HU *Hon. President*

Hong Kong Arts Centre (Board of Governors)
Mr. Q. W. LEE *Deputy Chairman*
Mr. Alex WU *Member*

Hong Kong Arts Festival
Mr. M. G. R. Sandberg *Vice Chairman*

Hong Kong Association (London Committee)
Sir S. Y. CHUNG *Member*
Mr. M. G. R. Sandberg *Member*
Miss Lydia DUNN *Member*

Hong Kong Association (London Committee)
Mr. M. G. R. Sandberg *Member*

Hong Kong Association for the Mentally Handicapped
Dr. Henrietta IP *Chairman*

Hong Kong Association of Banks
Mr. W. C. L. Brown *Chairman*

Hong Kong Association of Business and Professional Women
Miss Maria TAM *Member*

Hong Kong Association of Physiotherapists and Occupational Therapists
Dr. Harry FANG *Member*

Hong Kong Auxiliary Medical Service
Dr. Harry FANG *Member*

Hong Kong Badminton Association
Mr. F. K. HU *Hon. President*

Hong Kong Buddhist Association
Mr. Peter C. WONG *Executive Director, Secretary General and Legal Adviser*

Hong Kong Buddhist Cemetery Management Committee
Mr. Peter C. WONG *Founder Member*

Hong Kong Buddhist Hospital Management Committee
Mr. Peter C. WONG *Supervisor*

Hong Kong Canoe Union
Mr. F. K. HU *Hon. President*

Hong Kong Centre of the Institute of Bankers, London
Mr. W. C. L. Brown *Vice President*

Hong Kong Chinese Amateur Athletic Federation
Mr. WONG Lam *Hon. Adviser*

Hong Kong Chinese Amateur Swimming Association
Mr. WONG Lam *Hon. Adviser*

Hong Kong Chinese Christian Churches Union (Executive Committee)
Mr. YEUNG Po-kwan *Member*

Hong Kong Chiu Chow Chamber of Commerce Ltd.
Mr. Peter C. WONG *Hon. President and Legal Adviser*

Hong Kong Club Balloting Committee
Mr. Peter C. WONG *Member*

Hong Kong Council of Early Childhood Education and Services
Dr. Harry FANG *Member*
Dr. Henrietta IP *Hon. Adviser*

Hong Kong Council of Social Service (Executive Committee)
Dr. Harry FANG *Member*
Miss Maria TAM *Member*

Hong Kong Cycling Association
Mr. F. K. HU *President*

Hong Kong Discharged Prisoners' Aid Society
Mr. Charles YEUNG *Vice President*
Mr. Andrew SO *Member (Executive Committee)*

Hong Kong Export Credit Insurance Corporation Advisory Board
Mr. Stephen CHEONG *Member*

Hong Kong Family Welfare Society (Executive Committee)
Dr. HO Kam-fai *Member*
Miss Maria TAM *Member*

Hong Kong Football Association
Mr. F. K. HU *Vice President*

Hong Kong Garment Manufacturers Association
Dr. Francis TIEN *Hon. Life Chairman*

Hong Kong General Chamber of Commerce (General Committee)
Mr. M. G. R. Sandberg *Member*
Miss Lydia DUNN *Member*
Mr. W. C. L. Brown *Member*
Mr. Stephen CHEONG *Member*
Mr. Allen LEE *Member of Industrial Affairs Committee*

Hong Kong Girl Guides Association
Mr. F. K. HU *Hon. Vice President*
Mr. W. C. L. Brown *Hon. Vice President*
Mrs. Pauline NG *Member (Wong Tai Sin Association)*

Hong Kong Heart Foundation Ltd.
Mr. M. G. R. Sandberg *Vice-Chairman*
Mr. Alex WU *Member*

Hong Kong History Society
Mr. YEUNG Po-kwan *Vice President*

Hong Kong Housing Authority
Mr. F. K. HU *Member (Chairman, Finance Committee)*
Mr. CHEUNG Yan-lung *Member (Chairman, Appeal Committee)*
Mr. CHAN Ying-lun *Member*

Hong Kong Industrial Estates Corporation Board
Mr. LI Fook-wo *Chairman*
Mr. Alex WU *Member*
Mr. Stephen CHEONG *Member*

Hong Kong International Year of the Child Commission
Dr. Henrietta IP *Treasurer*

Hong Kong/Japan Business Co-operation Committee
Sir S. Y. CHUNG *Chairman*
Mr. M. G. R. Sandberg *Member*
Miss Lydia DUNN *Member*

Hong Kong Joint Council for the Physically and Mentally Disabled
Dr. Harry FANG *Chairman*
Dr. Henrietta IP *Executive Member (Management Committee)*

Hong Kong Kidney Foundation Ltd. (Board of Governors)
Mr. LI Fook-wo *President*
Mr. S. L. CHEN *Vice-Chairman*
Dr. Francis TIEN *Member*

Hong Kong Management Association (Council)
Miss Lydia DUNN *Member*
Mr. Alex WU *Member*
Mr. Stephen CHEONG *Member*

Hong Kong Medical Association
Dr. Henrietta IP *Member*

Hong Kong Medical Women's Association
Dr. Henrietta IP *Member*

Hong Kong Nurses Association
Dr. Harry FANG *Hon. Adviser*

Hong Kong Paediatric Society
Dr. Henrietta IP *Council Member*

Hong Kong Philharmonic Society Ltd. (Board of Governors)
Mr. Alex WU *Member*
Mr. F. K. HU *Member*

Hong Kong Physically Handicapped and Able Bodied Association
Dr. Harry FANG *Hon. President*

Hong Kong Physiotherapy Association
Dr. Henrietta IP *Vice-President*

Hong Kong Plastic Material Suppliers Association
Mr. WONG Po-yan *Chairman*

Hong Kong Playground Association
Mr. LO Tak-shing *President*
Mr. F. K. HU *Vice-President*

Hong Kong Press Association
Miss Maria TAM *Legal Adviser*

Hong Kong Productivity Council
Mr. Allen LEE *Chairman*

Hong Kong Red Cross Advisory Council
Mr. M. G. R. Sandberg *Member*
Mr. Alex WU *Member*

Hong Kong School for the Deaf
Mr. YEUNG Po-kwan *Registered Manager*

Hong Kong Sea Cadet Corporation
Mr. F. K. HU *Member (Area Committee)*

Hong Kong Society for the Aged
Mr. R. H. Lobo *Vice Patron*

Hong Kong Society for Rehabilitation
Dr. Harry FANG *Vice Patron*
Mr. M. G. R. Sandberg *Vice-President*
Mr. WONG Lam *Executive Committee Member*

Hong Kong Society for Medical Computers Ltd.
Dr. Henrietta IP *Member*

Hong Kong Sports Association for the Physically Handicapped
Dr. Harry FANG *President*

Hong Kong Subsidised Secondary Schools Association
Mr. YEUNG Po-kwan *Hon. Adviser*

Hong Kong Table Tennis Association
Mr. F. K. HU *Hon. President*

Hong Kong Taoist Association
Mr. Peter C. WONG *Hon. Legal Adviser*

Hong Kong Tennis Association
Mr. F. K. HU *Immediate Past President*

Hong Kong Trade Development Council
Miss Lydia DUNN *Chairman*
Mr. WONG Po-yan *Member*

Hong Kong Translation Society Ltd.
Mr. Peter C. WONG *Founder Member, Committee Member and Legal Adviser*

Hong Kong Tuberculosis, Chest and Heart Diseases Association
Mr. Q. W. LEE *Vice Chairman*

Hong Kong/United States Economic Co-operation Committee
Sir S. Y. CHUNG *Chairman*
Mr. M. G. R. Sandberg *Member*
Miss Lydia DUNN *Member*
Mr. Q. W. LEE *Member*
Mr. Allen LEE *Member*

Hong Kong War Memorial Fund Committee
Mr. O. V. CHEUNG *Vice Chairman*

Housing Society (Executive Committee)
Mrs. Selina CHOW *Member*

Immigration Tribunal
Mr. YEUNG Po-kwan *Adjudicator*

Independent Commission Against Corruption Complaints Committee
Sir S. Y. CHUNG *Chairman*
Mr. R. H. Lobo *Member*
Miss Lydia DUNN *Member*
Mr. Andrew SO *Member*
Mr. J. J. Swaine *Member*
Dr. Henrietta IP *Member*
Mr. Peter POON *Member*

Industrial Relations Institute
Dr. Harry FANG *Hon. Patron*
Fr. Patrick T. McGovern *Permanent Adviser*

Industry Advisory Board
Mr. LI Fook-wo *Member*
Mr. Allen LEE *Member*

Industry Development Board
Mr. Allen LEE *Member*
Mr. WONG Po-yan *Member*

Institute of Bankers (London)
Mr. M. G. R. Sandberg *Vice-President*

Institute of Bankers (Hong Kong)
Mr. W. C. L. Brown *Vice-President*

Insurance Advisory Committee
Mr. Peter C. WONG *Member*

International Association of Maternal and Neonatal Health (HK)
Dr. Henrietta IP *Member*

International Stoker Mandeville Games Federation
Dr. Harry FANG *Member*

Investment Advisory Board on Correctional Services Children's Education Trust Fund
Mr. O. V. CHEUNG *Chairman*

Island Jaycees
Mr. CHAN Ying-lun *Member*

Japan Society of Hong Kong
Mr. Charles YEUNG *Chairman*

Jaycees International Incorporation
Mr. Charles YEUNG *Senator*

Joint Committee on Development Organized by the Hong Kong Catholic Church and the Hong Kong Protestant Churches
Mr. Andrew SO *Member*

Joint Committee on Student Finance
Mrs. Rita FAN *Member*

Jubilee Sports Centre Board
Mr. LI Fook-wo *Member*
Mr. F. K. HU *Member*

Juvenile Care Centre
Mr. Charles YEUNG *Adviser*

Keep Hong Kong Clean Campaign Steering Committee
Mr. Charles YEUNG *Member*
Mr. K. C. CHAN *Member*

Kiangsu Chekiang Residents (HK) Association
Dr. Francis TIEN *Hon. Adviser*

Kowloon-Canton Railway Corporation Board
Miss Lydia DUNN *Director*
Mr. K. C. CHAN *Director*
Mr. CHEUNG Yan-lung *Director*

Kwun Tong Sports Association
Mr. WONG Lam *Hon. President*

Kwun Tong Industrial Area Committee
Mr. WONG Lam *Hon. President*

Labour Advisory Board
Mr. K. C. CHAN *Member*
Mrs. Rita FAN *Member of Committee on Employment Services*

Land Development Policy Committee
Mr. W. C. L. Brown *Member*

Landlord and Tenant (Consolidation) Ordinance Review Committee
Mr. R. H. Lobo *Member*
Mr. Peter C. WONG *Member*
Mr. WONG Po-yan *Member*

Law Reform Commission of Hong Kong
Mr. LO Tak-shing *Member*
Dr. HO Kam-fai *Member*
Mr. F. K. HU *Member*
Dr. Henrietta IP *Member (& Chairman of Coroners Sub-committee)*
Mr. CHAN Ying-lun *Member of Sub-committee on Breach of Confidence Action*

Legal Practitioners Disciplinary Committee Panel
Mr. LO Tak-shing *Member*
Mr. Peter C. WONG *Member*
Mr. Charles YEUNG *Member*

Lingnan Institute of Business Administration (Advisory Board), The Chinese University of Hong Kong
Sir S. Y. CHUNG *Member*

Marine Fish Scholarship Fund Advisory Committee
Mr. WONG Lam *Member*
Mr. CHEUNG Yan-lung *Member*

Medical Advisory Committee of the Duchess of Kent Children's Orthopaedic Hospital, Sandy Bay
Mr. M. G. R. Sandberg *President*
Dr. Harry FANG *Chairman*

Medical Council of Hong Kong (Licentiate Examination Committee)
Dr. Harry FANG *Member*

Medical Council of Hong Kong (Review Sub-Committee of the Licentiate Committee)
Mr. J. J. Swaine *Chairman*

Medical Development Advisory Committee
Dr. Harry FANG *Chairman*
Mr. Peter C. WONG *Member*

N.T. General Chamber of Commerce
Mr. CHEUNG Yan-lung *President*

N.T. Regional Scout Council
Mr. CHEUNG Yan-lung *Member*

N.T. Rotary Club
Mr. CHEUNG Yan-lung *Programme Chairman*

Ng Yuk Secondary School
Mr. YEUNG Po-kwan *Supervisor*

North District Board
Mr. CHEUNG Yan-lung *Member*

North District Co-ordinating Committee for Elderly Activities
Mr. CHEUNG Yan-lung *Hon. President*

North District Community Centre and Town Hall Management Committee
Mr. CHEUNG Yan-lung *Chairman*

North District Social Services Committee
Mr. CHEUNG Yan-lung *Chairman*

Operation Review Committee of Independent Commission Against Corruption
Mr. Peter POON *Member*

Ocean Park Ltd.
Dr. Harry FANG *Member (Management Committee)*

Panel of Arbitrators
Mr. J. J. Swaine *Member*
Mr. Peter POON *Member*

Panel of Assessors
Mr. K. C. CHAN *Member*
Mr. CHAN Ying-lun *Member*
Mrs. Pauline NG *Member*

Peninsula Jaycees Ltd.
Mr. Charles YEUNG *Hon. Life President*

Po Leung Kuk Advisory Board
Sir S. Y. CHUNG *Member*
Mr. Alex WU *Member*
Mr. Charles YEUNG *Member*

Po Leung Kuk Development of Paediatric Medical Services Sub-Committee
Dr. Henrietta IP *Adviser*

Po Leung Kuk, Welfare Committee
Dr. Henrietta IP *Adviser*

Po Lin Monastery
Mr. Peter C. WONG *Permanent Director and Hon. Legal Adviser*

Poh Yea Ching Shea Ltd.
Mr. Peter C. WONG *Director and Legal Adviser*

Police Education & Welfare Trust Management Committee
Mr. YEUNG Po-kwan *Member*

Prince Philip Dental Hospital (Board of Governors)
Miss Lydia DUNN *Chairman*

Printing Industry Training Board
Mr. Alex WU *Chairman*

Public Advisory Group on Film Censorship Standard
Mrs. Pauline NG *Member*

Regional Prosthetic Training Centre, World Rehabilitation Fund, Inc.
Dr. Harry FANG *Director*

Rehabilitation Development Co-ordinating Committee
Dr. Harry FANG *Chairman*
Dr. Henrietta IP *Member*

Rehabilitation International
Dr. Harry FANG *President*

Rehabilitation Programme Plan Review Committee
Dr. Henrietta IP *Member*

Riding for the Disabled Association
Dr. Harry FANG *President*

Rotary Club of Hong Kong
Mr. R. H. Lobo *Member*

Royal Hong Kong Jockey Club
Mr. M. G. R. Sandberg *Chairman, Board of Stewards*
Mr. LI Fook-wo *Deputy Chairman, Board of Stewards*
Mr. O. V. CHEUNG *Steward*
Dr. Harry FANG *Steward*

Royal Hong Kong Police Cadet School Advisory Board
Mr. CHEUNG Yan-lung *Member*

Royal Hong Kong Police Force Junior Police Officers Association
Mr. CHEUNG Yan-lung *Hon. President*
Miss Maria TAM *Legal Adviser*

St. John Ambulance Association and Brigade (Mainland No. 4 Ambulance Corps)
Mr. CHEUNG Yan-lung *Member*

St. John Council
Mr. CHEUNG Yan-lung *Corps. President*

St. Stephen Girls' College Council
Mrs. Rita FAN *Member*

School Medical Service Board
Dr. Harry FANG *Vice-Chairman*

Schools Sports Association of Sheung Shui, Fanling, Shataukok and Takuling
Mr. CHEUNG Yan-lung *President*

Scout Association, Kowloon East Region
Mr. WONG Lam *Chairman*

Scout Association, Shatin and Cheung Chau District
Mr. CHEUNG Yan-lung *Member*

Securities Commission
Mr. Allen LEE *Member*
Mr. Peter POON *Member*

Sham Shui Po Sports Association
Mr. WONG Lam *Hon. President*

Shaukiwan Hillside Area Committee
Mr. CHAN Ying-lun *Member*

Shek Wu Hui Chamber of Commerce
Mr. CHEUNG Yan-lung *President*

Sino-British Fellowship Trust Scholarship Association
Dr. Harry FANG *President*

Sir David Trench Fund for Recreation Investment Advisory Committee
Mr. Peter POON *Member*

Sir Robert Black Trust Fund Committee
Mr. W. C. L. Brown *Member*

Social Welfare Advisory Committee
Dr. HO Kam-fai *Member*

Society for the Relief of Disabled Children
Mr. M. G. R. Sandberg *President*

Special Committee on Land Supply
Mr. W. C. L. Brown *Chairman*

Stamp Advisory Committee
Mr. M. G. R. Sandberg *Member*
Mr. Andrew SO *Member*

Standing Commission on Civil Service Salaries and Conditions of Service
Sir S. Y. CHUNG *Chairman*
Mr. S. L. CHEN *Member*
Mr. Andrew SO *Member*

Standing Committee on Company Law Reform
Mr. Peter C. WONG *Member*

Standing Committee on Directorate Salaries and Conditions of Service
Mr. LI Fook-wo *Member*
Mr. J. J. Swaine *Member*

Statistics Advisory Board
Mr. F. K. HU *Member*
Mr. Stephen CHEONG *Member*

Supplementary Medical Professions Council
Mr. Alex WU *Chairman*

Tai Kwong Yuen Ltd. and Buddhist Tai Kwong Middle School
Mr. Peter C. WONG *Director and Legal Adviser*

Tenancy Tribunal Panel
Mr. R. H. Lobo *Member*
Mr. Q. W. LEE *Member*

Textiles Advisory Board
Mr. Peter C. WONG *Member*
Mr. Stephen CHEONG *Member*

Trade Policy Research Centre, London
Miss Lydia DUNN *Council Member*

Transport Advisory Committee
Miss Maria TAM *Member*
Mr. F. K. HU *Member*
Mr. K. C. CHAN *Member*
Mr. Stephen CHEONG *Member*

Transport Complaints Unit
Mr. Stephen CHEONG *Chairman*

Transport Tribunal
Mr. F. K. HU *Chairman*

Trust Committee on Correctional Services Children's Education Trust
Mr. K. C. CHAN *Member*

Tung Koon District General Association
Mr. WONG Lam *Vice-President*

Tung Koon Wong's Clansmen Association
Mr. WONG Lam *Vice-President*

Tung Lin Kok Yuen (Lady HO Tung's Temple), Po Kok Vocational and Primary School
Mr. Peter C. WONG *Chairman and Legal Adviser*

Tung Wah Group of Hospitals Advisory Board
Sir S. Y. CHUNG *Member*
Mr. Alex WU *Member*

United Christian Medical Service
Dr. Henrietta IP *Director*

United College, Chinese University of Hong Kong (Board of Trustees)
Mr. Peter POON *Vice-Chairman*

University & Polytechnic Computer Centre
Mr. S. L. CHEN *Chairman*

University & Polytechnic Grants Committee
Mr. J. J. Swaine *Deputy Chairman*
Mr. Alex WU *Member (Medical Sub-Committee)*

Urban Council
Miss Maria TAM *Member*

Vegetable Marketing Advisory Board
Mr. CHEUNG Yan-lung *Member*

Victoria Park School for the Deaf
Mr. YEUNG Po-kwan *Registered Manager*

Vocational Training Council
Dr. Francis TIEN *Chairman*
Mr. Alex WU *Deputy Chairman*
Mr. S. L. CHEN *Member*
Dr. HO Kam-fai *Member*
Mr. Allen LEE *Member*
Mr. K. C. CHAN *Member*

Wang Fai House MAC, Wang Tau Hom
Mrs. Pauline NG *Adviser*

Wang Tau Hom Area Committee
Mrs. Pauline NG *Chairman*

Widows' and Children's Pensions Scheme (Board of Directors)
Mr. Peter C. WONG *Member*
Dr. HO Kam-fai *Member*

Wong Tai Sin District Arts Council
Mrs. Pauline NG *Member (P.R.)*

Wong Tai Sin District Board
Mrs. Pauline NG *Member Chairman (Community Building Committee)*

Wong Tai Sin District Recreation and Sports Council
Mrs. Pauline NG *Member*

Wong Tai Sin District Youth Recreation Co-ordinating Council
Mrs. Pauline NG *Patron*

Working Group of the TAC on CMB Maintenance
Mr. Stephen CHEONG *Chairman*
Mr. K. C. CHAN *Member*

Working Party on Provision of After-care Services for Ex-mental Patients
Dr. HO Kam-fai *Member*

Working Party on the Command and Management Course for Mid-Level Civil Servants
Dr. HO Kam-fai *Member*

Working Party on the Establishment of the Chinese Language Foundation
Mr. Alex WU *Chairman*
Dr. HO Kam-fai *Member*

Working Party on the Pharmacy and Ancillary Matters
Mr. Alex WU *Chairman*

World Health Organisation
Mr. Q. W. LEE *Council Member & Treasurer*
Dr. Harry FANG *Member (Expert Advisory Panel on Rehabilitation)*

World Planning Group for the Charter for the 80s of Rehabilitation International
Dr. Harry FANG *Member*

World Wildlife Fund Council
Mr. M. G. R. Sandberg *Vice-President & Hon. Treasurer*
Miss Lydia DUNN *Member*
Mrs. Selina CHOW *Member*

Yau Ma Tei & Tsim Sha Tsui Recreation and Sports Association
Mr. WONG Lam *Hon. Adviser*

Ying Wa Girls' School, HK
Mr. YEUNG Po-kwan *Registered Manager*

Yuen Long District Board
Mr. Charles YEUNG *Member*

Yuen Long District Sports Association Ltd.
Mr. Charles YEUNG *Hon. Adviser*

Yuen Yuen Institute
Mr. Peter C. WONG *Hon. Legal Adviser*

Zonta Club of Hong Kong
Miss Maria TAM *Hon. Member*
Dr. Henrietta IP *Member*

APPENDIX III
UMELCO Membership Changes

Unofficial Member of ExCo, Dr. Harry FANG, and three Members of LegCo, Rev. Joyce Bennett, Dr. Henry HU and Dr. Rayson HUANG, retired from their respective Councils at the close of the 1982–83 session.

During the year, three Unofficial Members of ExCo, Mr. O. V. CHEUNG, Mr. LI Fook-wo and Mr. D. K. Newbigging, were re-appointed for one year. Mr. Q. W. LEE, Mr. S. L. CHEN and Miss Maria TAM were appointed to ExCo to fill the seat vacated by Dr. Harry FANG and the two additional seats.

Eleven Unofficial Members of LegCo were reappointed for one year. They are:

Dr. Francis TIEN, OBE, JP
Mr. Alex WU, OBE, JP
Mr. Peter C. WONG, OBE, JP
Mr. WONG Lam, OBE, JP
Mr. Charles YEUNG, OBE, JP
Dr. HO Kam-fai, OBE, JP
Mr. Allen LEE, OBE, JP
Mr. Andrew SO, JP
Mr. F. K. HU, JP
Mr. WONG Po-yan, OBE, JP
Mr. J. J. Swaine, OBE, QC, JP

Five new Members, Mr. CHAN Ying-lun, Mrs. Rita FAN, Mrs. Pauline NG, Mr. Peter POON and Mr. YEUNG Po-kwan, were appointed for two years. With these membership changes, the overall number of Unofficial Members on LegCo rose to 29.

APPENDIX IV
UMELCO Position Paper
of 9.5.84

Statement issued by the Unofficial Members of the Hong Kong Executive and Legislative Councils on 9th May 1984.

The Future of Hong Kong

The Executive and Legislative Councils are the two central organs of the Government of Hong Kong . Unofficial Members are in the majority in both councils. They are appointed by the Governor from a wide spectrum of society. Through their membership of these two Councils, Unofficial Members advise on the formulation of Government policies, participate in the enactment of legislation, monitor the effectiveness of public administration and consider complaints by members of the public against Government Departments.

As they are appointed by the Governor rather than elected, Unofficial Members make no claim to representative status, but they are in touch with all sectors of the community through their membership of over 300 boards and committees dealing with public affairs, and with all facets of Hong Kong's economic and social life. Since the Sino-British talks on the future of Hong Kong began in late 1982. Unofficial Members have received, both individually and through the UMELCO Office, many representations on the question of Hong Kong's future after 1997. So they are in a position to reflect the views and wishes of Hong Kong people on this vital question.

The Sino-British talks have been conducted throughout in the strictest confidence, although there have been many statements from the Chinese side. Sir Geoffrey Howe's Statement in Hong Kong on 20th April publicly lifted the veil for the first time from the British side on some aspects of the talks. *Inter alia* he said that:

(i) It would not be realistic to think of an agreement that provides for continued British administration in Hong Kong after 1997.

(ii) Other ways were being explored to secure the assurances necessary for the continuation of Hong Kong's stability, prosperity and way of life and, although Hong Kong would become a part of China, it would enjoy, as a Special Administrative Region, a high degree of autonomy.

(iii) The Chinese leadership claim that they wish existng systems and freedoms in Hong Kong and the free market economy to remain fundamentally unchanged for at least 50 years after 1997.

Hong Kong has enjoyed a constitutional link with the British Crown for 143 years. This link has provided an effective external insulator against interference from the ruling government on the Mainland, despite the turbulence which has characterised China's history for so many years and despite the essential incompatibility of the political system prevailing in present day China, on the one hand, and the liberal traditions of a capitalist society, on the other.

It is now suggested that this link should be removed but that, in order to achieve a high degree of autonomy for Hong Kong under Chinese sovereignty, there would be a devolution of power from the Central People's Government to the Hong Kong Special Administrative Region *via* a Basic Law to be promulgated in the early 1990's. Hong Kong people are being asked to accept, in other words, that the Chinese Government will resume sovereignty and exercise administrative control over the whole of Hong Kong after 1997, against a promise that Hong Kong's existing systems and accustomed life style will remain unchanged.

But many anxious questions spring to mind to which no satisfactory answers have been given as yet. For instance:

(*i*) Will the essential elements of the Basic Law be enshrined in the Sino-British Agreement? If not, would not the British Government run the risk of signing an agreement which the Chinese side may later unilaterally alter on the grounds that it is in conflict with the Basic Law?

(*ii*) In the final analysis, the more detailed the Agreement, the more that the Basic Law is compatible with it and the more binding it is in form, the more likely that the people of Hong Kong will find it acceptable in the belief that the Chinese are more likely to honour it. Thus, if the Agreement *is* to be *signed* before the Basic Law is promulgated, should not Parliament withhold *ratification* until the details of the Basic Law are known?

(*iii*) Even so, given the historical reality that Hong Kong has developed over many years as a recognisable community in its own right, with its own distinctive life-style, surely Hong Kong people have the right to ask for assurances that any Agreement entered into between the British and Chinese Governments will be honoured? That is to say, should not the British Government insist on a mechanism which will ensure that the agreement is faithfully implemented?

(*iv*) To this end, should not Britain insist on retaining some residual status in Hong Kong beyond 1997 to provide re-assurance that the terms of the Agreement will be kept?

(*v*) Given the possibility that the Chinese authorities will seek to anticipate 1997 and start interfering with the administration of Hong Kong between now and then, will the British Government insist that it must retain effective control, as the sovereign power, during the next 13 years? If effective control is not exercised by the Hong Kong Government under the authority of HMG, a smooth transition up to, let alone stable government beyond, 1997 will not be possible for Hong Kong people will not feel it is worthwhile even to try to adjust to their new circumstances. A collapse of confidence before 1997 would make Hong Kong

virtually ungovernable. For example, the allegiance of the police and the civil service will be seriously impaired. Quite apart from the disastrous effect on the people of Hong Kong, this would be as embarrassing to the British Government as a ruined economy would be disappointing to the Chinese Government.

(*vi*) About half of Hong Kong's present population of 5.3 millions came to Hong Kong from China to seek a better life here. They do not relish the thought of a return to Chinese Communist rule. But what of the rest of the population? They are British nationals by birth (a small number by naturalisation) holding British passports with a right of abode in the British Dependent Territory of Hong Kong. Parliament may cede sovereignty over the territory, but it cannot, by the same act, deprive British nationals of their national status. What then will be the fate of Hong Kong's BDTCs? How will their rights and status be preserved? How will BDTCs continue to enjoy British protection? Will they, and other Hong Kong belongers who cannot accept the idea of living under Communist authority, have a right to settlement in the United Kingdom and should not the British Government negotiate settlement places for them?

Recently, when in Hong Kong, Sir Geoffrey Howe said the Agreement must be such that the British Government can commend it to Parliament, but the people of Hong Kong will need to know the terms of the Agreement and have time to express their views, and he added that Parliament itself will need time to reflect and take account of the views of Hong Kong people. The Foreign Secretary was reiterating what has been said many times before, namely, that any Agreement reached between the British and Chinese Governments must be acceptable to the people of Hong Kong. This raises at least two questions:

(*i*) How is it proposed that acceptability is put to the test?

(*ii*) What will be HMG's reaction if Hong Kong people do not accept the Agreement or parts of it?

Parliament cannot take lightly the responsibility of transferring authority over a community (as opposed to the territory) for which the constitutional link with Britain has meant so much for so long to a communist government, albeit the Chinese Government which has a legitimate claim to sovereignty over the territory of Hong Kong itself. The inescapable fact is that the Chinese Government is committed to a political philosophy which is at least incompatible, and at worst hostile, to the philosophy on which the various systems and freedoms enjoyed by Hong Kong today rest.

It follows that acceptability will depend on the Agreement now being negotiated:

(*i*) *containing* full details of the proposed administrative, legal, social and economic systems applicable after 1997;

(*ii*) *providing* adequate and workable assurances that the terms of the Agreement will be honoured;

(*iii*) *stating* that the provisions of the Basic Law will incorporate the provisions of the Agreement;

(*iv*) *guaranteeing* that the rights of British nationals will be safeguarded.

We believe that Members of Parliament will wish to take account of our views. We also believe that these views are an accurate reflection of the views of Hong Kong people as a whole, to whom the imminent withdrawal of the British link has been a great, if not entirely unexpected, disappointment.

APPENDIX V

Speaking Note for Meetings in Beijing

Translation of the Full Text of a Chinese Speaking Note used by Sir S. Y. CHUNG, Miss Lydia DUNN & Mr. Q. W. LEE during their Meetings with Chairman DENG Xiaoping and Mr. JI Pengfei in Beijing on 23rd June 1984

We are honoured to have the opportunity during our visit to Beijing to meet with Chairman DENG Xiaoping and other Chinese leaders to have an exchange of views about the future of Hong Kong.

Being Chinese, we support the recovery of the sovereignty of Hong Kong and China's reunification plan, especially since China has formally announced that, after 1997, Hong Kong will become a Special Administrative Region having a high degree of autonomy and administered by local people; and that the existing systems will remain unchanged for 50 years.

The British Foreign Secretary, Sir Geoffrey Howe, announced on 20th April, 1984, that Britain will return the sovereignty of Hong Kong to China in 1997. This has helped to clarify the future of Hong Kong. However, it has not helped to boost the confidence of the people of Hong Kong. People remain anxious and worried and they are filled with uncertainties. This anxiety is not limited to those with money. They affect workers and ordinary citizens alike. This is a fact and we feel it our duty to reflect this situation honestly.

The current worries of the people of Hong Kong concern the period before 1997 and that after 1997.

As regards the period before 1997, most people believe that only if prosperity and stability are maintained in the next 13 years can there be any hope that prosperity and stability would continue for 50 years after 1997. People are worried that, in order to reach an early accord, the Governments of China and Britain may come to an Agreement which will be lacking in detail and meaningless. This would lead to a loss of confidence, an exodus of professional and talented people, an outflow of capital, a lack of investment, resulting in economic recession in Hong Kong. Furthermore, people are worried that the jostling for power in the next 13 years may threaten the stability and prosperity of Hong Kong, forcing China to interfere or take over Hong Kong before 1997.

As regards the period after 1997, most people similarly believe that, if there is no confidence in the arrangements after 1997, it would not be possible to maintain prosperity and stability in the 13 years before 1997. In particular, there are three main worries about post-1997 arrangements:

First, people are worried that, instead of genuinely being administered by the people of Hong Kong, the future Government of Hong Kong would actually be administered from Beijing. Although China may not send any cadres to Hong Kong, the people administering Hong Kong in the future Government of Hong Kong may in fact be controlled by Beijing.

Second, people fear that the middle and lower level cadres who are responsible for the implementation of China's policy over Hong Kong may not be able to accept the capitalist systems and lifestyle of Hong Kong. They may not implement the policy of the central Government of China and they may interfere in the local administration.

Third, whilst people have faith in Chairman DENG and the present leadership, people are concerned that the future policy of China may change and that future leaders may revert to "extreme left" policies. They may not recognise the "one-country-two-systems" policy and renege on the promise that the existing systems in Hong Kong will remain unchanged for 50 years.

As we are Unofficial Members of the Hong Kong Executive and Legislative Councils, the people of Hong Kong have high expectations about our meetings with Chairman DENG and other Chinese leaders in Beijing. We are conscious of our responsibility. We are concerned with the overall interest of Hong Kong so that it would continue to remain prosperous and stable. We will not, therefore, raise for discussion on this occasion individual sectional issues such as land ownership and dual nationality, vital though they are. Our proposals are also not made for our own personal interests. We have carefully studied the views expressed by all classes of Hong Kong society in the last 10 months. We have thought through what would be necessary to maintain the prosperity and stability of Hong Kong before and after 1997, under the principle of the sovereignty of Hong Kong being returned to China in 1997. We will express our views frankly and honestly. We have three main recommendations:—

(*i*) To maintain prosperity, confidence must be maintained. In order to maintain confidence, the Agreement between the two Governments of China and Britain must be found acceptable by the people of Hong Kong (especially by investors and professionals). The reaction to, and the success or failure of, the Agreement really depends on its acceptability to the people of Hong Kong. For the people to accept the Agreement, the Agreement:

—must be very detailed; it must provide clear and precise definitions of all aspects of Hong Kong's existing systems;

—must be mutually binding as between the two signing countries of China and Britain;

—must contain a provision stipulating that the Basic Law of the Special Administrative Region of Hong Kong will be based on the terms in the Agreement. This would prevent unnecessary arguments among the people of Hong Kong in future when the Basic Law is drafted. In addition, such a provision in the Agreement would help to give confidence throughout the period

when the Basic Law is being drafted;

It is said that such a provision would be an interference into the internal affairs of China. We do not think that this argument has any validity. China has already made clear publicly its policies for Hong Kong after 1997. Such policies will also be stated in the Agreement. A provision stating that the Basic Law would reflect the terms of the Agreement is merely an extension of these stated policies.

(*ii*) In order to enhance confidence, we believe that the Basic Law should be drafted in Hong Kong. It should be included in the Constitution of China after the approval by the Standing Committee of the Chinese National People's Congress (NPC). It is appreciated that normally the drafting and approval of Basic Law of Special Administrative Regions should be the responsibility of the Standing Committee of NPC because Special Administrative Regions are established, where necessary, under Article 31 of the Constitution of China. However, in view of the special circumstances of Hong Kong, the drafting of the Basic Law in Hong Kong would help to enhance confidence, and at the same time the expertise and talents of the Hong Kong people can be made use of. We believe, therefore, that the Basic Law should be drafted in Hong Kong by the people of Hong Kong together with representatives from Beijing for the approval of the Standing Committee of NPC. The Standing Committee can, of course, make amendments to the draft. The authority of the NPC would not, therefore, be violated by this proposal. In addition, to give confidence even further that there would be no changes in the 50 years after 1997, it should be stipulated in the Basic Law that, following the precedent of Macau's Basic Law under Portugal, any future amendments to the Basic Law can only be initiated by Hong Kong.

(*iii*) Perhaps we can best illustrate the worry of the Hong Kong people by an analogy. A small town is about to be resettled in a place where flooding has occurred about once every 10 years in the last 30 years. In order to give confidence to the people being resettled there that their livelihood would not be threatened by flooding in the new place of residence the residents ask that a flood-protection dam should be built. If the Chinese leaders understand the anxiety of the people of Hong Kong and would agree to the establishment of an insulating mechanism, like a dam, between Hong Kong and China, confidence in Hong Kong would be greatly increased. We, therefore, propose the establishment of a Committee consisting of Chinese people of international standing and reputation. This Committee will be appointed by the Government of China. Their responsibility would be to monitor or advise the drafting, and implementation of, and subsequent amendments, if any, to the Basic Law.

The above recommendations, if accepted and adopted by the Government of China, will, in our opinion, greatly help to give confidence to the people of Hong Kong, upon which the prosperity and stability of Hong Kong depend. We hope that they would be seriously considered by Chairman DENG Xiaoping and other Chinese leaders.

APPENDIX VI

ExCo Press Conference Statement on Draft Agreement

Statement by Sir S. Y. CHUNG, Senior Unofficial Member of the Executive Council, at a Press Conference given by the Unofficial Members of the Executive Council in Hong Kong on Friday, 28th September, 1984.

The Future of Hong Kong

Last Wednesday you heard the speech of the Governor when he presented the Sino-British draft Agreement on the future of Hong Kong. Yesterday the Governor answered various questions at a press conference. The objective of this press conference is to explain why the Unoffical Members of the Executive Council are endorsing the draft Agreement and commending it to the people of Hong Kong.

(*ii*) As you will recall, the Foreign Secretary disclosed in April this year that it would be unrealistic to have British administration in Hong Kong after 1997 and the whole of Hong Kong would have to revert to China in 1997. Subsequently, UMELCO issued a statement last May in which they reflected the anxieties and wishes of the people of Hong Kong and listed the four most important requirements which they considered to be essential in the Sino-British Agreement.

(*iii*) Since the publication of this statement, UMELCO have received a large number of representations from a wide cross-section of the community expressing their support. The South China Morning Post also commissioned an independent research firm to conduct a survey which showed that 82% of the community approved fully or in part of the statement. In addition, almost 70% of the elected and appointed Unofficial Members of the 18 District Boards came out in support. From this response, it is clear that a large majority of the people of Hong Kong supported the UMELCO statement as reflecting their worries and wishes.

(*iv*) Briefly, UMELCO's paper outlined four basic requirements which were considered to be essential for the acceptability of the Agreement. These were, *first,* that the Agreement must contain full details of all the systems in Hong Kong after 1997; *second,* that it must state that the provisions of the Basic Law will incorporate the relevant provisions of the Agreement; *third,* that it must provide adequate and workable assurances that the terms of the Agreement will be honoured; and *finally* that the rights of Hong Kong British Nationals will be safeguarded. Given the support that UMELCO have received from the community on these four basic requirements, it follows that acceptability will, to a large extent, depend on how far the Agreement meets these requirements. The Unofficial Members of the Executive Council, therefore, have assessed the acceptability of the Agreement based on these four major requirements.

(*v*) First, we believe that the Agreement does provide sufficient details of the administrative, legal, social and economic systems which will be maintained in the Hong Kong SAR after 1997. Some people, however, may still wish to see more precise details in certain areas. One should appreciate that it is impossible in an unique agreement such as this to define *every* aspect of Hong Kong life in thirteen years time. Nonetheless, we believe that the agreement does provide, with sufficient clarity and precision, a sound framework on which the people of Hong Kong can plan and build their future.

(*vi*) Secondly, the Agreement fully meets our second requirement in clearly stating that the future Basic Law will incorporate the relevant provisions of the Agreement.

(*vii*) As to the third requirement of providing adequate and workable assurances, this issue is somewhat subjective in nature, and different persons may have different assessments.

(*viii*) The important assurance, we believe, is the undertaking by both Governments to implement the Joint Declaration and its Annexes which shall be equally binding. We are advised by legal experts on international affairs that an international agreement of this kind is the highest form of commitment between two sovereign states and that the Agreement is legally binding on both Governments. If there are any breaches by any one of the two signatories within the life of the Agreement, the other will be obliged to make representations in the interests of the people of Hong Kong.

(*ix*) Lastly, on the fourth requirement of guaranteeing the rights of British Nationals; whilst there will undoubtedly be disappointment about the termination of transmissibility in 1997, the Hong Kong BDTCs will welcome the safeguard in the Agreement of their right to use British passports after 1997.

(*x*) On the whole, the Agreement, in our opinion, does meet substantially our major requirements. In addition, in assessing acceptability, we have considered the alternatives. What is the alternative, particularly for those who cannot leave or do not wish to leave? The alternative is no agreement and the likelihood of a unilateral declaration by China. A unilateral declaration may *not* contain all the details we require; may *not* be binding; may *not* provide any assurances or an undertaking about the future Basic Law. It almost certainly would *not* safeguard the rights of Hong Kong BDTCs.

(*xi*) In addition, there are in the draft Agreement many positive features which are to be welcomed. For example, on the issue of an elected legislature and on land matters; on the right of Hong Kong people to travel freely in and out of the SAR; and on the various freedoms which we hold so preciously Hong Kong. The fact that this draft Agreement contains much more details than many people expected indicates the efforts of both Governments to meet the concerns of the people of Hong Kong. We therefore

believe that a mutually binding agreement, freely negotiated and entered into between two sovereign states and providing a workable framework, is much to be preferred to no agreement.

(*xii*) The last two years have been historic years for Hong Kong: sometimes frustrating and sometimes emotional for all of us. We would like to express our admiration to the people of Hong Kong for their patience in these uncertain times. We the Unofficial Members of the Executive Council were very conscious of our responsibility in reflecting the views and wishes of the people of Hong Kong. We were united and determined in one over-riding objective; that of securing an agreement which would provide the continuation of prosperity and stability of Hong Kong well into the future.

(*xiii*) It is our belief that what we have today is the best agreement possible and one which we, the Unofficial Members of the Executive Council, can commend to the people of Hong Kong in good conscience. The world at large will observe the good faith with which it is implemented and we trust the people of Hong Kong can also take heart from this.

(*xiv*) Finally, we would like to take this opportunity to pay tribute to the Governor of Hong Kong and his team. They have worked long and hard but the Governor deserves a special mention. There have been pressures on him from all sides, but in all these the Governor has always the interest of Hong Kong at heart. The people of Hong Kong owe him a debt of deep gratitude.

This statement was delivered in Chinese as well as in English

APPENDIX VII

UMELCO Position Paper

of 29.11.84

Statement issued by the Unofficial Members of the Hong Kong Executive and Legislative Councils on 29th November 1984

The Future of Hong Kong

Introduction

Unofficial Members of the Executive Council and the Legislative Council* (UMELCO) have always been aware of the concern of the people of Hong Kong about their future, and on the arrival of the Governor in May 1982, the Senior Member stressed publicly the importance and urgency to the people of Hong Kong of the satisfactory resolution of this issue.

Since the Sino-British talks on the future of Hong Kong began in late 1982, UMELCO have received many representations about Hong Kong's future up to and beyond 1997.

Before the debates took place in the two Houses of British Parliament in May this year, UMELCO sent a delegation to London and issued a statement to reflect the anxieties and wishes of the people of Hong Kong: there they listed, *inter alia,* the four most important criteria by which the acceptability of the Sino-British Agreement to the people of Hong Kong would be judged.

Briefly, these are, *first,* that the Agreement must contain full details of the proposed administrative, legal, social and economic systems applicable in Hong Kong after 1997; *second,* that it must state that the provisions of the Basic Law will incorporate the relevant provisions of the Agreement; *third,* that it must provide adequate and workable assurances that the terms of the Agreement will be honoured; and *fourthly,* that the rights of Hong Kong British Nationals must be safeguarded.

Following its publication, UMELCO received a large number of representations from a wide cross-section of the community expressing their support. The South China Morning Post commissioned an independent research firm to conduct a survey, which showed that 82% of the community approved fully or in part of the statement. In addition, about 70% of the elected and appointed Unofficial Members of the 18 District Boards gave their support.

Three Unofficial Members went to Beijing in June this year and reflected to the Chinese leaders, including Chairman DENG, the anxieties and wishes of the people of Hong Kong. They also made three major proposals to the Chinese leaders, proposals which they considered would help to enhance the confidence of the people of Hong Kong about their future.

These three major proposals were *first,* that the Sino-British Agreement must be detailed and binding and the Basic Law must be based on the Agreement; *second,* that the people of Hong Kong should participate in the drafting of the Basic Law and those sections relating to Hong Kong's internal affairs should be drafted in the territory, and not amended except at the initiation of Hong Kong; and *third,* that a committee of Chinese people of international standing should be appointed by China to monitor and advise on the drafting, implementation and subsequent amendments to the Basic Law.

Their trip to Beijing also received overwhelming support from the public. A second poll taken by the same independent research firm showed that eight out of ten agreed with the UMELCO visit to Beijing; 74% supported the *first,* 78% the *second,* and 61% the *third* major proposal.

Acceptability of Joint Declaration

Since its publication on 26 September, 1984 all the Unofficial Members, with the exception of two Members in the Legislative Council, have endorsed and commended the Draft Agreement to the people of Hong Kong. The Draft Agreement or Joint Declaration, in their view, does meet substantially the four basic criteria contained in the UMELCO statement made in London in May. Furthermore, there are in the Joint Declaration many positive features which are to be welcomed and it contains much more detail than many people originally expected. It is a mutually binding agreement, freely negotiated and entered into between two sovereign states.

All the 18 District Boards, as well as the Urban Council and the Heung Yee Kuk, have found the draft Joint Declaration generally acceptable. Unofficial Members, in conjunction with some newspapers, commissioned an independent research firm to conduct a territory-wide survey covering 6,000 randomly selected adults above the age of 18. The results of this professional survey indicated that the majority of the people of Hong Kong found the Draft Agreement generally acceptable and that 90% of the respondents preferred the Agreement to no Agreement at all.

Whilst the draft Agreement is acceptable as a whole to the majority of the community, some concern and points of detail have been raised. In particular, there is anxiety about interference from the Chinese Government; worry about conscription in the Hong Kong Special Administrative Region; uncertainty about the acceptability to third countries of the new form of British passport; doubt about the preservation of existing human rights and personal freedoms; fear about the stationing of PLA troops in Hong Kong; resentment about the termination of transmissibility of British nationality for Hong Kong BDTCs in 1997; reservations about possible incompatibility between the constitution of the People's Republic of China and the future Basic Law of Hong Kong; and concern about the faithful implementation of the Agreement and the policies of future Chinese leaders.

There are also very strong requests that the people of Hong Kong should

not only be consulted on, but should actively participate in, the drafting of the Basic Law and that Hong Kong people should also sit on the Sino-British Joint Liaison Group.

The ultimate success of the Joint Declaration depends on people's confidence that it will be implemented faithfully and that matters of concern and questions of detail which have been raised are satisfactorily resolved and clarified by the two signatory Governments. Therefore, in accepting the Agreement, we urge both the British and Chinese Governments to take steps to reassure the people of Hong Kong in these respects.

Move To Representative Government

Given that Hong Kong will be a Special Administrative Region within China after 1997, with an elected legislature enjoying a high degree of autonomy, it is essential that a government structure consisting largely of local people is in place and in proper working order well before 1997. It is therefore necessary to move to a more representative form of government, transferring the powers of the present colonial government to the elected representatives of the people of Hong Kong.

In this respect, UMELCO welcome and support the basic proposals and the progressive approach outlined in both the Green and White Papers on the Further Development of Representative Government in Hong Kong. However, Unofficial Members echo the caution expressed in many quarters against any rapid or radical changes which may put at risk Hong Kong's *raison d'etre*, that is, stability and prosperity.

Hong Kong is not an independent state and can never be. Despite the promise of a high degree of autonomy, its subsidiary relationship with the Chinese Central Government must be understood and accepted. Parliamentary government as practised in the West, featuring adversarial politics, is not necessarily suited to Hong Kong, recognising Hong Kong's unique status and the political constraints placed upon it by this status. Hong Kong must, therefore, devise its own unique style of representative government, building on the proven elements which have been responsible for Hong Kong's success.

The Next Twelve Years

Most people in Hong Kong believe that only if stability and prosperity are maintained in the period prior to 1997 can there be any hope that stability and prosperity will be continued for fifty years after 1997. It is therefore generally felt that the next twelve years will be critical and crucial to Hong Kong's continual success beyond 1997. It is essential, therefore, that all concerned, Britain, China and the people of Hong Kong, play their part in furthering Hong Kong's stability and prosperity in the next 12 years.

The main task for Her Majesty's Government in the next twelve years is to ensure a smooth transition, so that 1997 does not represent an abrupt break with the past, but the continuation of a gradual process of evolution. To allay fears of Britain losing interest in Hong Kong, it is important that HMG continue to govern Hong Kong effectively. It must demonstrate its continual determination, resolve and commitment to Hong Kong's stability and prosperity.

The Chinese Government must demonstrate its willingness to listen to the views and wishes of the people of Hong Kong. In particular, given the great significance attached by the people of Hong Kong to the Basic Law, it is hoped that, as was suggested by the Unofficial Members to the Chinese leaders in Beijing in June this year, the people of Hong Kong should be consulted on, and participate in, the drafting of the Basic Law.

As for the people of Hong Kong, they understand that the aim of the draft Agreement is the maintenance of Hong Kong's stability and prosperity, and that stability and prosperity are the product of, among other qualities, their energy, talent, industry and confidence. The Agreement provides a sound basis on which to continue to apply these attributes. The people of Hong Kong are ready and willing to take on the challenge of the new circumstances they face. Given understanding and sensitivity by the two signatory Governments and their firm commitment to implementing the Joint Declaration in both letter and spirit, the people of Hong Kong will succeed in maintaining Hong Kong's stability and prosperity, and in making the draft Agreement work.

* The Governor consults the Executive Council in the execution of the powers and authorities granted to him by Letters Patent, and acts on its advice. At present, it consists of 4 Ex-officio Members, 2 Official Members and 10 Unofficial Members, appointed by the Governor.

The Legislative Council consists of 3 Ex-officio Members, 13 Official Members and 30 Unofficial Members. It enacts legislation and controls public expenditure.

The Unofficial Members are appointed from a wide spectrum of the community. Through their membership of over 300 boards and committees, including District Boards, the Urban Council and the Heung Yee Kuk, dealing with public affairs, with educational and legal matters, and with all facets of Hong Kong's economic and social life, Unofficial Members are in touch with all sectors of the community.

Apart from their duties in the two Councils, they monitor the effectiveness of the public administration, and consider complaints by members of the public against Government, for handling which they have far wider powers than is possessed by any Ombudsman.

APPENDIX VIII

Panels, Committees, Working Groups and Ad Hoc Groups Formed in 1983–84

I. UMELCO Panels

1. Chinese Language Policy
Mr. WONG Lam *(Convener)*

2. Civil Service
Mr. LO Tak-shing *(Convener)*

3. Cultural Affairs and Recreation
Mr. Alex WU *(Convener)*

4. Economic Services and Monetary Affairs
Mr. LI Fook-wo *(Convener)*

5. Education and Manpower
Fr. Patrick T. McGovern *(Convener)*

6. Environmental Affairs
Mr. S. L. CHEN *(Convener)*

7. Health and Welfare
Dr. Harry FANG *(Convener)*

8. House Committee
Mr. O. V. CHEUNG *(Convener)*

9. Housing
Mr. R. H. Lobo *(Convener)*

10. Lands and Works
Mr. O. V. CHEUNG *(Convener)*

11. Public Relations
Mr. O. V. CHEUNG *(Convener)*

12. Public Utilities
Miss Maria TAM *(Convener)*

13. Security
Mr. LO Tak-shing *(Convener)*

14. Staff Steering
Sir S. Y. CHUNG *(Convener)*

15. Trade and Industry
Mr. D. K. Newbigging *(Convener) (Up to 6.1.84)*
Mr. Q. W. LEE *(Convener) (w.e.f. 6.1.84)*

16. Transport
Miss Lydia DUNN *(Convener)*

II. ICAC Complaints Committee

(Appointed by H.E. the Governor)

Sir S. Y. CHUNG *(Chairman)*
Mr. R. H. Lobo
Miss Lydia DUNN
Mr. Andrew SO
Mr. J. J. Swaine
Dr. Henrietta IP
Mr. Peter POON
A Law Officer

III. UMELCO Police Group

(Appointed by H.E. the Governor)

Mr. LO Tak-shing *(Chairman)*
Fr. Patrick T. McGovern
Mr. WONG Lam
Mr. W. C. L. Brown
Mr. J. J. Swaine
Mr. Stephen CHEONG
Mrs. Rita FAN

IV. LegCo Finance Committee

1. Establishment Sub-Committee

Dr. Harry FANG *(Chairman)*
Mr. Alex WU
Mr. Peter C. WONG
Mr. WONG Lam
Dr. HO Kam-fai
Mr. Allen LEE
Mr. K. C. CHAN
Mr. J. J. Swaine
Mr. Stephen CHEONG
Mrs. Rita FAN
Mrs. Pauline NG
Mr. Peter POON
Mr. YEUNG Po-kwan

2. Public Works Sub-Committee

Mr. R. H. Lobo
Mr. LO Tak-shing
Dr. Francis TIEN
Mr. S. L. CHEN
Fr. Patrick T. McGovern
Mr. Peter C. WONG
Mr. Charles YEUNG
Mr. Andrew SO
Mr. F. K. HU
Mr. WONG Po-yan
Mr. K. C. CHAN
Mr. CHEUNG Yan-lung
Mrs. Selina CHOW
Miss Maria TAM
Dr. Henrietta IP
Mr. CHAN Ying-lun
Mrs. Pauline NG

V. LegCo Public Accounts Committee

(Appointed by H.E. the Governor)

Mr. S. L. CHEN *(Chairman)*
Fr. Patrick T. McGovern
Mr. Peter C. WONG
Mr. Charles YEUNG
Mr. W. C. L. Brown
Mr. K. C. CHAN
Mr. Stephen CHEONG

VI. LegCo Working Groups

1. Community Services
(Transport; communications; land; public works; water and fire services)
Miss Lydia DUNN *(Convener)*
Mr. S. L. CHEN *(Deputy Convener)*

2. Economic Services
(Trade; industry; labour and housing)
Dr. Francis TIEN *(Convener)*
Mr. Allen LEE *(Deputy Convener)*

3. General Services
(Administration and civil service; security; City and New Territories Administration; information and public relations)
Mr. LO Tak-shing *(Convener)*
Mr. Alex WU *(Deputy Convener)*

4. Legislation Scrutiny
(Legal and drafting aspects of all bills and subsidiary legislation)
Mr. Peter C. WONG *(Convener)*
Mr. J. J. Swaine *(Deputy Convener)*

5. Monetary Policy
(Finance; taxation and banking)
Mr. W. C. L. Brown *(Convener)*

6. Social Services
(Education; medical and health; social welfare; amenities and related services)
Dr. Harry FANG *(Convener)*
Fr. Patrick T. McGovern *(Deputy Convener)*

VII. LegCo Ad Hoc Groups

1. Ad Hoc Group on Conveyancing and Property Bill 1983
Mr. W. C. L. Brown *(Convener)*

2. Ad Hoc Group on Employment (Amendment) Bill 1983
Mr. Peter C. WONG *(Convener)*

3. Ad Hoc Group on Companies (Amendment) Bill 1981
Mr. W. C. L. Brown *(Convener)*

4. Ad Hoc Group on Employment (Amendment) Bill 1984
Dr. Harry FANG *(Convener)*

5. Ad Hoc Group on Landlord and Tenant (Consolidation) (Amendment) Bill 1984
Mr. Peter C. WONG *(Convener)*

6. Ad Hoc Group on Immigration (Amendment) (No. 2) Bill 1984
Mr. Peter C. WONG *(Convener)*

7. Ad Hoc Group on Inland Revenue (Amendment) Bill 1984
Mr. W. C. L. Brown *(Convener)*

8. Ad Hoc Group on Foreign Notes (Prohibition of Circulation) (Repeal) Bill 1984
Mr. W. C. L. Brown *(Convener)*

9. Ad Hoc Group on Cross Harbour Tunnel (Passage Tax) Bill 1984
Mr. S. L. CHEN *(Convener)*

10. Ad Hoc Group on Inland Revenue (Amendment) (No. 2) Bill 1984
Mr. W. C. L. Brown *(Convener)*

APPENDIX IX
CPA Conferences and Visits

A number of Unofficial Members of LegCo participated in some of the overseas conferences and seminars held during the year. Mr. WONG Lam and Mr. CHEUNG Yan-lung participated in the 29th Commonwealth Parliamentary Conference held in Kenya from 17.9.83 to 2.10.83. Mr. Peter C. WONG attended as an observer the 17th Australian and Pacific Regional Conference held in Tasmania from 6.11.83 to 15.11.83. Dr. Henrietta IP participated in the 33rd Seminar on Westminster Parliamentary Practice and Procedure which took place in London from 7.3.84 to 23.3.84.

APPENDIX X
Overseas Visitors

Rt. Hon. Edward Heath, MBE, MP(C)
12.9.83

Mr. Timothy Eggar, MP (C)
16.9.83

Mr. C. D. Townsend, MP (C)
Mr. T. H. Skeet, MP (C)
Mr. R. G. Banks, MP (C)
20.9.83

Mr. Richard Luce, MP (C)
Minister of State for Foreign and Commonwealth Affairs
26.9.83
27.2.84
13.7.84

Mr. John Lee, MP (C)
29.9.83

Lord Whaddon
30.9.83

Mr. Henry Keswick
Vice-Chairman of the HK Association in London
4.10.83

Mr. John Browne, MP (C)
Sir Philip Goodhart, MP (C)
Mr. Nicholas Lyell, QC, MP (C)
19.10.83

Mr. John Page, MP (C)
4.11.83

Rt. Hon. Peter Walker, MBE, MP (C)
Secretary of State for Energy
10.11.83

Mr. Richard Evans (Sir since 1.1.84)
HM Ambassador to Peking
18.11.83
19.4.84

Mr. Robert Adley, MP (C)
Chairman of the UK-Chinese Parliamentary Group
21.11.83

Rt. Hon. Lord Ennals
Chairman of the Asia Committee of the British Refugee Council
12.12.83

Sir Peter Blaker, MP(C)
Chairman, UK-Hong Kong Parliamentary Group
6.1.84

Sir Brian Hayes
UK Permanent Secretary for Trade and Industry
23.1.84

Mr. W. Dorward, OBE
Commissioner for HK Commercial Affairs, New York
22.2.84

Mr. R. Litherland, MP (L)
2.3.84

Rt. Hon. Paul Channon, MP (C)
UK Minister of State for Trade
2.3.84

Miss Jenny Little
International Secretary of the Labour Party
2.3.84

Sir Ian Percival, QC, MP (C)
8.3.84

Mr. George Robertson, MP (L)
Mr. Thomas Clarke, MP (L)
14.3.84

Mr. D. J. C. Jones, CMG
Minister, H.K. Government Office in Brussels
30.3.84

Rt. Hon. Sir Geoffrey Howe, QC, MP (C)
Secretary of State for Foreign and Commonwealth Affairs
19.4.84
27.7.84
1.8.84

Sir Percy Cradock
Deputy Under-Secretary of State
19.4.84
1.8.84

Sir Humphrey Atkins, MP (C)
Mr. John Cope, MP (C)
Mr. David Mitchell, MP (C)
Mr. James Hill, MP (C)
19.4.84

Mr. Tom Cox, MP (L)
26.4.84

Lady Norah Phillips
Mrs. Gwyneth Dunwoody, MP (L)
Lord Headfort
30.5.84

Lord Geddes
8.6.84

Mr. Stuart Randall, MP (L)
Mr. John Townsend, MP (C)
Sir Patrick Wall, MP (C)
22.6.84

Mr Stefan Terlezki, MP (C)
Mr. Henry Bellingham, MP (C)
27.7.84

Dr. Jeremy Bray, MP (L)
31.7.84

Rt. Hon. David Howell, MP (C)
2.8.84

Mr. Ivan Lawrence, QC, MP (C)
10.8.84

Mr. Paddy Ashdown, MP (Lib)
15.8.84

Mr. Antony Newton, OBE, MP (C)
Minister for the Disabled
15.8.84

Mr. Dennis Canavan, MP (L)
22.8.84

Mr. Peter Tapsell, MP (C)
24.8.84

Mr. Eric Deakins, MP (L)
Mr. Kenneth Eastham, MP (L)
30.8.84

APPENDIX XI
Statistics on Questions and Speeches in LegCo 1963–84

Session	Questions		Speeches	No. of Unofficials
	Original	Supplementaries		
1963/64	35	7	30	8
1964/65	17	12	46	13
1965/66	28	19	25	13
1966/67	5	2	44	13
1967/68	45	9	44	13
1968/69	102	66	75	13
1969/70	85	89	92	13
1970/71	135	96	98	13
1971/72	166	155	136	13
1972/73	171	96	151	14
1973/74	176	120	122	15
1974/75	118	104	111	15
1975/76	181	157	119	15
1976/77	284	318	147	22
1977/78	290	578	142	24
1978/79	163	306	126	24
1979/80	137	214	119	24
1980/81	131	231	104	26
1981/82	157	271	144	27
1982/83	194	348	191	27
1983/84	180*	286*	240	29

**The subject of the questions and the dates on which they were asked are reported in Appendix XII.*

APPENDIX XII

Summaries of Questions asked in LegCo 1983–84

Subject and Dates	No. of Questions and Supplementary Questions
Economy and Finance	
Controlling incessant price spiral (12.10.83)	2
Position of Hang Lung Bank (23.11.83)	1
Standard of auditing (7.12.83)	3
Agricultural and fishing industries (7.12.83)	2
Depreciation of Hong Kong dollar (21.12.83)	2
Stock index futures market (21.12.83)	2
Statistics on the gross domestic product (15.2.84)	1
Prudential supervision of Deposit-taking Companies (16.5.84)	5
Fisheries industry and mariculture (30.5.84)	4
Stock and supply of oil and coal (30.5.84)	1
Economic contribution of hawkers (13.6.84)	2
Control on publicly-listed companies (24.7.84)	5
Interest rate charged on loans (2.8.84)	2
Education	
Provision of social workers in secondary schools (15.2.84)	5
Schooling of children living in transit centres (2.5.84)	2
Promotion of political awareness (2.5.84)	4
Subject of Government and Public Affairs (16.5.84)	1
Strengthening of political awareness (30.5.84)	2
Secondary and special school places for Tuen Mun by 1990 (30.5.84)	4
Provision of laboratory technicians in secondary schools (27.6.84)	2
Government funding for various kinds of schools (27.6.84)	1
Combined Screening and Group Testing Programme at Primary 2 (27.6.84)	1
Promoting and coordinating civic education (25.7.84)	7
Environmental Matters	
Foul smells in Kai Tak area (23.11.83)	4
Refuse storage chambers (7.12.83)	1
Urban renewal programmes (7.12.83)	2
Illegal structures in buildings (21.12.83)	2
Management of private streets (21.12.83)	2
Cleanliness of the territory's water (11.1.84)	2
Water supply to squatter areas (25.1.84)	3
Safeguards against proposed nuclear plant (25.1.84)	2
Illegal hawking in Kwun Tong and Mong Kok (25.1.84)	4
Cooked-food stalls in private streets (25.1.84)	1
Collection of floating refuse near beaches (2.5.84)	1
Accidents to pedestrians during hawker control operations (13.6.84)	3
Potential hazards on Tsing Yi Island (27.6.84)	3
Environmental clearances (24.7.84)	3
Pollution control programme (25.7.84)	1
Housing	
Enquiry service of Housing Department (21.12.83)	4
Housing needs of the 'caged men' (25.1.84)	4
Immigration	
Automation of immigration control procedures (23.11.83)	2
Control on overstayers (7.12.83)	2
Industry and Trade	
Exhibition Centre (23.11.83)	7
French restrictions on import of quartz watches (14.3.84)	3
Labour	
Compensation to injured workers (11.1.84)	2
Provisions on severance payment under the Employment Ordinance (11.1.84)	2
Promoting labour education (15.2.84)	1
Illegal immigrants working in factories (13.6.84)	1
Hong Kong residents working overseas (25.7.84)	2
Medical and Health	
Malaria (12.10.83)	1
Control on optical profession (23.11.83)	1
Red-tide affected seafood (23.11.83)	4
Emergency service of Chai Wan Health Centre (25.1.84)	1
Provision of blood for blood transfusions (15.2.84)	2
Neonatal screening for congenital hypothyrodism (16.5.84)	3
Prevention of Hepatitis B (16.5.84)	4
Regulations on using hazardous materials for food wrapping (30.5.84)	1
Date of consumption label on food packages (13.6.84)	2
Accidents caused by the use of dangerous consumer products (13.6.84)	2
Abortion (27.6.84)	1
Services of optical shops (27.6.84)	1
Registration of practitioners of Chinese traditional medicine (11.7.84)	4
Motorcycle ambulance support (11.7.84)	4
Government Consultant Ophthalmologist and Ear, Nose and Throat Surgeons (25.7.84)	5

Subject and Dates	No. of Questions and Supplementary Questions
Provision of fresh platelets, fresh frozen plasma and cryoprecipitate (25.7.84)	1
Illegal medical advertisement (2.8.84)	1
Hepatitis B Vaccine (2.8.84)	1
New Territories	
Water quality of streams (23.11.83)	2
Transportation for Tai O villagers (7.12.83)	5
Medical facilities for Tai Po (21.12.83)	5
Pollution control for oyster farms in Yuen Long (21.12.83)	1
Stream pollution in Tai Po (21.12.83)	1
Withdrawal of ferry service for small outlying communities (21.12.83)	4
Provision of burial grounds on outlying islands (11.1.84)	4
Mains water supplies to rural areas (30.5.84)	4
Political System	
District Administration (12.10.83)	1
Voters for District Board and Urban Council Elections (23.11.83)	1
Working relationship between District Management Committees and District Boards (21.12.83)	2
Representative Government (2.5.84)	4
Public Order	
'Spent Conviction' Scheme (23.11.83)	1
Mass robbery in high-rise buildings (23.11.83)	3
Pick-pockets on trains (23.11.83)	4
Handling of court exhibits (23.11.83)	4
Triad activities (7.12.83)	3
Protection of personal data stored in computers (21.12.83)	2
Regulations on money-changers (21.12.83)	2
Shop-lifting (21.12.83)	2
Control of objectionable publications (25.1.84)	3
Disturbances on January 13 (25.1.84)	2
Trouble makers in Vietnamese refugee camps (15.2.84)	4
Prevention of armed robberies (15.2.84)	4
Strength of Police Force (15.2.84)	1
Illegal possession of firearms (15.2.84)	3
The role of the garrison stationed in Hong Kong (13.6.84)	2
Prosecution of minor offences facilitated by the Magistrates' (Amendment) Ordinance (27.6.84)	1
Gang fights involving students (11.7.84)	1
Thefts of vehicles (11.7.84)	1
Re-organisation of Neighbourhood Police Units (11.7.84)	4
Use of soft drugs by youngsters (24.7.84)	1
Detecting and banning of objectionable publications (25.7.84)	7
Corporal punishment (25.7.84)	3
Public Works & Utilities	
Widening of Ting Kok Road (21.12.83)	3
Plot ratio of building sites (21.12.83)	1
Safety of glass office buildings during typhoon (11.1.84)	2
Construction of Cha Kwo Ling Road (25.1.84)	1
Contractors failing to observe regulations (25.1.84)	2
Construction of road linking Sai Kung and Sha Tin (15.2.84)	1
Utilisation of undeveloped Crown land (15.2.84)	7
Construction of footbridges in Eastern District (15.2.84)	2
Power failure on March 4 (14.3.84)	1
Blasting operations at MTR construction sites (2.5.84)	1
Installation of air-conditioners in high-rise buildings (13.6.84)	2
Unauthorised building works (27.6.84)	4
Monitoring on supplies of electricity and gas (11.7.84)	5
Forbearance fee for change of use of premises (11.7.84)	2
Public Service	
Morale in the public service (11.1.84)	2
Standard of translation in the civil service (15.2.84)	4
Supply of simultaneous interpreters (15.2.84)	5
Services of government public enquiry counter staff (27.6.84)	1
Social Welfare	
Public assistance (23.11.83)	1
Child abuse (7.12.83)	4
Street sleepers (7.12.83)	2
Battered wives (21.12.83)	5
Assistance to the poor in cold weather (21.12.83)	2
Statutory guardianship for the mentally handicapped aged over 21 (15.2.84)	2
Assistance to Happy Valley bus accident victims (15.2.84)	1
Nursing care for old people (2.5.84)	4
Compensation to victims of traffic accidents (16.5.84)	2
Caring for the elderly (30.5.84)	3
Provision of community centres and community halls (27.6.84)	4
Computerised Central Registry for the Disabled (2.8.84)	1
Sports and Recreation	
Hong Kong's participation in the Olympic Games (2.5.84)	4
Utilisation rate of the Hong Kong Coliseum (30.5.84)	2
Private recreation and sports clubs (25.7.84)	1
Traffic and Transport	
Increase in tolls at the Aberdeen Tunnel (7.12.83)	2
Light Rail Transit system for Tuen Mun (7.12.83)	7
Electronic Road Pricing Scheme (7.12.83)	4
On-road safety of cyclists (11.1.84)	3
Contracting-out motor vehicle testing and inspections (15.2.84)	1
Bus maintenance services (15.2.84)	5
Traffic light at the junction of Pottinger Street and Queen's Road Central (14.3.84)	1
Speed limits on roads (16.5.84)	2
On-street metered parking space (30.5.84)	3
Public car park places (30.5.84)	3

APPENDIX XIV
Bills enacted in 1983–84

Title of Bill	*Date Enacted*
Hang Lung Bank (Acquisition) Bill 1983	27.9.83
Employment (Amendment) Bill 1983	12.10.83
Pensions (Increase) (Amendment) Bill 1983	9–10.11.83
Buildings (Amendment) (No. 2) Bill 1983	
Mass Transit Railway (Land Resumption and Related Provisions) (Amendment) Bill 1983	
Mass Transit Railway Corporation (Amendment) Bill 1983	23.11.83
Inland Revenue (Amendment) (No. 4) Bill 1983	
Road Traffic (Driving-Offence Points) (Amendment) Bill 1983	
Interpretation and General Clauses (Amendment) (No. 3) Bill 1983	
City Polytechnic of Hong Kong Bill 1983	
Deposit-taking Companies (Amendment) Bill 1983	7.12.83
Banking (Amendment) Bill 1983	
Entertainments Tax (Amendment and Validation) Bill 1983	
Telecommunication (Amendment) Bill 1983	
Holidays (Amendment) Bill 1983	
Inland Revenue (Amendment) (No. 5) Bill 1983	21.12.83
Jubilee Sports Centre (Amendment) Bill 1983	
Buildings (Amendment) (No. 3) Bill 1983	
The Methodist Church, Hong Kong, Incorporation Bill 1983 (an Unofficial Member's Bill)	
Hong Kong Sea Cadet Corps Bill 1983 (an Unofficial Member's Bill)	
Debtors (Arrest and Imprisonment) Bill 1983	11.1.84
Summary Offences (Amendment) Bill 1983	
Import and Export (Amendment) (No. 2) Bill 1983	
Industrial Training (Clothing Industry) (Amendment) Bill 1983	
Crown Lands Resumption (Amendment) Bill 1983	
Companies (Amendment) Bill 1983	25.1.84
Dangerous Drugs (Amendment) Bill 1984	
Public Finance (Amendment) Bill 1984	15.2.84
Rating (Amendment) Bill 1984	
Pawnbrokers Bill 1983	
Fixed Penalty (Traffic Contraventions) (Amendment) Bill 1984	14.3.84
Fixed Penalty (Criminal Proceedings) (Amendment) Bill 1984	
Peak Tramway (Amendment) Bill 1984	
Labour Tribunal (Amendment) Bill 1984	
Appropriation Bill 1984	2.5.84
Exchange Fund (Amendment) Bill 1984	
Arbitration (Amendment) Bill 1984	
Magistrates (Amendment) Bill 1984	
Employment (Amendment) Bill 1984	
Road Traffic (Amendment) Bill 1984	
Matilda and War Memorial Hospital (Amendment) Bill 1984 (an Unofficial Member's Bill)	
Deposit-taking Companies (Amendment) Bill 1984	16.5.84
Money Lenders (Amendment) Bill 1984	
Immigration (Amendment) Bill 1984	
Medical Registration (Amendment) Bill 1984	
Smoking (Public Health) (Amendment) Bill 1984	
Apprenticeship (Amendment) Bill 1984	
Cross-Harbour Tunnel (Passage Tax) Bill 1984	
Stamp Duty (Amendment) (No. 2) Bill 1984	30.5.84
Merchant Shipping (Amendment) Bill 1984	
Immigration (Amendment) (No. 2) Bill 1984	
Buildings (Amendment) Bill 1984	
Employment (Amendment) (No. 2) Bill 1984	
Dutiable Commodities (Amendment) Bill 1984	13.6.84
Dutiable Commodities (Amendment) No. 2) Bill 1984	
Inland Revenue (Amendment) Bill 1984	
Evidence (Amendment) Bill 1984	
The Hong Kong Academy for Performing Arts Bill 1984	
Fixed Penalty (Traffic Contraventions) (Amendment) (No. 2) Bill 1984	
Landlord and Tenant (Consolidation) (Amendment) Bill 1984	
Lands Tribunal (Amendment) Bill 1984	
Judicial Service Commission (Amendment) Bill 1984	
Stamp Duty (Amendment) Bill 1984	
Public Omnibus Services (Amendment) Bill 1984	27.6.84
Antibiotics, Pharmacy and Poisons (Miscellaneous Amendments) Bill 1984	
Companies (Amendment) (No. 2) Bill 1984	11.7.84
Bankruptcy (Amendment) Bill 1984	
Employment (Amendment) (No. 3) Bill 1984	
Audit (Amendment) Bill 1984	18.7.84
Import & Export (Amendment) (No. 2) Bill 1984	
Reserved Commodities (Amendment) Bill 1984	
Inland Revenue (Amendment) (No. 3) Bill 1984	24.7.84
Rating (Amendment) (No. 2) Bill 1984	
Legal Aid (Amendment) Bill 1984	
Buildings (Amendment) (No. 2) Bill 1984	
Business Registration (Amendment) Bill 1984	
Fixed Penalty (Criminal Proceedings) (Amendment) (No. 2) Bill 1984	
Limitation (Amendment) Bill 1984	
Firearms and Ammunition (Amendment) Bill 1984	
Tattooing of Young Persons Bill 1984	
Chinese Visa Office (Privileges and Immunities) Bill 1984	25.7.84
Conveyancing and Property Bill 1984	
Criminal Procedure (Amendment) Bill 1984	
Jury (Amendment) Bill 1984	
District Boards and Urban Council Elections (Miscellaneous Amendments) Bill 1984	
Road Traffic (Amendment) (No. 2) Bill 1984	
Births and Deaths Registration (Amendment) Bill 1984	
Foreign Marriage (Amendment) Bill 1984	
Legitimacy (Amendment) Bill 1984	

APPENDIX XV

Typical Complaints Cases Handled by UMELCO Office

I. Complaints/Appeals

Successful

Complaint about the Provisions of Section 54 of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) (C 1489/83)

A lawyer complained to UMELCO about the provisions of Section 54 of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7). Under this Section, it was stated that where a landlord and tenant entered into a tenancy agreement after commencement of the Landlord and Tenant (Consolidation) (Amendment) Ordinance 1980, the landlord should lodge with the Commissioner of Rating and Valuation a notice in the specified form stating the rent payable by the tenant, and such notice should be signed by both landlord and tenant. Section 54(3) also stated that a landlord should not be entitled to maintain an action to recover rent stated in the notice mentioned in subsection (2) unless the notice was endorsed by the Commissioner under that sub-section. The complainant said that in a recent case he acted on behalf of his client and applied to court to recover premises on the grounds that the tenant had failed to pay rent. In the first instance the case was rejected by the trial judge, on the ground that his client, the landlord, had not lodged the requisite notice with the Commissioner. However, the Ordinance made no provision for compelling the tenant to sign the notice once the latter was in possession, nor even prescribed a penalty for refusal to sign. Thus, had it not been for his successful appeal against this judgement, his client would never have been able to recover the premises. The tenant concerned would have been able to occupy the premises indefinitely without paying any rent, simply by refusing to sign the necessary notice. He therefore pointed out that Section 54 leaned unjustifiably in favour of tenants.

The complaint was referred to the Administration for consideration. Subsequently, following enactment of the Landlord and Tenant (Consolidation) (Amendment) Ordinance 1984, Section 54 of the principal ordinance was repealed on 1 July, 1984.

Appeal for Ex-gratia Compensation (C 1528/83)

Three 'Kaito' operators appealed to UMELCO for ex-gratia compensation for the closing of their 'kaito' service between Tsuen Wan and Moon Tsui Tong on Tsing Yi as a result of reclamation of the typhoon shelter (Tsing Yi Area 8). They claimed they had been operating the service since 1968 with a licence issued by the Marine Department.

The case was taken up with the Administration. The Director of Lands stated that there was no provision for compensation, whether ex-gratia or otherwise, payable in respect of a business loss suffered by 'kaito' operators. The District Commissioner (Tsuen Wan), however, supported the appeal and considered that they deserved Government's special attention and fair treatment as the operators were the victims of progress and development.

Subsequently, an inter-departmental meeting was held to discuss the appeal. The appeal was then brought before the Compensation Review Committee which decided to submit it to Finance Committee for the approval of an ex-gratia disturbance allowance. Finance Committee duly approved that each of the three 'kaito' operators should be awarded an ex-gratia allowances of $16,200.

Appeal for Allocation of Hawker Pitch (C 2589/83)

A farmer at Mui Wo, Lantau Island, appealed to UMELCO for the allocation of a hawker pitch in Western District, Hong Kong.

According to him, he and his wife had been growing vegetables for more than 10 years at Mui Wo. As the Agriculture and Fisheries Department did not operate any co-operative society at Mui Wo or on Cheung Chau, he had no alternative but to sell his vegetables in Western District as an unlicensed hawker. He had been carrying on his business there for more than 10 years without interruption, except when his harvests were seriously affected by typhoons. He was aggrieved that during a hawker re-ordering exercise which took place in the District, the City Services Department did not allocate a hawker pitch to him on the ground that he was not hawking in the District during some of the surveys carried out by the Department.

The matter was taken up with the Director City Services and the Director of Agriculture and Fisheries. The latter confirmed that the client was a genuine vegetable farmer, and that in the absence of co-operative society facilities at Mui Wo, the client had been selling his farm produce in Western District and only ceased business during the typhoon season. He strongly supported the client's appeal.

Having consulted the Director of Agriculture and Fisheries and the Director of the Royal Observatory, the Director of City Services finally gave the client the benefit of the doubt and allocated a site in Western District to his wife to continue business.

Resumption of Land in the NT (C 2656)

A villager of Fanling appealed to UMELCO concerning resumption of his land and rehousing of his family. He owned two lots of building and agricultural land to be resumed by Government for public development. While his claim for compensation was being processed, he accepted a rehousing offer of two units in Choi Yuen Estate in order to surrender his land to enable early commencement of the development project. However, he was later informed by the Lands Department that Government had decided to withhold resumption of his land. At the same time, he was asked to surrender the two public housing units. He claimed the decision had caused him considerable financial loss because he had already spent a lot of money decorating the flats.

The case was taken up with the Administration. The Director of Lands explained that, while the appellant's claim for compensation was being processed, it came to light that he was an indigenous villager and so might be eligible for compensation on village removal terms. It was therefore considered prudent to exclude resumption of his building lots from Stage I clearance pending further investigation into the background of his case. Under village removal terms, the offer of compensation would normally comprise a Government-built resite house for every 0.01 acres of land surrendered, plus other ex-gratia payments such as rental allowance, removal and decoration allowance, etc. Furthermore, acquisition of lots under village removal terms should be conducted by way of negotiation rather than through resumption proceedings. The decision not to resume the appellant's building lots was made entirely in his interest so as not to prejudice his possible entitlement to more favourable terms of compensation under the village removal policy.

As clearance of the appellant's land had been held in abeyance, the Housing Department immediately notified the appellant to surrender the housing units to Government. However, in the light of the Director of Land's explanation, the Director of Housing decided not to require him to vacate the housing units, if he chose to remain, until the resite houses to be built by Government were ready for occupation.

Complaint against Double Charge for Cremation Service (C 3170)

A member of the public complained against the City Services Department for charging him twice for the cremation of his late father's body. He made a booking for cremation of the body at the Diamond Hill Crematorium, and was charged $250 for the service. However, the cremation service could not take place because typhoon signal No. 10 was hoisted that day. As a result, another booking was made, but he was required to pay another $250 before the booking could be accepted. He requested a refund of the first $250 without success; hence his appeal to UMELCO.

The matter was taken up with the Director of City Services who explained that the decision to refuse the application for refund was based on departmental procedure that required advance notice to be given for cancelling any appointment. In view of the special circumstances, he agreed to make a refund to the complainant and to two other persons whose appointments were also cancelled on the same date even though they had not taken the initiative to ask for a refund.

In the light of this complaint, the UMELCO Office suggested to the Director of City Services that he should review the relevant departmental procedure to avoid causing inconvenience to the public. Finally, the Director of City Services decided that, henceforth, no additional charge would be levied in respect of applications for change of cremation time if they were due to unforseen or abnormal circumstances beyond the control of applicants. The decision would apply to all public crematoria.

Appeal for Reprovisioning of Covered Playgrounds (C 3968/83)

A concerned committee in Tuen Mun appealed to UMELCO for reprovisioning of covered playgrounds in primary schools in Yau Oi and On Ting Estates. Allegedly, due to unsatisfactory planning, primary school places had been under-provided in the estate and as a temporary expedient the covered playgrounds of three schools were converted into classrooms. Consequently, students had to use open spaces outside the schools for physical education lessons and for other school activities. The committee considered that this would inevitably lower the quality of education and might even put the safety of students in jeopardy.

The committee also claimed that in June, 1983, they asked the Government to provide replacement covered playgrounds as a matter of urgency and subsequently had a meeting with representatives of the Education and other Government departments. They were given the impression that their request was supported by all departments concerned, as well as the District Board, subject to provision of funds. However, since their last meeting with the Education Department in November, 1983, there seemed to be no progress; hence their appeal to UMELCO for assistance.

The case was taken up with the Director of Education who later obtained financial approval for construction of replacement playgrounds and requested the Director of Housing to proceed with the work immediately. The Director of Housing subsequently advised that all the work on the Tuen Mun covered playgrounds was in progress and was expected to be completed by November, 1984.

Licensing of Factory Canteens (C 3995/83)

A factory canteen association appealed to UMELCO against the decision of the Director of Lands not to approve their applications for modification of lease conditions to enable them to continue the operation of their canteens. They made the following representations:—

(*a*) Their applications for modification of leases had been rejected merely because their canteens had direct access to a road or lane. No guidance had been given to them on remedying the situation.

(*b*) It was too harsh to require them to pay a substantial forbearance fee for the grant of a short grace period to stop their business.

(*c*) They were puzzled to learn that some canteen operators in Tuen Mun had successfully applied for modification of lease conditons.

(*d*) As new Crown leases of land for industrial buildings had made provision for factory canteens to be operated on the ground floor, they appealed for a more lenient approach towards existing factory canteens.

The matter was taken up with the Director of Lands.

Also, questions on this issue were asked in the LegCo meeting on 21.12.83 by Hon. WONG Lam and Hon. Stephen CHEONG. In reply, the Secretary for Lands and Works indicated that the Director of Lands was normally prepared to modify conditions to accommodate canteens provided the area they occupied did not exceed 10% of the premises on the lot; was not required for vehicular access, parking, loading or unloading; and was not at or near ground floor level with exclusive direct access to the street other than for emergency use.

Following the Duty Roster Members' intervention, the Director of Lands reviewed the position and took steps to positively assist the canteen operators. The difficulties encountered by the operators were thus resolved satisfactorily.

Complaint about Health Nuisance Caused by Hospital (C 4101/83)
The residents of Small Traders' New Village in Yuen Long complained to UMELCO about the health nuisance caused by a hospital using the pavement as a refuse bin site, thus giving rise to bad smell and posing a threat to their health. They claimed they had complained to the hospital and the District Board, but to no avail; hence their complaint to UMELCO.

The complaint was taken up with the Director of New Territories Services, who confirmed that the complaint was justified. The hospital was undergoing extensive construction work and unlawfully used the pavement as a temporary refuse bin site.

After receipt of the complaint referred by UMELCO, the New Territories Services Department took immediate measures to ensure that the refuse bins were properly covered and the site was kept tidy. On the advice of the Department, a temporary bin site was subsequently located within the hospital precincts and use of the bin site on the pavement was discontinued. The hospital management had also agreed to incorporate a permanent refuse collection point within the hospital to be put in use by 1985/86.

Assistance/Advice given

Appeal for Extension of Grace Period for Processing of Sharks' Fins on Non-industrial Premises (C 2939/83)
A sharks' fins trade merchants' association appealed for an extension of the grace period for them to continue processing sharks' fins on non-industrial premises which were located mainly in Western District. Representatives of the association were interviewed by Duty Roster Members. In the meeting, the representatives claimed that the processing of sharks' fins in Western District had been in existence for many decades. Since 1980, the association had been told by the Urban Services Department that they could not continue the business on existing premises, and had been advised to look for alternative premises in industrial buildings. Seven members of the association had since found ground floor premises which were acceptable to the Urban Services Department, and had been issued Offensive Trade Licences. However, the Labour Department had refused to register them and the traders could not operate despite licences issued by the Urban Services Department.

The representatives stated that they had encountered difficulties in finding suitable alternative accommodation in or near Western District, as most real estate developers were unwilling to let out premises to them. They were, however, reluctant to move to the Kwai Chung offensive trades zone on the ground that their finished products could be contaminated by waste discharged from other factories in the same buildings or in the vicinity. They would also have difficulties in finding experienced workers who had traditionally been living in Western District. They therefore appealed for the grant of a further grace period so that they could carry on their trade until suitable premises could be located. They said they had already submitted plans to the relevant authorities for the purchase of land in Western District to construct a building to be used exclusively for processing sharks' fins.

Enquiries revealed that the trade had been tolerated by the Urban Services Department until 1980 when enforcement action was taken against these traders. However, the association had successfully sought several extensions of the grace period for operation of the trade. With the expiry of the latest extension, the Urban Services Department took a firm stand not to grant any further extension.

In view of the serious environmental nuisance the trade had caused to residents, Members decided that the appeal for extension of the grace period to continue the trade on non-industrial premises could not be pursued further. Nonetheless, they asked the Administration to give early consideration to the proposal of the association for the construction of a new building in Western District for the exclusive use of processing sharks' fins. In his reply, the Director of Lands advised that the Lands Department had tentatively identified one possible site in Kennedy Town and would, after consulting other Departments concerned, get in touch with the association to consider the matter further.

Members had also considered the possibility of permitting the association to operate the trade in industrial buildings in Western District pending the completion of the aforesaid building. Unfortunately, this was impractical for environmental reasons. In the circumstances, the association was advised to consider finding suitable accommodation in areas where offensive trades were permitted so as to continue the trade during the interim period.

Appeal against Cancellation of Ferry Service (C 3741/83)
The residents of Tai O, Tung Chung, Sha Lo Wan and three other villages on Lantau Island appealed to UMELCO against the suspension of the Central/Tai O ferry service w.e.f. 1.12.83.
Representatives of the residents were interviewed on 18.11.83 by the Duty Roster Members. After the meeting, Members decided to pay a site visit to see for themselves the operation of the service and the problems and difficulties which the villagers of Sha Lo Wan and the three neighbouring villages would face after the service was cancelled. On 22.11.83 Members, accompanied by Government officials from the Transport Branch, the Transport Department, and the District Office (Islands), visited Tai O by ferry.

On board the ferry, Members had a discussion meeting with the Government officials. They noted that the main reason for suspending the ferry service was due to its very low utilisation, resulting in a substantial loss of $1m a year to the ferry company. If a convenient timetable and a faster vessel were to be introduced, the fare would have to be increased to a level that the villagers could ill afford. The introduction of a hovercraft service would also not be financially viable. An alternative means of transport in the form of "kaitos" to the villages at Lantau was available to the residents. However, Members found that the "kaito" service could hardly be regarded as reliable. On their return to Central District by helicopter, Members took the opportunity to view the road system linking the villages to the main road on Lantau, and observed that the road network was substandard and needed urgent improvement.

In conclusion, Members did not find strong justification to intervene in the decision to cancel the ferry service, but considered that the Government should, as a matter of urgency, ensure that reliable "kaito" services would be maintained after suspension of the ferry service, possibly with the involvement of the rural committees concerned. Members also considered that, as a long-term measure, the road network should be improved up to standard.

Members raised the issue at the LegCo meeting on 7.12.83, and the Secretary for Transport undertook to ensure that the "kaito" services would be improved and that steps would be taken to improve the road system. Eventually, a new "kaito" service between Tai O and Tuen Mun via Sha Lo Wan was introduced on 16.1.84.

Fares Increase of Lantau Island Buses (C 3979/83)
Representatives of a "Committee Against Fares Increase of Lantau Island Buses" appealed to UMELCO against the introduction of the partial one-man-operation (OMO) system, which provided only one-way sectional fares, on New Lantau Bus (NLB) Route 1. This route would be introduced as from 28.5.84, for a trial period of three months.

In approving the last NLB fares increase which took effect on 20.4.83, ExCo considered that introduction of an OMO system should be pursued. This system was considered by Islands District Board and was generally agreed. As a result, it was introduced on NLB Routes 2–8. One-way sectional fares charge passengers boarding at termini full fares irrespective of where they alight. Although one-way sectional fares become progressively cheaper as the bus approaches its destination, they are more expensive than two-way sectional fares, because the latter also take into account the actual destination of the passengers, including those who board at termini. The one-way system has been adopted by both China Motor Bus and Kowloon Motor Bus, and on a number of maxicab routes.

However, NLB Route 1 which was the longest route and covered the villages of South Lantau, had remained two-man-operated (and therefore a two-way system), with conductresses selling tickets. This route was originally scheduled for OMO in April 1984. Realising that the one-way sectional fares system would mean higher fares for inter-village travel, the Transport Department envisaged that ticket machines should be installed so that two-way sectional fares could be maintained. This was opposed by NLB because of maintenance problems and because machines would be subject to theft and vandalism.

The counter-proposal by NLB called for partial implementation of the OMO system i.e., fares for half-hourly frequency services would alternate between one-way sectional fares and two-way sectional fares. The proposal, however, was opposed by the local representatives as they would have to wait for the buses of cheaper fares for one hour instead of half an hour.

Other proposals such as the ticketing system similar to that used in Japan and a simple ticketing system whereby the driver would dispense to each passenger a pre-printed ticket which would effectively deter over-riding and could be randomly checked by roving inspectors were opposed by the NLB.

The representatives of the "Committee" were interviewed by Duty Roster Members. In the light of the urgency of the matter, Members had a meeting the following day with representatives of District Office (Islands), the Transport Department and the New Lantau Bus Company, and it was agreed that the introduction of OMO system for Route 1 scheduled to be introduced on 28.5.84 should be postponed for two weeks to enable UMELCO to study the appeal closely. Following the meeting, Members paid a visit to Lantau Island on 1.6.84 to see the actual operation of the buses and discussed their findings with the Administration on 7.6.84.

As a result of Members' intervention, the Commissioner for Transport confirmed that a conscious effort would be made to provide fare sections on Route 1, at locations of substantial passenger demand.

Installation of Aluminium-framed Wind Shutters in Public Housing Estates (C 5/84)
The Preparatory Committee for Wong Tai Sin Estate Tenants' Association appealed to UMELCO for permission to install aluminium-framed wind shutters to completely enclose the balconies of public housing units. Representatives of the Committee were interviewed on 6.1.84 by Duty Roster Members.

In December, 1983, the Housing Department announced that installation of aluminium-framed wind shutters on the balconies of public housing units would be allowed, subject to the condition that one-third of the balcony should be left unenclosed. Complete enclosure was not allowed as this would contravene building regulations and more important, the Department wished to ensure adequate ventilation as many tenants used flueless gas water heaters. The representatives contended that this requirement was unreasonable because ventilation was available in twelve-person, eight-person and seven-person units through the windows in the kitchens and toilets which opened out to external air directly; in the smaller units, the problem could be solved by installing ventilation fans or by replacing the flueless heaters with balanced-flue or electric ones.

Following the interview, in order to better understand the problem, Members paid a visit to Oi Man and Wong Tai Sin Estates on 10.1.84. Following this visit, Members asked the Housing Department to consider redesigning the shutters in such a way that one-third of the balcony opening which had to be left unenclosed would be provided with some means of protection against the natural elements. A Member also asked a question on the same issue at the LegCo meeting on 11.1.84.

The Housing Department had since prepared an alternative design of wind shutter which consisted of three sliding windows on the lower part and could be readily removed, with louvres at the top to give the tenants some protection during bad weather, while ventilation to the balcony area was maintained.

Complaint about handling of proposal to set up an Off-course Betting Centre (C 159/84)
A group of residents in a public housing estate complained to UMELCO about the decision of a District Officer to refuse their request for including the proposed setting up of an Off-course Betting Centre (OCBC) in the estate as an item in the agenda of a District Board (DB) meeting.

The matter had been referred to the District Officer concerned for consideration. In his reply, the District Officer explained the various reasons why the complainants' request could not be acceded to at the time, including the fact that given the large number of residents in the district, it was not practicable for him as Chairman of the DB, to entertain direct requests from residents to include items in the agenda of DB meetings without any indication of support by DB members themselves. Having said this, he advised that since a DB member had later formally requested the item to be included in the agenda of the DB meeting, he had decided to hold a special meeting of DB unofficial members to discuss the issue. The opinions of the unofficial members expressed at the meeting would be reported to the Home Affairs Branch for consideration in due course.

The situation was explained to the complainants by UMELCO, and they were advised that should they have any further views concerning the proposed setting up of the OCBC they could consider submitting their views to the DB for consideration.

This group later approached UMELCO again to lodge another complaint about the handling of the issue by the District Officer. During their interview with Duty Roster Members, they said they realised that a special meeting had been convened by the District Officer to discuss the proposal for setting up the OCBC. However, they claimed that according to their sources, the unofficial members were not actually asked to vote on the proposal to set up an OCBC. Instead, they were only told that the Area Committee concerned did not oppose the proposal, and were asked whether 'they would respect the decision of the Area Committee'. The complainants claimed that if the case was presented to the unofficial members in such a manner, it might have unduly influenced the views of members. The complainants also requested statistics on illegal grambling activities in the district, which presumably justified setting up the OCBC.

The matter was referred to the Administration for consideration. In his reply, the District Officer advised that there was no substance in the allegation that the proposal was not properly raised and discussed. He explained that at the meeting unofficial DB members were asked to express their opinions freely on the proposal to set up the OCBC. Since the overwhelming majority of the unofficial DB members expressed no objection, they were not asked to vote on the proposal. He also advised that as the misleading allegation had appeared in a local newspaper he had taken the opportunity of the open forum at the following DB meeting to clarify the matter, and noted that there was no sign of disagreement from any DB member present at the meeting. He also advised that according to the Police, illegal gambling activities were still serious in the district and produced relevant statistics provided by the Police.

The situation was explained to the complainants and Members decided not to pursue the matter further.

Unsuccessful

Appeal for Additional Seating Capacity for Maxicabs (C 3487/83)
A public maxicab operators' association appealed to UMELCO to increase the number of passengers public maxicabs were allowed to carry.

According to representatives of the association, light buses with a seating capacity of 19 were available in the market. They had approached the Transport Department to seek a relaxation of the permitted seating capacity of public maxicabs from 14 to 19 so that they could use 19–seater light buses as maxicabs. At the interview with the Duty Roster Members, they put forward the following arguments to support their appeal:—

(*a*) The use of vehicles with greater seating capactiy would be in line with Government's policy of economy in the use of road space.

(*b*) It would reduce the waiting time of commuters during peak hours.

(*c*) If maxicabs were allowed to carry 19 passengers, the operators would not have to apply for fare increases to cover price increases.

(*d*) Their appeal, if granted, would only involve minor amendment to the definition of light buses in the existing legislation.

The case was taken up with the Commissioner for Transport who refused the appeal on the following grounds:—

(*a*) The original intention of relaxing the dimension and weight of light buses in December, 1982, was to allow bigger and more powerful vehicles to be used so as to improve passenger comfort and road safety. It was never the intention to allow more passengers to be carried in light buses, as to do so would negate the benefits which the relaxation would bring about.

(*b*) A distinction has to be drawn between light buses and omnibuses. Under existing law, the main distinction is determined by the number of passengers each type of buses is allowed to carry, i.e. vehicles licensed to carry not more than 14 passengers are classified as light buses while those licensed to carry more than 14 passengers are classified as omnibuses. This has worked well and the public has no difficulty in distinguishing the two types of buses. To increase maxicabs' carrying capacity to 19 passengers would blur this distinction and create confusion and problems in the licensing and control of light buses and omnibuses.

(*c*) At the present moment maxicabs only form one type of light bus. There are many others, such as public light buses, private light buses, school buses, etc. which are also operating under the same passenger capacity. To relax the passenger capacity for maxicabs would mean extending it to other types of light buses. This is undesirable as other light bus operators may find other reasons to ask for yet a higher capacity and there could be no end to this.

(*d*) Maxicabs are mainly licensed to serve areas where the demand for public transport does not justify the introduction of a franchised bus route and where they do not compete directly with existing franchised buses. If the passenger demand on any maxicab route has increased to such an extent as to justify the increase of the maxicab passenger capacity, then consideration should be given to replacing the maxicab service with franchised bus service.

Having carefully considered the representations of the association and the objection of the Commissioner for Transport, Members decided not to pursue the case further.

Appeal for Exemption from Property Tax (C 4079/83)
The indigenous villagers of Man Yee and Sha Tsui villages affected by the High Island Water Scheme were resited to premises built by Government in Sai Kung. They were exempted from property tax for five years from 1977 to 1982. They appealed to UMELCO for a further extension of the exemption for three years up to 1985, claiming that Government had made such an offer to the villagers in April, 1982.

Following an interview with Duty Roster Members, the appeal was taken up with the Secretary for District Administration in March, 1984, for consideration as to whether there was justification to make a concession in favour of the villagers and whether the advice of ExCo should be sought for a conclusion of the long-drawn out case which the villagers had pursued with Government since 1982.

The Regional Secretary New Territories in his reply in April, 1984, stated that there was no justification for Government to extend any further concession to the villagers. As to the allegation that Government had breached its promise, the Regional Secretary pointed out that the offer was in fact repeatedly rejected by the villagers themselves. Government could not therefore be accused of breaching its promise. A binding agreement was never entered into. The Regional Secretary further stated that all resited villagers, like any other property owners in Hong Kong, were required to pay property tax in the normal way and that all of them had been paying except the Man Yee and Sha Tsui resited villagers. He therefore rejected the appeal.

Having carefully considered this appeal in the light of the comments of the Regional Secretary, Members decided not to pursue the matter further.

Unjustified

Complaint about Deduction of Public Assistance Entitlement (C 3155/83)
A 67–year-old recipient of public assistance complained to UMELCO that the Social Welfare Department had deducted part of his public assistance entitlement.

Enquiries made by UMELCO revealed that the complainant had actually been overpaid $10,000 in public assistance allowance between 1975–1980. The overpayment was caused by the complainant who wilfully withheld full information concerning his savings and earnings. This was referred to the Attorney General who decided not to prosecute in the first instance, provided the amounts overpaid were recovered. Having taken into account the old age of the complainant and in order not to cause him undue hardship by recovering the entire amount in one lump sum, the Director of Social Welfare decided to effect recovery by deducting $100 per month from the complainant's public assistance allowance, leaving him with $705 per month.

Taking into account the amount of deduction and the background leading to the deduction, the complainant clearly had no valid reason to lodge a complaint and his complaint was therefore considered unjustified.

Complaint about Health Hazard caused by Fast Food Shop (C 1705/84)
A man living on the third floor of a multi-storey building in Mongkok complained to UMELCO about the chimney of a licensed general restaurant situated on the ground floor of the same building. He alleged that the chimney emitted dense smoke and an unpleasant smell which found their way into his premises through the windows.

The case was referred to the Director of City Services who after investigation found that:—

(i) The "chimney" under complaint was in fact the outlet of the ventilating system of the food preparation space and the seating accomodation of the restaurant. The provision of the chimney was one of the licensing requirements and was to ensure adequate air changes for the health and comfort of staff and customers.

(ii) The fuel being used was Towngas which was smokeless and clean.

(iii) The exhaust air had been arranged to pass through grease filters and a water scrubber before being discharged. Its quality at the point of discharge was therefore similar to that emitted from an ordinary domestic kitchen.

(iv) The outlet was located at the third floor level in the open space at the rear of the restaurant. It was about three metres away from the complainant's premises. The outlet was directed to discharge upwards to avoid direct entry through any adjacent windows. The position and direction of the outlet were considered reasonable and acceptable as the open space at the rear of the building was intended for the purpose of ventilation.

(v) A subsequent visit by a senior departmental officer to the complainant's premises revealed that the exhaust from the outlet was satisfactory.

In the light of the findings of the Director, UMELCO decided not to pursue the complaint further.

II. Proposals/Suggestions

Public Assistance Scheme in Hong Kong (C 3901/83)
Two interested groups appealed jointly to UMELCO for a review of the public assistance scheme. Apparently, their approach was prompted by a case concerning a public assistance recipient who was found guilty of obtaining public assistance by deception and sentenced to four months' imprisonment. Representatives of the two groups were interviewed by Duty Roster Members, and made the following points:—

(*a*) The rate of assistance was pitched at an unrealistically low level.

(*b*) The present ceiling for 'disregarded income' under the public assistance scheme was so low that it did not provide public assistance recipients with any incentive to lead an independent life by working to augment their income.

(*c*) No concession in the form of a higher rate was granted to 'single-parent' families despite the hardship such families usually encountered.

(*d*) Delays in payments often occurred because of the cumbersome procedures involved in processing new applications or in reviewing cases.

(*e*) Not enough publicity was given to the scheme, particularly on the right of the public to apply for public assistance in times of need. As a result, some needy families were still reluctant to apply because they think it was shameful to do so.

The case was taken up with the Secretary for Health and Welfare. His corresponding comments were as follows:—

(*a*) The public assistance scheme was at first designed to maintain the living of a family at subsistence level. Other essential items were added in 1972 to make up a value based on a 'basket of goods'. This value had since been increased repeatedly in accordance with price movements as measured by the Public Assistance Index of prices. In addition, there had been three major reviews and additional benefits had since been included in the scheme, including 'long-term' and 'old age' supplements. As at December 1983, a four-member family without earnings might draw around $2,000 per month under public assistance as compared with $2,028 which was the average monthly wage in the manufacturing industries in October, 1982. Furthermore, the public assistance scheme was reviewed every year by the Government in consultation with the Hong Kong Council of Social Services.

(*b*) The level of disregarded earnings was being reviewed by the Director of Social Welfare to see whether there was a case for raising it.

(*c*) It was recognised that these families have special needs. However, their problems could not be solved by simply paying a cash grant, but by support services such as home help, etc. It had been decided to examine this in the context of the programme plan on Family Services.

(*d*) While the staff of the Social Welfare Department should ensure that no hardship arose due to the operation of standard procedures, certain safeguards had to be maintained or else the system could be abused. Urgent payments could be arranged for those applicants in genuine need of immediate financial assistance. It was expected that the payment system would be computerised, which might help in reducing processing time to some extent.

(*e*) Publicity through posters, leaflets and media releases were given to the scheme, and statistics would indicate that there was increasing awareness by those in the vulnerable categories. Social workers were also deployed to help those, like street sleepers, who would be less informed in applying for public assistance.

Apart from the foregoing, Members also noted that the public assistance rate had been increased by about 13% with effect from 1.12.84.

The situation was explained to the appellants. It was also noted that the review of disregarded income and assistance to 'single-parent' families was in progress and further development would be closely monitored by UMELCO.

III. Requests

Request for Assistance in Applying for Public Housing (C 3283/83)
A disabled person approached UMELCO for assistance in his application for public housing for his family. His left leg became defective as a result of polismyetitis at childhood and he had had to use crutches since. He and his family members had been granted a site at Ha Kwai Chung Temporary Housing Area (THA) in January, 1982, on compassionate grounds, but the client found he was unable to adjust to the living conditions in a THA, in particular to the public latrine and bathing facilities. He therefore requested assistance in obtaining a self-contained flat that would suit his needs.

The case was referred to the Director of Housing who was not able to give any help to the client as the family had not fulfilled the residential-majority eligibility criterion. He then referred the case to the Director of Social Welfare to see if the client could be granted rehousing on compassionate grounds. After consideration, the Director of Social Welfare agreed that the client should be allocated a flat at Lai Kok Estate under the compassionate rehousing quota.

Request for Early Establishment of Third University (C 1247/84)
At the UMELCO meeting with unofficial members of Tuen Mun District Board in May, 1984, a member of the Board urged early establishment of a third university to be located in Tuen Mun.

The matter was taken up with the Administration. The Secretary for Education and Manpower replied that Government was considering the advice of the University and Polytechnic Grants Committee that a third university should be built in the 1990's. However, it was unlikely that a firm decision could be made before the middle of 1985.

Nevertheless, it was acknowledged that building a university required a long lead time, and to ensure that planning could proceed without delay, once a decision had been made in favour of a third university, Government had set up a working party to identify suitable sites. The working party had almost completed its deliberations and Bowring Camp at Tuen Mun was identified as one of the shortlisted sites. However, the location of a third university would have to be based on considerations other than the immediate needs of the region or district concerned.

IV. Outside UMELCO Jurisdiction

Complaint against Building Development Department (C 3729/83)
A building contractor of a Government building project complained to UMELCO about re-entry of the building site by Government. In addition, he made the following allegations:—

(*a*) There were contradictions and inconsistencies in the provisions of the contract and approved plans for the structural works.

(*b*) Delays in other engineering works for which he was not responsible had caused serious disruption to the building work.

(*c*) Too many variation orders were issued, resulting in delays to the project.

The complainant also alleged that because Government had failed to make full payment to the company for the work done he was not able to pay his workers.

The complaint was taken up with the Director of Building Development who refuted the allegations and stated that his Department had at all times acted in accordance with the conditions of contract and rendered every possible assistance to the company concerned and would try its best to bring the matter to a speedy conclusion. The Director further advised that the complainant had applied for arbitration on time for completion and valuation of work done. In view of the course taken by the complainant, the case become sub judice, and could not be pursued further by UMELCO.

Appeal for Arrears of Wages (C 3726/83)
Some 200 drivers of a transportation company approached UMELCO for assistance in claiming arrears of wages from their employer and their representatives were interviewed by Duty Roster Members.

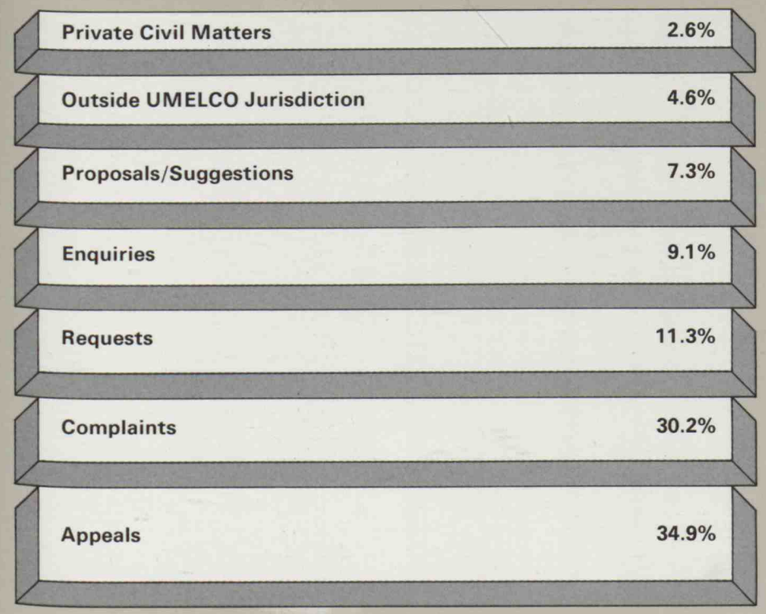
In appealing to UMELCO, the representatives stated that all the drivers were laid off on 21.10.83 and had not received their wages for October, 1983, their overtime pay, reimbursement of tunnel tolls and parking fees, amounting to $600,000. They claimed that they were asked by the Company to return to the head office on 25.10.83 to collect their wages, but when they turned up they were told that no payment could be made to them as the bank accounts of the company had been frozen allegedly by the Official Receiver; hence their appeal to UMELCO for assistance.

Although the case was outside UMELCO jurisdiction, enquiries were made with the Labour Department. The Commissioner of Labour advised that the receivers of the insolvent company had not been able to satisfy themselves that the company should be held liable for the payment of the drivers' wages before an application could be made to the Court for release of such payments. The case was then referred to the Director of Legal Aid to consider if legal aid could be granted to the drivers to pursue their claims. The Director had since been in touch with the drivers and succeeded in applying for a court order for winding up the company. The Official Receiver was appointed as the liquidator.

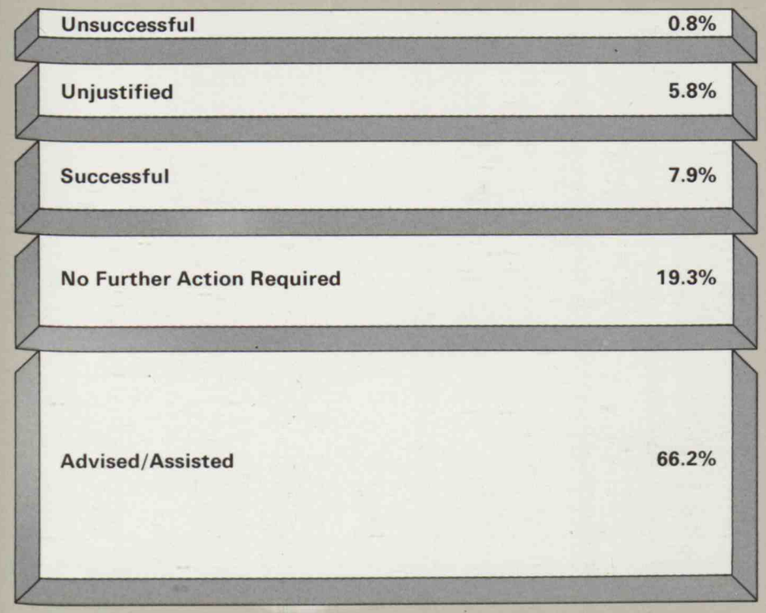
APPENDIX XVI

Nature and Outcome of Completed Complaints Cases

1.9.83 to 31.8.84



Nature	
Complaints	1 023
Appeals	1 187
Requests	383
Proposals/Suggestions	246
Enquiries	309
Private Civil Matters	89
OUJ	156
Total	3 393



Outcome	
Successful	269
Advised/Assisted	2 245
Unjustified	196
Unsuccessful	28
No Further Action Req	655
Total	3 393

APPENDIX XVII

Statistical Breakdown of Completed Complaints Cases

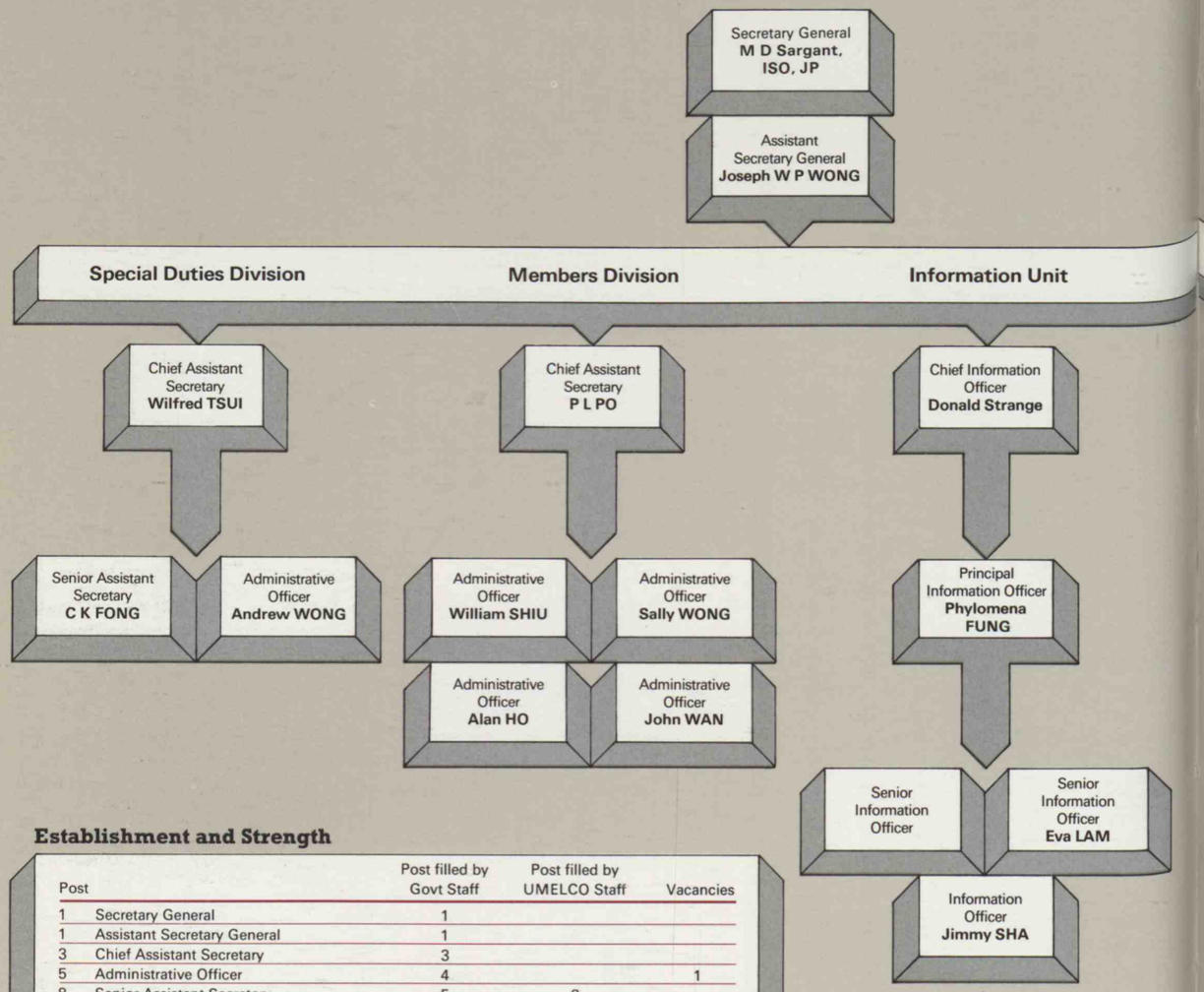
Department	Complaint					Appeal					Request					Proposal/Suggestion					Enquiry					Private Civil Right					Outside UMELCO Jurisdiction					Total
	*1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	
Housing	12	81	5		12	34	361	19	7	36	8	69	2	1	16		5			12	1	63								1				2	748
Police	51	84	135		91	3	27		1	1	6	18			7		5			2		59	1		4		1				4			2	502
Immigration		11	2		2	26	152		4	16	7	57			10		3			2		41									1				334
U.S.D.	23	78	7		17	2	44		3	5	1	10			2		1			2		2									2			3	202
Government Secretariat		8			5	5	20			9		9			2		21			19		3			1						1			2	105
Lands	2	16		1	2	13	47		3	1		4					2					6			2										99
I.R.D.	3	14			5	10	36	1		7	1	6					1					11					1							2	98
Transport	4	27	2	1	3	4	26		3	1	1	7			1		5	1		5		4													95
Judiciary	2	6	1		2	1	12			4		11			2							12			3					1		13		18	88
W.S.D.	5	27				3	21		2	3	2	10										3			1										77
B.D.D.	4	33			7	1	17	1		1		4					1			1		3								1					74
Legal Aid	1	13					25			3		10										12			1		1					3		1	70
S.W.D.	1	7	3			5	19	2		1		21	1		1				1			3													65
Labour	1	13			8	1	17				1	10					1					5			2		1					1		2	63
M.H.D.	1	16	2		8	1	9			5		5			5	1	1		1			1			1							2		3	57
CNTA	3	12	2		3	1	15		1			2						3				1		1				2						2	48
Education		13	1		5	3	5			2		6			1		1		1			1												1	40
Rating and Valuation	1	6			1	2	7			1		2							2			7										2			31
ICAC	1	8	1		13							1										1										1		2	29
E.D.D.	1	14	1		1		4										1					2			1									25
Correctional Services	1	6	1		4		6			1		1										2										1			23
F.S.D.	2	9										3					2															2			18
Registrar General		1					8					4										3			1								1		18
T.E.L.A.		3			1	2	9			1		1																							17
A. & F.		2					3					1					3															1			10
Customs & Excise		1	1		2							1					1															4			10
Post Office		3			1		1					1					1															1			8
Legal		3	1		1							1					1					1													8
Trade							5																												5
UPGC							3	1	1																										5
Recreation & Culture		1										1																						1	3
Marine							2																												2
Consumer Council		1			1																														2
Treasury	1					1																													2
Civil Aviation		1																																	1
Printing							1																												1
Exam. Authority		1																																	1
Government Supplies										1																									1
G.L.T.A.	1																																		1
G.I.S.		1																																	1
Non-Government		14			6		16			3		25			9		53			83		33			11		39			38	1	22	2		51	406
Total	121	534	165		2 201	118	918	24	25	102	27	301	3	1	51	1	112	1	0	132	1	279	1	0	28	0	47	0	0	42	1	54	2	0	99	3 393

* Outcome of cases: 1 Successful 2 Advised/Assisted 3 Unjustified 4 Unsuccessful 5 No Further Action

APPENDIX XVIII

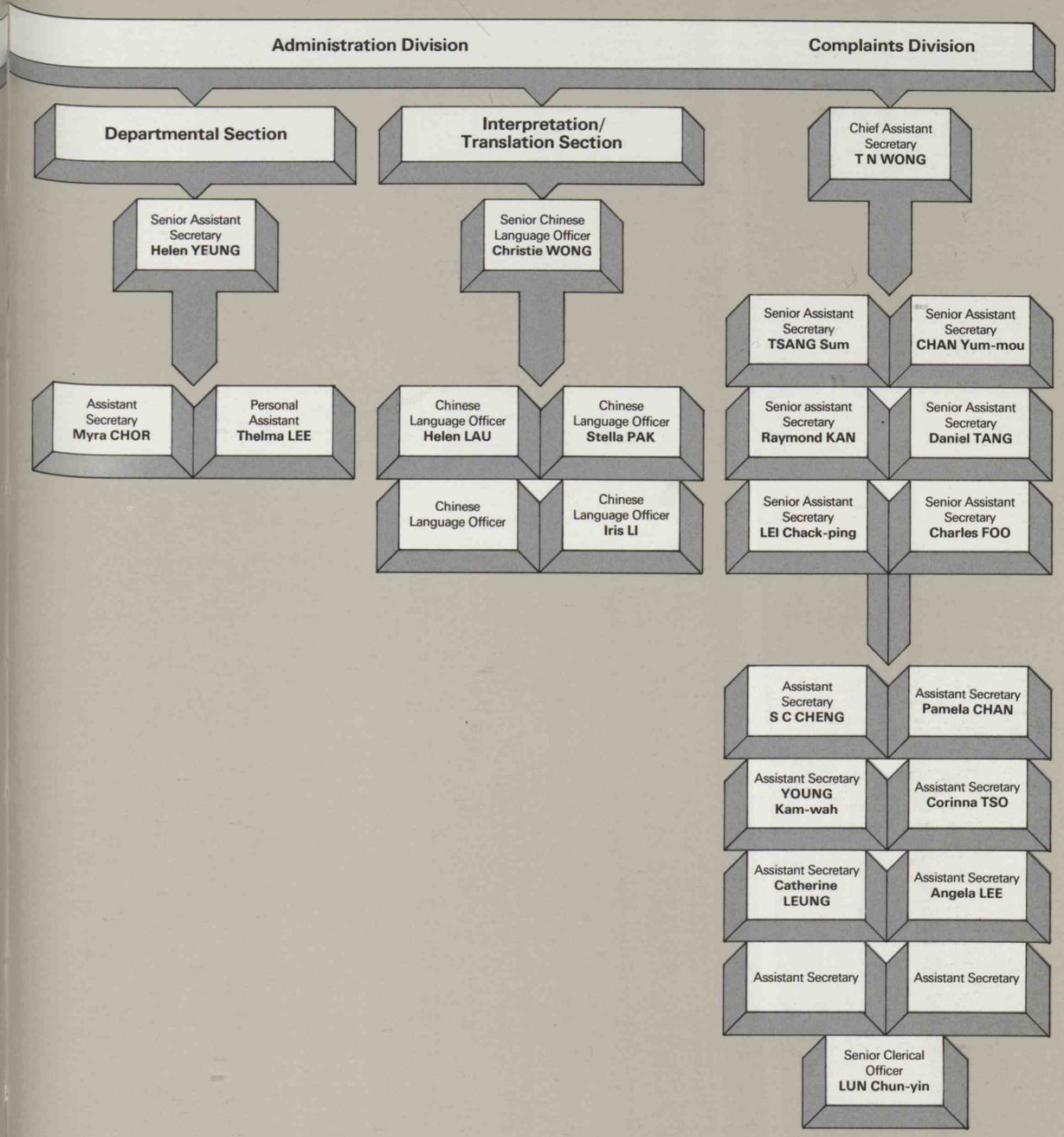
UMELCO Office Organisation Chart

as at 31.8.84



Establishment and Strength

	Post	Post filled by Govt Staff	Post filled by UMELCO Staff	Vacancies
1	Secretary General	1		
1	Assistant Secretary General	1		
3	Chief Assistant Secretary	3		
5	Administrative Officer	4		1
8	Senior Assistant Secretary	5	3	
9	Assistant Secretary	2	6	1
1	Chief Information Officer	1		
1	Principal Information Officer	1		
2	Senior Information Officer	1		1
1	Information Officer	1		
1	Senior Chinese Language Officer	1		
4	Chinese Language Officer	3		1
1	Senior Personal Secretary	1		
1	Personal Secretary	1		
1	Calligraphist	1		
6	Stenographer	6		
7	Typist	1	3	3
2	Senior Clerical Officer	1	1	
5	Clerical Officer I	5		
4	Clerical Officer II	1	3	
1	Clerical Assistant			1
1	Confidential Assistant	1		
6	Office Assistant		6	
1	Head Steward		1	
1	Steward		1	
1	Telephone Operator		1	
1	Motor Driver	1		
76		43	25	8



ACKNOWLEDGEMENT

The Secretary General wishes to express his sincere appreciation for the co-operation and support received by the UMELCO Office during the period under review from Government departments and all sections of the community; and also to thank all staff members of the UMELCO Office for their enthusiasm and hard work.

RESTRICTED
HONOURS IN CONFIDENCE

10 DOWNING STREET

From the Private Secretary

4 June 1985

Dear Len.

HAROLD WEILL MEDAL

Thank you for your letter of 31 May about possible recipients of the Harold Weill Medal. The Prime Minister would be content for both Sir Percy Cradock and Mr Burrows to be approached to see whether they would be willing to accept the Medal.

I am copying this letter to Richard Hatfield (Cabinet Office).

Yours ever,

C D POWELL

Len Appleyard, Esq.,
Foreign and Commonwealth Office

RESTRICTED - HONOURS IN CONFIDENCE

SECRET

10 DOWNING STREET

From the Private Secretary

3 June 1985

SIR S Y CHUNG

Thank you for your letter of 31 May about Sir S Y Chung's reappointment.

The Prime Minister agrees that Sir S Y should be reappointed for a further three years.

(CHARLES POWELL)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

SECRET

SECRET

Prime Minister ①
Agree?
AT 31/5

CC PC

Foreign and Commonwealth Office

London SW1A 2AH

31 May 1985

Dear Charles,

Sir S Y Chung

You wrote on 24 April about Sir S Y Chung's reappointment following the Prime Minister's meeting with the Foreign Secretary and the Governor of Hong Kong.

The Governor has now discussed the question of reappointment with Sir S Y. The discussions are recorded in the two enclosed telegrams. The upshot is that Sir S Y has said that he hopes he will be reappointed for a further 3 years. The Governor has now formally recommended this.

The Governor has discussed with Sir S Y the changes which he foresees in the conduct of business with the Executive and Legislative Councils over the next few years. Sir S Y professes to understand this, but at the same time has made it clear that he is in favour of minimum change. It is quite likely that the next few years will produce some tension among the Unofficials. This will require very careful management by the Governor, and it will be important that Sir S Y's views should not automatically be taken as representative of unoffical opinion as a whole.

Although foreseeing some difficulties, the Foreign Secretary considers that, in the light of the Governor's recommendations, the only course is to approve the reappointment of Sir S Y for 3 years. If the Prime Minister agrees, he will give his consent to the Governor's recommendation.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

SECRET

SECRET / DEDIP

TOP COPY

GR 400
SECRET
DEDIP
FM HONG KONG 240910Z MAY 85
TO IMMEDIATE F C O
TELEGRAM NUMBER 994 OF 24 MAY

PERSONAL FOR PUS FROM GOVERNOR

MY TELNO 819: HONG KONG EXECUTIVE COUNCIL: SIR S Y CHUNG

1. SIR S Y CHUNG CAME TO SEE ME YESTERDAY EVENING ABOUT HIS FUTURE. HE THANKED ME FOR GIVING HIM A FREE CHOICE ON WHETHER OR NOT HE SHOULD STAY ON AND FOR THE TIME I HAD ALLOWED HIM TO COME TO A CONCLUSION. SINCE I HAD LAST SEEN HIM, HE HAD HAD A MEDICAL CHECK UP TO ENSURE THAT HE WAS STILL FULLY FIT, AND HAD CONSULTED SOME OF HIS EXCO AND LEGCO COLLEAGUES. AFTER MUCH THOUGHT HE HAD DECIDED TO TELL ME THAT IF THE SECRETARY OF STATE APPROVED A RECOMMENDATION THAT HE SHOULD STAY ON EXCO HE WOULD BE HAPPY TO ACCEPT.

2. AS REGARDS THE TIME OF HIS APPOINTMENT HE HAD ALSO HAD A WORD WITH SOME OF HIS COLLEAGUES WHO HAD POINTED TO THE IMPORTANCE OF THE REVIEW IN 1987. IT WAS THEIR THOUGHT THAT HE SHOULD BE THERE FOR THE COMPLETION OF THAT REVIEW AND IT WOULD THEREFORE BE BEST FOR HIM TO STAY THE FULL 3 YEARS.

3. I TOLD HIM THAT I WOULD NOW NEED TO PUT A RECOMMENDATION TO THE SECRETARY OF STATE ON HIS APPOINTMENT AND ON THE FUTURE COMPOSITION OF EXCO AS A WHOLE.

/4. IN ORDER

SECRET / DEDIP

4. IN ORDER THAT THERE SHOULD BE NO MISUNDERSTANDING I ALSO SPOKE TO HIM AGAIN ABOUT THE NEW CIRCUMSTANCES IN WHICH WE SHALL BE OPERATING WHEN THE NEW LEGCO COMES INTO EXISTENCE IN NOVEMBER. I MADE CLEAR THAT MISS DUNN, AS THE SENIOR UNOFFICIAL MEMBER IN LEGCO, WOULD HAVE TO OCCUPY A POSITION OF MUCH GREATER AUTHORITY THAN SIR ROGER LOBO HAS OCCUPIED IN RECENT YEARS. IF SHE WAS TO BE SUCCESSFUL AS A LEADER IN THE NEW LEGCO THEN SHE WOULD HAVE TO BE SEEN TO BE A PERSON WITH WHOM THE ADMINISTRATION DEALT ON LEGCO ISSUES. IT WOULD NOT BE POSSIBLE TO DEAL SO MUCH IN THE FUTURE ON A UMELCO BASIS SINCE THE NEW LEGCO WOULD HAVE A MUCH MORE DISTINCT AND INDIVIDUAL PERSONALITY IN ITS OWN RIGHT. SIR S Y PROFESSED TO UNDERSTAND THIS BUT SAID THAT HE AND HIS COLLEAGUES ON EXCO WOULD STILL BE THERE TO ACT AS ''SENIOR STATESMEN''.

5. I HAVE ALSO SEEN MISS DUNN AND TALKED TO HER. THERE IS LITTLE DOUBT THAT, INDEPENDENTLY, SHE SHARES THE VIEW THAT IT WOULD HAVE BEEN BETTER IF SIR S Y HAD CHOSEN THE OTHER WAY BUT SHE IS PREPARED TO CARRY ON NEVERTHELESS. I HAVE ASSURED HER THAT SHE WILL HAVE MY FULL SUPPORT IN HER LEADERSHIP OF THE LEGISLATIVE COUNCIL AND THAT WE WILL DEAL WITH LEGISLATIVE COUNCIL MATTERS THROUGH HER AND NOT INDIRECTLY THROUGH SIR S Y.

6. MY FORMAL RECOMMENDATION ON THE RE-APPOINTMENT OF SIR S Y AND OTHER MEMBERS OF EXCO FOLLOWS SEPARATELY.

YOUDE

LIMITED
HD|HKD
PS|PUS
SIR W. HARDING
MR WILSON

AB

SECRET

GR 450

SECRET
D E D I P
DESKBY 301130Z
FM HONG KONG 301045Z APR 85
TO IMMEDIATE FCO
TELEGRAM NUMBER 819 OF 30 APRIL

1106/30

FOLLOWING PERSONAL FOR PUS FROM GOVERNOR.

SIR S.Y. CHUNG

1. AS AGREED WHEN I WAS IN LONDON, I TALKED TO SIR S.Y. CHUNG OVER THE WEEKEND ABOUT HIS FUTURE AS SENIOR UNOFFICIAL IN EXCO.

2. IN ACCORDANCE WITH THE USUAL CUSTOM I FIRST TOLD HIM OF MY PLANS FOR THE OTHER MEMBERS OF BOTH EXCO AND LEGCO. I ALSO TOLD HIM OF MY INTENTION TO MAKE MISS DUNN THE SENIOR MEMBER OF LEGCO: AND TO MAKE A FURTHER APPOINTMENT FROM LEGCO TO EXCO AFTER THE ELECTIONS, AS SOON AS SOME OTHER POTENTIALLY INFLUENTIAL MEMBER EMERGED.

3. WE DISCUSSED AT LENGTH THE LIKELY CHANGES IN THE NEXT THREE YEARS IN THE POLITICAL POWER RELATIONSHIP BETWEEN EXCO AND LEGCO AND THE MORE SENIOR MEMBERS OF THE TWO COUNCILS: THE LIKELY ATTITUDES OF THE NEWLY ELECTED MEMBERS: AND THE PROBABILITY THAT IN A FEW YEARS TIME THEY WOULD PROBABLY WANT TO CHOOSE THEIR OWN LEADERS RATHER THAN CONTINUE WITH THE PRESENT SYSTEM BASED ON SENIORITY. HE SHARED MY ANALYSIS IN GENERAL BUT EXPRESSED THE HOPE THAT WE COULD SURVIVE THE NEXT THREE YEARS BY THE GOVERNOR GIVING NO ENCOURAGEMENT TO THE NEW MEMBERS TO CHANGE THE EXCO/LEGCO/UMELCO LEADERSHIP BEFORE THE 1988 ELECTIONS.

/4 IN THE

SECRET

4. IN THE LIGHT OF THIS I ASKED HIM HOW HE FELT ABOUT HIS OWN FUTURE. (FOLLOWING THE DISCUSSION WITH THE PRIME MINISTER I MADE CLEAR THAT I WAS NOT ASKING HIM TO GO). HE SAID THAT HE WAS STILL VERY MUCH IN TWO MINDS. HE WAS GETTING ON IN YEARS AND, AS IN SPORT, THERE WAS SOMETHING TO BE SAID FOR GOING OUT AT THE PEAK RATHER THAN LETTING THAT MOMENT PASS AND LEAVING ON A DOWN-BEAT. EVEN IF HE STAYED ON THIS TIME IT WOULD HAVE TO BE HIS LAST TERM. ON THE OTHER HAND HE FELT HE COULD STILL OFFER THE YOUNGER MEMBERS USEFUL ADVICE AND THERE WOULD BE A NEED FOR A STRONG APPOINTED MEMBERSHIP TO PROVIDE LEADERSHIP IN UMELCO WHEN THE NEWER MEMBERS JOINED. HE ASKED FOR SOME TIME TO THINK THINGS OVER. HE WOULD NEED TO REFLECT ON WHAT VIEW OTHER UMELCO MEMBERS MIGHT TAKE, AND WHETHER THEY WOULD CONTINUE TO GIVE HIM THEIR SUPPORT.

5. HE DID NOT SEEK TO TAKE THE DISCUSSION ANY FURTHER WHEN I SAW HIM AGAIN AT EXCO TODAY. FROM WHAT HE SAID I DO NOT EXPECT HIM TO RESPOND FURTHER UNTIL AFTER MY RETURN FROM MY CHINA TRIP ON MAY 11.

6. IN THE MEANTIME I HAVE TOLD SIR ROGER LOBO AND MR F.W. LI OF MY INTENTION TO LET THEIR RETIREMENTS TAKE EFFECT THIS YEAR. THE FIRST EXPRESSED UNDERSTANDING BUT I SUSPECT WAS VERY DISAPPOINTED. MR LI WAS CONTENT AND INDEED ANXIOUS TO RETIRE.

7. I HAVE ALSO BEGUN THE PROCESS OF SEEING THOSE MEMBERS OF LEGCO WHO WILL BE RETIRED THIS YEAR BEGINNING WITH THE SENIOR MEMBERS.

8. I WILL REPORT FURTHER IN DUE COURSE.

YOUDE

LIMITED
HD|HKD
PS
PS/PUS
MR WILSON

Letter found on Saturday inside an old envelope!

UMELCO

Office of Unofficial Members of Executive and Legislative Councils
行 政 立 法 兩 局 非 官 守 議 員 辦 事 處

29th May 1985

Mr F.E.R. Butler
Principal Private Secretary to the Prime Minister,
Prime Minister's Office,
10 Downing Street, SW1,
London,
United Kingdom.

Dear Mr Butler,

Subject : UMELCO Annual Report 1984

On behalf of the Unofficial Members of the Executive and Legislative Councils it is my pleasure to forward for the information of the Prime Minister an advance copy of the UMELCO 1984 Annual Report.

Chapter 2 will be of particular interest as it relates to the future of Hong Kong and covers events up to the the signing of the Joint Declaration in Beijing on 19th December 1984.

We hope the Report will contribute to a better understanding of the role and work of UMELCO.

Yours sincerely,

S.Y. CHUNG
Senior Unofficial Member

Encl.

Swire House, 12th floor, 9–25 Chater Road, Hong Kong. 香港遮打道九至二十五號太古大厦十三樓 Tel: 5-264027

Hong Kong
Future

CONFIDENTIAL

CC PC (2)

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

17 May 1985

MF CDP 19/5

Dear Charles,

Hong Kong: Joint Liaison Group (JLG)

In your letter of 24 April you indicated that the Prime Minister attaches the highest importance to securing the presence of Mr Ho on the JLG.

The Prime Minister may wish to know that the Chinese Government have now accepted that Eric Ho should be designated as a member of the British side of the Joint Liaison Group, on the basis that he becomes a full British citizen. They rejected our previous offer to issue a special passport to him without actually changing his nationality status.

As Christine Heald has reported, the Home Secretary has registered Ho as a British citizen under Section 4(5) of the BNA.

I am copying this letter to Nigel Pantling at the Home Office.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

Hong Kong: Future P18

17 MAY 1985

From: THE PRIVATE SECRETARY

CH has seen.

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

17 May 1985

Dear Charles,

HONG KONG: JOINT LIAISON GROUP

MR ERIC HO

This is just to let you know that the Home Secretary has now received and considered Mr Ho's application for British citizenship under section 4(5) of the British Nationality Act 1981. The application has been approved and Mr Ho's registration as a British citizen has formally taken place.

I am copying this letter, in confirmation of an earlier telephone conversation, to Peter Ricketts in FCO.

Yours sincerely,

Christine Heald.

MRS C J HEALD

C D Powell, Esq

ADVANCE COPIES

HONG KONG AGREEMENT

PS
PS/MR LUCE
PS/PUS
SIR W HARDING
DR WILSON
HD/ HKD
HD/ FED

RESIDENT CLERK

SIR P CRADOCK, NO 10 DOWNING ST
MR FIFOOT
~~MR BURROWS~~, LEGAL ADVISERS
MR ROBERTS, NEWS DEPT

CONFIDENTIAL
DESKBY FCO 110900Z
DESKBY H K 110400Z
FROM PEKING 110248Z MAY 85
TO IMMEDIATE FCO
TELNO 706 OF 11/5/85
INFO IMMEDIATE HONG KONG

ADVANCE COPY

IMMEDIATE

MY TELNO 419 AND YOUR TELNO 704: HONG KONG AGREEMENT: JOINT LIAISON GROUP

1. I HAD A FIVE MINUTE TELEPHONE CONVERSATION WITH ZHOU NAN THIS MORNING.

2. WHEN I ASKED ZHOU WHETHER HE HAD GIVEN FURTHER THOUGHT TO THE PROPOSAL WHICH I HAD PUT TO HIM ON 6 MAY, HE SAID THAT HE HAD REPORTED THIS PROPOSAL TO ''SOME OF MY LEADERS''. HE COULD TELL ME THAT THE RESPONSE WHICH HE HAD GIVEN ME THEN SHOULD BE REGARDED AS THE FORMAL CHINESE RESPONSE. THE POINT WHICH WAS OBJECTIONABLE IN OUR PROPOSAL WAS THAT IT WOULD ENTAIL A CHANGE IN THE CHARACTER OF HO'S PASSPORT, BUT NOT A CHANGE IN HIS NATIONALITY STATUS. IF THE BRITISH SIDE WERE TO PROPOSE THAT HO SHOULD BECOME A ''FORMAL BRITISH NATIONAL'', THIS WOULD BE A DIFFERENT MATTER. IT WOULD LIKEWISE BE A DIFFERENT MATTER IF THE BRITISH SIDE WERE TO PROPOSE THAT HO SHOULD BE AN ADVISER TO THE BRITISH SIDE IN THE JOINT LIAISON GROUP.

3. ZHOU ADDED THAT HE WAS WORRIED BY THE SHORT TIME AVAILABLE FOR THE RESOLUTION OF THE DISPUTE BETWEEN US. HE HOPED, THEREFORE, THAT I WOULD HAVE SOMETHING FRESH TO SAY TO HIM SOON, PREFERABLY AT THE BEGINNING OF NEXT WEEK.

4. I EXPRESSED DISAPPOINTMENT AND ANXIETY THAT DISAGREEMENT BETWEEN US ON THIS ISSUE LOOKED LIKELY TO UNDERMINE THE FAVOURABLE IMPACT OF THE JOINT DECLARATION. ZHOU SAID THAT HE SHARED ME DISAPPOINTMENT. HE ALSO SAID THAT HE WAS WORRIED BY VERY DETAILED LEAKS ABOUT THE DISPUTE IN THE HONG KONG PRESS. I SAID THAT WE DID NOT WELCOME LEAKS EITHER.

EVANS

ADVANCE COPIES

HONG KONG AGREEMENT

PS

PS/MR LUCE

PS/PUS
SIR W HARDING
DR WILSON

HD/ HKD

HD/ FED

~~RESIDENT CLERK~~

8213

ADVANCE COPY

SIR P CRADOCK, NO 10 DOWNING ST
~~MR FIFOOT~~
~~MR BURROWS~~, LEGAL ADVISERS
MR ROBERTS, NEWS DEPT

IMMEDIATE

GRS 900

CONFIDENTIAL
DESKBY FCO 100800Z
DESKBY PEKING 100800Z
FM HONG KONG 100700Z MAY 85
TO IMMEDIATE F C O
TELEGRAM NUMBER 885 OF 10 MAY
INFO IMMEDIATE PEKING

YOUR TELNO 648 : HONG KONG AGREEMENT : JOINT LIAISON GROUP

1. THERE WAS A SOMBRE BUT DISPASSIONATE DISCUSSION IN EXCO THIS MORNING ON THE COMPOSITION OF THE JLG. MEMBERS RECOGNISED THE DANGERS OF THE DOUBLE ABYSS, AND THE CONSEQUENCES OF A BREAKDOWN ON THIS ISSUE. IF MINISTERS' JUDGEMENT WAS THAT THERE WAS A SERIOUS RISK OF A BREAKDOWN, THEN THE COUNCIL ACCEPTED THAT SOME SORT OF CONCESSION WOULD HAVE TO BE MADE. ON THE ASSUMPTION THAT THE CHINESE REJECTION OF THE DEVICE PROPOSED BY SIR R. EVANS ON 6 MAY WAS FIRM, MEMBERS AGREED THAT THERE WOULD BE NO POINT IN PERSISTING WITH IT.

2. IN DISCUSSING THE OTHER OPTIONS, THE GREAT MAJORITY OF THE COUNCIL TOOK THE VIEW THAT MAKING ERIC HO A BRITISH CITIZEN WAS THE LEAST UNDESIRABLE, AND IF MINISTERS WISHED TO DEPLOY THIS OPTION, THE COUNCIL WOULD RAISE NO OBJECTION. HOWEVER, MEMBERS WERE CONCERNED THAT MINISTERS AND THE CHINESE SHOULD BE IN NO DOUBT THAT THERE WOULD BE A PRICE TO BE PAID. WHILST IT WAS TECHNICALLY TRUE THAT THE POSITION OF BDTCS IN BRITISH LAW WOULD NOT BE AFFECTED, BRITAIN WOULD BE SEEN TO HAVE CONCEDED THAT THE CHINESE DID NOT RECOGNISE BDTCS AS BRITISH, AND THUS TO HAVE GONE BEYOND THE AGREEMENT TT DIFFER IN THE EXCHANGE OF MEMORANDA. WHEN KNOWLEDGE OF THIS SANK IN, THERE WOULD BE SOME GENERAL EROSION OF LONG TERM CONFIDENCE, AND FURTHER DOUBTS ABOUT THE ACCEPTABILITY OF THE FUTURE BNO STATUS AND PASSPORTS. ON THE ONTHER HAND, MEMBERS RECOGNISED THAT THIS OPTION WOULD, IF ACCEPTED BY THE CHINESE, ACHIEVE THE IMPORTANT OBJECTIVES OF SAFEGUARDING RATIFICATION, OF HAVING THE JOINT LIAISON GROUP BEGIN ITS WORK IN APPARENT HARMONY, AND OF COMPROMISING AS LITTLE AS POSSIBLE OUR RIGHT TO DESIGNATE THE BRITISH MEMBERS OF THE JLG. ON THE QUESTION OF FURTHER ACTION WITH THE CHINESE, THE COUNCIL TOOK THE VIEW THAT IF THE BRITISH CITIZEN OPTION WERE TO BE DEPLOYED THIS SHOULD BE DONE IMMEDIATELY, RATHER THAN WAITING FOR A FORMAL CHINESE RESPONSE, PARTICULARLY IF THERE WERE A RISK THAT SUCH DELAY COULD RESULT IN FURTHER HARDENING OF THE CHINESE POSITION (THE MING PAO EDITORIAL - MY TELSNOS 878 AND 879 - WAS MENTIONED IN THIS CONTEXT).

(THE MING PAO EDITORIAL - MY TELSNOS 878 AND 879 - WAS MENTIONED IN THIS CONTEXT).

4. MEMBERS ALSO CONSIDERED WHETHER TO ADVISE THAT BRITISH CITIZEN OPTION SHOULD BE DEPLOYED BY THE AMBASSADOR, OR CONVEYED IN A MESSAGE FROM THE SECRETARY OF STATE TO THE CHINESE FOREIGN MINISTER. THE COUNCIL FELT THAT THERE WERE ADVANTAGES IN EITHER METHOD, WHICH MINISTERS WOULD WISH TO TAKE INTO ACCOUNT, BUT REACHED NO FIRM CONCLUSION. THE ADVANTAGE OF MOVING IMMEDIATELY TO A MESSAGE FROM THE SECRETARY OF STATE WAS THAT IT WOULD EMPHASISE THAT WE HAD REACHED THE LIMIT OF OUR FLEXIBILITY AND LESSEN THE RISK OF A FURTHER INSTANT REBUFF FROM ZHOU NAN, PARTICULARLY SINCE MESSAGES FROM THE SECRETARY OF STATE HAD ACHIEVED MAJOR ADVANCES DURING THE NEGOTIATIONS. ON THE OTHER HAND, THERE WERE ALSO ADVANTAGES IN KEEPING INTERVENTION BY THE SECRETARY OF STATE IN RESERVE, SO AS TO AVOID RAISING THE STAKES TOO FAR TOO SOON AND TO LEAVE OPEN THE POSSIBILITY OF PRESSING THE BC OPTION AT A HIGHER LEVEL IF THE CHINESE PROVED DIFFICULT AT THE ZHOU NAN LEVEL.

5. WHATEVER DECISION WAS TAKEN ON THE LEVEL OF APPROACH, THE COUNCIL TOOK THE VIEW THAT, IN PRESENTING THE BRITISH CITIZEN OPTION TO THE CHINESE, THEY SHOULD BE TOLD THAT THE PROPOSAL PUT BY THE AMBASSADOR ON 6 MAY WAS, IN HMG'S VIEW, THE LEAST DAMAGING METHOD OF RESOLVING THE PRESENT DISPUTE, AND THAT WE STILL RECOMMENDED IT TO THEM. BUT IF THE CHINESE STILL FOUND THIS UNACCEPTABLE, WE WERE WILLING TO TAKE THE ADDITIONAL STEP OF MAKING MR. HO A BRITISH CITIZEN. WE WERE ONLY DOING SO IN VIEW OF THE OVERRIDING NEED TO SECURE RATIFICATION OF THE AGREEMENT AND THE SETTING UP OF THE JOINT LIAISON GROUP. BUT THE CHINESE SIDE SHOULD BE IN NO DOUBT THAT THEIR INSISTENCE ON THIS STEP WOULD HAVE A SUBSTANTIAL NEGATIVE IMPACT IN HONG KONG.

6. I SHALL BE REPORTING ON THE QUESTION OF PUBLIC PRESENTATION SEPARATELY.

YOUDE

NNNN

0931

ADVANCE COPIES

HONG KONG AGREEMENT

PS
PS/MR LUCE
PS/PUS
SIR W HAROLD/NG
DR WILSON
HD/ HKD
HD/ FED

RESIDENT CLERK

SIR P CRADOCK, NO 10 DOWNING ST
~~MR FIFOOT~~
~~MR BARROWS~~, LEGAL ADVISERS
MR ROBERTS, NEWS DEPT

IMMEDIATE

SENT - 7 MAY 1985

ADVANCE COPY

GRS 700

CONFIDENTIAL
DESKBY BOTH 0710002
FROM ~~PEKING 0700582~~ MAY 85
TO IMMEDIATE FCO
TELNO 685 OF 7/5/85
INFO IMMEDIATE HONG KONG

MY TELEGRAM NO 673 AND HONG KONG TELEGRAM NO 860: HONG KONG AGREEMENT: JOINT LIAISON GROUP (JLG)

1. ZHOU APPEARED TO BE GENUINELY TAKEN ABACK BY WHAT I SAID TO HIM. IT EMERGED AT ONCE THAT OUR PROPOSAL THAT HO MIGHT BE GRANTED A ''BRITISH'' PASSPORT WAS UNACCEPTABLE BECAUSE THIS WOULD ENTAIL NO CHANGE IN HO'S NATIONALITY STATUS (REPEAT STATUS).

2. WE HAVE NOTHING TO SHOW THAT ZHOU HAD EVER BEFORE MADE CHINESE ACCEPTANCE OF CHAN AS A MEMBER OF OUR TEAM FOR THE LAND COMMISSION CONDITIONAL UPON OUR WITHDRAWING HO'S NAME FROM OUR LIST OF DESIGNATED MEMBERS OF THE JLG. BUT ZHOU WAS NOT SPEAKING OFF THE CUFF WHEN SPEAKING ABOUT CHAN. HE WAS USING A PRINTED TEXT. I SUSPECT, THEREFORE, THAT THE CHINESE HAD DECIDED IN ADVANCE TO ADD THIS CONDITION IF OUR RESPONSE ABOUT HO TURNED OUT TO BE SATISFACTORY IN THEIR EYES.

3. WE SEEM TO HAVE REACHED THE POINT WHERE THE EFFECTIVE CHOICE FOR US LIES BETWEEN WITHDRAWING HO AS ONE OF THE DESIGNATED MEMBERS OF THE JLG AND GOING FOR THE SECOND OPTION IN YOUR TELEGRAM NO 579. THE FIRST OF THESE TWO COURSES IS PRESUMABLY UNACCEPTABLE. AT THIS STAGE IN THE ARGUMENT, I WOULD CERTAINLY NOT WISH TO RECOMMEND IT, IF ONLY BECAUSE IT WOULD BE INCONSISTENT WITH OUR INSISTENCE UPON OUR UNFETTERED RIGHT TO DESIGNATE OUR MEMBERS OF THE JLG.

i.e. full British citizenship

4. IN PSITE OF ZHOU'S STATEMENT THAT OUR MEMBERS SHOULD NOT BE HONG KONG CHINESE (PARAGRAPH 3 OF MY TUR), I THINK THAT THE SECOND OPTION IN YOUR TUR WOULD STAND A REAL CHANCE OF PROVING ACCEPTABLE TO THE CHINESE. FOR THEM TO REJECT IT WOULD ENTAIL GOING BACK ON MUCH THAT THEY HAVE SAID TO US IN THE PAST: AND THERE MUST BE VERY CONSIDERABLE PRESSURE ON THEM TO GET THE PROBLEM SETTLED SOON. THEY WANT ZHAO ZIYANG'S VISIT TO BRITAIN TO BE A SUCCESS (THEY KEEP ON SAYING TO VISITORS AND TO ME HOW MUCH IMPORTANCE THEY ATTACH TO IT) AND IT FOLLOWS THAT THEY WOULD WANT ENTRY INTO FORCE TO BE IN THE BAG BEFORE ZHAO ZIYANG LEAVES CHINA. (IN THIS CONNECTION, INCIDENTALLY, I THINK THAT HE WILL LEAVE PEKING ON 31 MAY AT THE LATEST.)

5. ZHOU WAS AT SOME PAINS TO EMPHASISE THAT THE CHINESE POSITION ABOUT THE UNACCEPTABILITY OF BDTCS AS MEMBERS OF THE JLG COULD CHANGE (PARAGRAPH 10 OF MY TUR). HE WAS MORE EXPLICIT ABOUT

POSITION ABOUT THE UNACCEPTABILITY OF BDTCS AS MEMBERS OF THE JLG COULD CHANGE (PARAGRAPH 10 OF MY TUR). HE WAS MORE EXPLICIT ABOUT THIS THAN HE HAD BEEN ON ANY EARLIER OCCASION. WHAT HE SAID ON 3 APRIL WAS THA, '' BECAUSE OF THE GROUP'S HIGHLY POLITICAL NATURE, PARTICULARLY IN THE EARLY STAGES, CHINA ABSOLUTELY COULD NOT AGREE TO A BDTC AS A MEMBER OF THE BRITISH TEAM'' (MY TELEGRAM NO 466, PARAGRAPH 6). THIS GIVES ME SOME GROUND FOR HOPING THAT WE SHOULD NOT NECESSARILY FACE SIMILAR DIFFICULTIES OVER DESIGNATION OF A BDTC AS A JLG MEMBER IN A FEW YEARS TIME IF THE PROBLEM OF HO'S MEMBERSHIP COULD BE OVERCOME.

6. UNLESS YOU INSTRUCT ME OTHERWISE, I SHALL PRESS ZHOU FOR A ~~[illegible]~~ HE SAID TO ME THEN AND THAT THE CHINESE SIDE HOPE THAT WE SHALL SOON COME FORWARD WITH FRESH IDEAS.

EVANS

NNNN

MORE CONSIDERED RESPONSE TO WHAT HE SAID TO ME YESTERDAY. I BELIVEVE, HOWEVER, THAT HIS ANSWER WILL BE THAT HE HAS NOTHING TO ADD TO WHAT HE DAID ET SAID ETC K

ADVANCE COPIES

HONG KONG AGREEMENT

4213

PS
PS/MR LUCE
PS/PUS
SIR L HADDING
DR WILSON
HD/ HKD
HD/ FED

RESIDENT CLERK

SIR P CRADOCK, NO 10 DOWNING ST
MR ~~BURROWS~~ FIFOOT, LEGAL ADVISERS
MR ROBERTS, NEWS DEPT

IMMEDIATE

CONFIDENTIAL

DD 060830Z FCO

DD 060700ZHONG KONG

It is not at all clear from this account whether the option of making Mr. Ho a full British citizen is still a runner or not. CDP

FROM PEKING 060545Z MAY 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 673 OF 6/5/85

INFO IMMEDIATE HONG KONG

YOURTEL NO 393 AND MY TEL NO 55 TO HONG KONG:

HONG KONG AGREEMENT: JOINT LIASON GROUP

1. ACCOMPANIED BY SMITH, I CALLED ON ZHOU AT 8 OC'CLOCK THIS MORNING (I WAS TOLD LAST NIGHT THAT HE WAS DUE TO MEET ZHAO ZIYANG SHORTLY AFTER 9 O'CLOCK). ON THE COMPOSITION OF THE JOINT LIAISON GROUP, I READ OUT THE SPEAKING NOTE IN YOUR TEL NO 602.

2. ZHOU SAID THAT, BEFORE COMMENTING, HE WOULD LIKE TO ASK WHAT OUR SUGGESTION MEANT IN TERMS OF THE ACTUAL MEMBERSHIP OF OUR SIDE OF THE GROUP. WOULD HO BE REPLACED BY SOMEONE ELSE OR WOULD HE REMAIN ONE OF THE FIVE DESIGNATED MEMBERS? HO HELD BDTC STATUS AND NATUALLY THEREFORE HELD A BDTC PASSPORT. WOULD THAT PASSPORT BE CHANGED FOR A ''BRITISH'' PASSPORT AND IF SO WOULD HIS ACTUAL STATUS BE CHANGED? THIS WAS A MATTER OF PRINCIPLE. I TOLD ZHOU THAT HO REMAINED ONE OF OUR FIVE DESIGNATED MEMBERS AND IN ANSWER TO HIS SECOND QUESTION SPOKE FROM PARAGRAPH 5 OF YOUR TEL NO 602.

3. ZHOU SAID HE WISHED TO COMMENT ON WHAT I HAD SAID (HE THEN SPOKE FROM APRINTED DOCUMENT). THE CHINESE SIDE WAS DISAPPOINTED BY OUR REPLY. THEY HAD NOT EXPECTED THAT WE WOULD STILL FAIL TO UNDERSTAND THE CHINESE POSITION THE COMPOSITION OF THE JOINT LIAISON GROUPAND THEREBY CREATE ''INSURMOUNTABLE DIFFICULTIES''. THEY DID NOT UNDERSTAND WHY WE INSISTED ON INCLUDING HO. THE CHINESE SIDE HAD STUDIED OUR ARGUMENTS VERY CAREFULLY, INCLUDING THE POINT I HAD JUST REPEATED THAT, UNDER THE AGREEMENT, EACH SIDE WAS FREE TO DESIGNATE ITS OWN TEAM FOR THE JOINT LIAISON GROUP. THE CHINESE POSITION HAD ALL ALONG BEEN MADE VERY CLEAR AND WE UNDERSTOOD IT WELL: THE JOINT LIAISON GROUP WAS AN ORGAN TO BE FORMED BY THE TWO GOVERNMENTS. IT FOLLOWED THAT MEMBERS OF THE BRITISH TEAM SHOULD BE BRITISH OFFICIALS DESIGNATED BY

IT WELL: THE JOINT LIAISON GROUP WAS AN ORGAN TO BE FORMED BY THE TWO GOVERNMENTS. IT FOLLOWED THAT MEMBERS OF THE BRITISH TEAM SHOULD BE BRITISH OFFICIALS DESIGNATED BY THE BRITISH GOVERNMENT AND SHOULD NOT BE HONG KONG CHINESE OR HOLDERS OF BDTC PASSPORTS. THIS IN TURN ENTAILED A NEED FOR CONSULTATION BETWEEN THE TWO SIDES ON THE COMPOSITION OF [redacted]IR RESPECTIVE TEAMS. YOU HAD ACCORDINGLY INITIATED DISCUSSION OF THE SUBJECT WITH WU XUEQIAN IN DECEMBER LAS YEAR. DURING THAT DISCUSSION, THE CHINESE POSITION HAD BEEN MADE CLEAR AND WE HAD UNDERTAKEN TO STUDY IT CAREFULLY. THE POINT AT ISSUE THEREFORE WAS NOT WHETHER OR NOT CONSULTATION WAS NECESSARY. IT WAS NECESSARY AND INDEED WAS ALREADY IN PROGRESS.

4. ZHOU SAID THAT THE QUESTION WAS A MATTER OF PRINCIPLE FOR THE CHINESE SIDE. THE BRITISH SIDE HAD CLEARLY UNDERSTOOD THROUGHOUT THE ENTIRE COURSE OF THE NEGOTIATIONS THE CLEAR-CUT CHINESE POSITION THAT ALL HONG KONG CHINESE WITH BDTC STATUS WERE CHINESE NATIONALS. IF CHINA WAS NOW ASKED TO ABANDON THIS POSITION AND AGREE TO THE INCLUSION OF HO IN THE GROUP IT WOULD AMOUNT TO A DENIAL OF HER OWN POSITION. IT WOULD NOT BE SETTING DIFFICULTIES ASIDE. RATHER, IT WOULD BE TANTAMOUNT TO IMPOSING BRITISH WISHES, WHICH THE CHINESE SIDE ABSOLUTELY COULD NOT ACCEPT. AS I HAD SAID, THE TWO SIDES HAD A DIFFERENT VIEW OF THE NATIONALITY STATUS OF BDTCS. I HAD ALSO SAID THAT THIS DIFFERENCE SHOULD BE SET ASIDE. THE CHINESE VIEW WAS THAT IT SHOULD BE SET ASIDE COMPLETELY AND NOT IN NAME ONLY, WITH CHINA IN FACT FORCED TO ABANDON HER POSITION ON THE STATUS OF HER OWN NATIONALS. THIS WAS A PRINCIPLED POSITION OF THE CHINESE GOVERNMENT WITH REGARD TO INTERNATIONAL AFFAIRS. THE QUESTION OF DISCRIMINATION ON ETHNIC GROUNDS DID NOT EXIST.

5. ZHOU CONTINUED THAT ONE OF OUR MAJOR ARGUMENTS FOR INCLUDING HO WAS THAT HE HAD SPECIAL EXPERTISE IN ECONOMIC MATTERS. THIS ARGUMENT WAS UNTENABLE. AT MY LAST DISCUSSION WITH HIM, HE HAD SAID THAT THE CHINESE SIDE COULD CONSIDER THE POSSIBILITY OF MAKING HO AND ADVISER TO THE GROUP, IN WHICH CAPACITY HO COULD ATTAND AND OFFER HIS EXPERTISE, THOUGH NOT AS A FORMAL MEMBER. INDEED, BOTH SIDES COULD DO THE SAME: IN ADDITION TO THE FORMAL MEMBERS OF THE CHINESE SIDE, LEGAL ADIVSERS OR OTHER EXPERTS MIGHT ATTEND MEETINGS OF THE GROUP AND SPEAK. THE PRACTICAL PROBLEM COULD BE SOLVED IN THIS WAY AND THEREFORE DID NOT EXIST.

6. THE CHINESE SIDE WAS DISAPPOINTED BECAUSE THEY HAD MADE TREMENDOUS EFFORTS IN TRYING TO SOLVE THIS PROBLEM. IF THE BRITISH SIDE DROPPED THEIR INSISTENCE THAT HO SHOULD BE A MEMBER OF THE GROUP, THEN THE CHINESE SIDE COULD "CONSIDER" CHAN, ANOTHER BDTC, AS A MEMBER OF THE LAND COMMISSION, BUT IT WAS CONDITIONAL ON HO NOT BEING A MEMBER OF THE GROUP. IF WE CONTINUED TO INSIST ON HO, THEN THE CHINESE SIDE WOULD BE FORCED TO RECONSIDER THEIR POSITION ON CHAN.

7. THROUGHOUT THE ENTIRE NEGOTIATIONS A SPIRIT OF MUTUAL UNDERSTANDING AND MUTUAL ACCOMMODATION HAD PREVAILED AND THERE HAD BEEN GOOD COOPERATION BETWEEN THE TWO SIDES. WITH THE SIGNATURE OF THE JOINT DECLARATION, THE CHINESE SIDE HAD EXPECTED EVEN CLOSER COOPERATION IN SOLVING MINOR ISSUES. THEY HAD NOT EXPECTED CONTINUED INSISTENCE ON OUR PART OVER POINTS THAT CAUSED THEM POLITICAL DIFFICULTIES. HE HOPED WE COULD CONSIDER THESE DIFFICULTIES AND RECONSIDER OUR OWN POSITION. IF THE TWO SIDES GOT BOGGED DOWN AND FAILED TO REACH AGREEMENT ON THE QUESTION OF THE GROUP'S COMPOSITION THE TIMING OF RATIFICATION WOULD BE AFFECTED AND THE JOINT DECLARATION WOULD

ON THE QUESTION OF THE GROUP'S COMPOSITION THE TIMING OF RATIFICATION WOULD BE AFFECTED AND THE JOINT DECLARATION WOULD NOT GO INTO FORCE ''AS SCHEDULED''. FAILURE MIGHT ALSO HAVE ADVERSE EFFECTS ON ZHAO ZIYANG'S VISIT TO BRITAIN AND ON STABILITY AND PROSPERITY IN HONG KONG. HE BELIEVED THIS WAS NOT SOMETHING THE TWO SIDES WOULD LIKE TO SEE OCCUR: BUT, IF IT DID OCCUR, THE CHINESE SIDE WOULD BEAR NO RESPONSIBILITY.

8. IN REPLY I MADE THE FOLLOWING POINTS:

(A) WHAT ZHOU HAD SIROHFV PT AT OUR MEETING ON 3 APRIL HAD BEEN MOST CAREFULLY CONSIDERED BY MINISTERS AND WHAT I HAD SAID TO HIM TODAY REPRESENTED THEIR CONSIDERED RESPONSE.

(B) WE WERE FIRM ON THE POINT OF PRINCIPLE THAT OUR SIDE HAD THE RIGHT TO DESIGNATE ITS OWN MEMBERS OF THE JOINT LIAISON GROUP IN ACCORDANCE WITH PARAGRAPH 7 OF ANNEX II.

(C) WE WERE FIRMLY OF THE BELIEF THAT THERE WOULD BE ADVERSE AND DAMAGING REACTIONS IN HONG KONG IF IT CAME TO BE BELIEVED THAT THERE WAS DISCRIMINATION AGAINST ETHNIC CHINESE OFFICIALS. THE CHINESE AND BRITISH GOVERNMENTS WOULD BOTH SUFFER AS A RESULT. ON THIS POINT THE CHINESE SIDE HAD TO RESPECT OUR JUDGEMENT.

(D) ZHOU HAD SAID HE WAS DISAPPOINTED AT WHAT I HAD SAID. BUT WHAT HE HAD SAID WOULD CERTAINLY CAUSE DISAPPOINTMENT IN LONDON: WE HAD MADE A BIG EFFORT TO ACCOMMODATE CHINESE DIFFICULTIES.

(E) WHAT ZHOU HAD SAID TO ME EARLIER HAD NOT SUGGESTED THAT CHINESE ACCEPTANCE OF CHAN WAS IN ANY WAY CONDITIONAL.

WHAT HE HAD SAID TODAY WOULD THEREFORE ALSO CAUSE SURPRISE AND DISMAY. (MY TEL NOS 466 AND 467 RECORD PREVIOUS DISCUSSION OF THIS POINT AND CONFIRM THAT ON 3 APRIL ZHOU MADE NO MENTION OF ANY CONDITIONS ATTACHEING TO CHAN'S MEMBERSHIP OF THE LAND COMMISSION).

9. ZHOU SAID THAT THERE HAD BEEN AN UNDERSTANDING FROM THE VERY BEGINNING THAT CONSULTATION WAS NECESSARY ON THE MEMBERSHIP OF THE GROUP. IT HAD ALREADY TAKEN PLACE. WHEN SPEAKING ABOUT CHAN, HE HAD DONE SO AT THE SAME TIME AS SPEAKING ABOUT HO'S MEMBERSHIP OF THE GROUP AND IN CONNECTION WITH THE LATTER. HE HAD SAID THAT HO WAS UNACCEPTABLE, BUT THAT ''THE CHINESE SIDE COULD ACCEPT CHAN IN THAT SITUATION''. HIS REMARKS TODAY HAD BEEN MADE AGAINST THAT BACKGROUND.

10. HE WISHED TO MAKE ONE POINT CLEAR. THE CHINESE SIDE HAD A PARTICULAR OBJECTION TO THE INCLUSION OF A CHINESE NATIONAL IN THE BRITISH TEAM AS SOON AS THE GROUP WAS SET UP AND JUST AFTER THE ENTRY INTO FORCE OF THE JOINT DECLARATION. IT WOULD CAUSE POLITICAL PROBLEMS. BUT AS TIME WENT ON, THE SITUATION MIGHT CHANGE AND THE COMPOSITION OF THE TWO TEAMS MIGHT IN DUE COURSE BE RECONSIDERED. BUT IT WOULD CAUSE DIFFICULTIES TO AGREE TO THE INCLUSION OF CHINESE NATIONALS RIGHT AT THE OUTSET.

11. I TOLD ZHOU THAT I RECALLED YOUR SPEAKING DURING YOUR VISIT LAST JULY ABOUT THE RIGHT OF OUR SIDE TO DESIGNATE OUR OWN MEMBERS, BUT DID NOT RECALL ANY STATEMENT BY THE CHINESE SIDE THAT THIS SHOULD BE SUBJECT TO CONSULTATION. I UNDERTOOK TO REPORT WHAT ZHOU HAD SAID. I SAID I ASSUMED HE WOULD REPORT MY REMARKS TO HIS LEADERS. I WOULD BE AVAILABLE AT

REPORT WHAT ZHOU HAD SAID. I SAID I ASSUMED HE WOULD REPORT MY REMARKS TO HIS LEADERS. I WOULD BE AVAILABLE AT ANY TIME TO HEAR THE CHINE SIDE'S MORE FORMAL RESPONSE.

12. ZHOU SAID HE WOULD CERTAINLY REPORT WHAT I HAD SAID. BUT HIS REMARKS REPRESENTED THE OFFICIAL CHINESE POSITION. ALTHOUGH NOTHING IN THE JOINT DECLARAION SAID THAT THERE WAS A NEED FOR CONSULTATION, THE CHINESE POSITION THAT MEMBERS OF THE GROUP SHOULD BE GOVERNMENT OFFICIALS OF THE TWO SIDES AND THAT BDTCS WERE UNACCEPTABLE AS MEMBERS HAD BEEN MADE VERY CLEAR. I SAID THAT WE HAD MADE A BIG STEP TOWARDS HELPING THE CHINESE SIDE OVERCOME THEIR DIFFICULTIES. ZHOU SAID WE HAD NOT. WE HAD ''CHANGED THE MEDICINAL BROTH, BUT NOT THE MEDICINE ITSELF''. HE WONDERED WHY THE TWO SIDES WERE GETTING ENTANGLED OVER A SMALL PROBLEM WHEN THERE WERE MUCH MORE IMPORTANT ONES TO DEAL WITH? HE REPEATED THAT THE PROBLEM SHOULD NOT BE ALLOWED TO AFFECT THE ENTRY INTO FORCE OF THE JOINT DECLARATION, ZHAO'S VISIT TO BRITAIN AND HONG KONG'S STABILITY AND PROSPERITY. THE CHINESE SIDE HAD MADE A SUGGESTION FOR A PRACTICAL SOLUTION TO THE PROBLEM AND COULD NOT UNDERSTAND WHY WE CONTINUED TO INSIST ON OUR OWN PROPOSAL. TIME WAS SHORT. HE HOPED WE WOULD CONSIDER OUR POSITION AND GIVE A SATISFACTORY REPLY AS SOON AS POSSIBLE. I REPLIED THAT I HAD MADE A FIRM PROPOSAL ON BEHALF OF THE BRITISH GOVERNMENT, WHO WOULD WISH IT TO BE STUDIED.

14.

I HAVE MEETINGS FOR THE WHOLE OF THE REST OF TO-DAY (INCLUDING ONE WITH ZHAO ZIYANG, IN COMPANY WITH SOME OF THE BRITISH PARTICIPANTS IN THE EUROMONEY CONFERENCE), BUT WILL COMMENT TOMORROW.

14. SEE MIFT FOR DISCUSSION OF OTHER POINTS.

EVANS

NNNN

cc PC 2

FCS/85/123

CHANCELLOR OF THE EXCHEQUER

Treatment of Members of Her Majesty's Overseas Civil Service (HMOCS) in Hong Kong

1. Thank you for your minute of 12 March, and your agreement to my proposals.

2. As I said in my minute of 7 March to the Prime Minister, we intend that Hong Kong should finance the costs both of compensation arrangements and of sterling safeguards for the pensions of HOMCS officers, and this is what we shall aim for. However, if it proved impossible to persuade the Hong Kong Government to finance these arrangements, or if its successor after 1997 were to renege on arrangements made prior to 1997, it is only realistic to recognise that there would be strong pressure upon HMG to finance such arrangements themselves. Ministers would then have to decide how to react.

3. If HMG had at the end of the day to accept these commitments, the vote responsibility would naturally fall to the FCO/ODA. The same would be true of any liability arising from the Carr-Robinson assurance. The question of how expenditure should be financed would have to be discussed at that time, between the Ministers of the day.

4. I am copying this minute to other members of OD(K) and to Sir Robert Armstrong.

Foreign and Commonwealth Office

2 May 1985

Hong Kong : Future A 17

12 MAY 1985

PART 17 ends:-

Hong Kong Tel 819 30.4.85

PART 18 begins:-

FCS to Ch/Ex (FCS/85/123) 2.5.85

PART 17 ends:-

Hong Kong Tel 819 30.4.85

PART 18 begins:-

FCS to Ch/Ex (FCS/85/123) 2.5.85

IT8.7/2-1993
2009:02

Image Access

IT-8 Target

Printed on Kodak Professional Paper

Charge: R090212