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TELEGRAM NUMBER 1474 OF 5 OCTOBER

INFO PRIORITY PEKING AND HONG KONG GOVERNMENT OFFICE LONDON.

FOLLOWING IS SUMMARY OF GOVERNOR'S ADDRESS TO LEGCO ON  
5 OCTOBER:-

THE GOVERNOR DELIVERED HIS SECOND ANNUAL ADDRESS TO THE LEGISLATIVE COUNCIL THIS (WEDNESDAY) AFTERNOON. IT WAS BROADCAST LIVE BY THE TWO RADIO STATIONS AND FOR THE FIRST TIME BY TVB-JADE (CHINESE CHANNEL) AND ATV-ENGLISH. AFTER A BRIEF INTRODUCTION, SIR EDWARD YOUDE IMMEDIATELY TURNED HIS ADDRESS TO THE FUTURE OF HK. HE SAID THROUGHOUT THE PAST YEAR, THERE HAD BEEN NO MORE IMPORTANT ISSUE FOR THE GOVERNMENT THAN THE SEARCH FOR A SETTLEMENT OF THE FUTURE OF HK. "THAT SEARCH HAS BEEN OUR FIRST AND OVER-RIDING CONCERN, AND IT WILL REMAIN OUR HIGHEST PRIORITY UNTIL A SETTLEMENT IS FOUND," HE SAID. SIR EDWARD REITERATED THAT THE AIM, AS STATED BY THE BRITISH GOVERNMENT REMAINED THAT OF REACHING A SOLUTION ACCEPTABLE TO THE BRITISH PARLIAMENT, TO CHINA AND TO THE PEOPLE OF HK. THE GOVERNOR SAID IT WOULD BE TO THE BENEFIT OF ALL FOR THE TALKS TO BE CONDUCTED IN AN ATMOSPHERE OF CALM AND DELIBERATION. AS HE HAD SAID ON MAY OCCASIONS, IT WAS NOT TO BE EXPECTED, GIVEN THE COMPLEXITY AND IMPORTANCE OF THE ISSUES, THAT THE TALKS COULD REACH QUICK RESULTS. "BUT WE REMAIN DETERMINED TO DO ALL WITHIN OUR POWER TO PURSUE THEM TO A SUCCESSFUL CONCLUSION," HE ADDED.

THE GOVERNOR AGAIN CONCENTRATED ON THE QUESTION OF HK'S FUTURE IN THE CONCLUSION OF HIS 37-PAGE SPEECH. HE SAID: "HONOURABLE MEMBERS, THE YEAR AHEAD WILL BE A CHALLENGING ONE FOR US ALL. I FULLY UNDERSTAND THE ANXIETIES AND CONCERNS OF ALL OUR PEOPLE AND THEIR WISH TO KNOW, AS FAR AS IT IS WITHIN THE POWER OF MAN TO JUDGE, WHAT THE FUTURE HOLDS. I AM DEEPLY CONSCIOUS OF THE IMPORTANCE WHICH THEY ATTACH TO THE ESSENTIALS OF THE FREE SOCIETY WHICH HAVE MADE HONG KONG WHAT IT IS TODAY AND THEIR DEEP DESIRE THAT THESE ESSENTIALS SHOULD BE MAINTAINED. IT IS THEIR CONCERN AND THEIR ASPIRATIONS WHICH WILL GOVERN OUR THINKING AND OUR ACTIONS IN THE YEAR TO COME.

"LET ME CONCLUDE BY SAYING THAT IF WE WISH OTHERS TO HAVE CONFIDENCE IN US, WE SHOULD NOT LOSE CONFIDENCE IN OURSELVES. IN SPITE OF THE FINANCIAL TURBULENCE WE FACE FROM TIME TO TIME WE HAVE A STRONG UNDERLYING ECONOMY, A GIFTED AND RESILIENT POPULATION, A HIGHLY MOTIVATED PUBLIC SERVICE AND A WILL TO SUCCEED. AGAINST THIS BACKGROUND, YOUR GOVERNMENT WILL BE GETTING ON WITH THE JOB OF MAKING HONG KONG A BETTER PLACE IN WHICH THE PEOPLE OF HONG KONG CAN LIVE, WORK AND BRING UP THEIR CHILDREN. IN CONCERT WITH THE EXECUTIVE AND LEGISLATIVE COUNCILS, IT WILL BE MY CONSTANT CONCERN TO ENSURE THAT HONG KONG CONTINUES TO ENJOY STEADY AND PROGRESSIVE GOVERNMENT: AND LET THERE BE NO DOUBT IN ANY QUARTER ABOUT OUR DETERMINATION TO DO OUR UTMOST TO SEEK A SUCCESSFUL OUTCOME TO THE TALKS. PATIENCE, CALM AND RESOLUTION ARE THE QUALITIES WHICH HAVE BROUGHT HONG KONG THROUGH DIFFICULT TIMES BEFORE. I HAVE NO DOUBT THAT THEY WILL DO SO AGAIN."

/ALTHOUGH.

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ALTHOUGH HE DEALT IMMEDIATELY WITH THE QUESTION OF THE FUTURE, THE GOVERNOR MADE VERY CLEAR WHAT HE DESCRIBE AS THE TWO MAJOR TASKS FOR NEXT YEAR - THE LONG-TERM STRATEGIC DEVELOPMENT OF HONG KONG AND EDUCATION. ON DEVELOPMENT, HE SAID THE AMBITIOUS NEW TOWN DEVELOPMENT PROGRAMME STARTED IN THE 1970S SHOULD BE LARGELY COMPLETED BY THE END OF THE DECADE AND THE TIME HAD NOW COME TO LOOK FURTHER AHEAD TO ENSURE THAT 'WE SHALL BE ABLE TO MAINTAIN THE MOMENTUM OF OUR INDUSTRIAL AND COMMERCIAL DEVELOPMENT, AND MEET THE REQUIREMENTS OF OUR HOUSING, EDUCATION AND OTHER SOCIAL PROGRAMMES.' A DEVELOPMENT STRATEGY WAS NEEDED TO MEET HK'S LONG-TERM NEEDS INTO THE 1990S AND THE NEXT CENTURY. ON EDUCATION, THE OTHER MAJOR TASK, HE SAID IT WAS NOW NECESSARY TO TAKE A FRESH LOOK AT THE EDUCATION SYSTEM AS A WHOLE TO ENSURE THAT IT WOULD CONTINUE TO MEET THE ASPIRATIONS OF THE COMMUNITY AND THAT IT REMAINED GEARED TO THE FUTURE NEEDS OF HK. (DETAILS OF HIS REMARKS ON THESE TWO ISSUES ARE CONTAINED IN THE FOLLOWING GENERAL SUMMARY OF SIR EDWARD'S ADDRESS).

WORK OF LEGCO:

THE GOVERNOR GAVE AN OUTLINE OF THE LEGISLATION PASSED BY LEGCO LAST YEAR AND NOTED THAT MAJOR ITEMS OF LEGISLATION EXPECTED TO COME BEFORE THE COUNCIL INCLUDED AMENDMENTS TO THE BANKING AND DEPOSIT-TAKING COMPANIES ORDINANCES TO IMPROVE THE FRAMEWORK OF REGULATION OF THESE INSTITUTIONS; LEGISLATION TO REGULATE THE HIRE PURCHASE AND OUTBOUND TRAVEL INDUSTRIES, TO PROVIDE IMPROVED SICKNESS AND SEVERANCE PAY BENEFITS FOR EMPLOYEES, TO ESTABLISH A SECOND POLYTECHNIC, TO AMEND THE CROWNS LANDS RESUMPTION ORDINANCE TO PROVIDE ADDITIONAL PAYMENTS FOR LAND RESUMED FOR PUBLIC PURPOSE AND TO REVISE AND UPDATE HK'S LAW ON PROPERTY AND CONVEYANCING.

ON THE RECENTLY EXPANDED MEMBERSHIP OF EXCO AND LEGCO, THE GOVERNOR SAID: 'THE YET LARGER MAJORITY WHICH THE UNOFFICIAL MEMBERS NOW HOLD IN THESE COUNCILS MEANS THAT, IN SEEKING TO FORMULATE POLICIES AND MAKE LAWS WHICH REFLECT THE AMBITIONS, THE HOPES AND BEST INTERESTS OF ALL THE PEOPLE OF HONG KONG, THE ADMINISTRATION AND WE HAVE ACCESS TO A STILL WIDER RANGE OF OPINION AND ADVICE. WE WELCOME THIS WIDER REPRESENTATION, AND THE IMPROVED LINKS WITH THE DISTRICT BOARDS AND THE URBAN COUNCIL WHICH IT PROVIDES.

'WITH SUCH A DIVERSE CHAMBER, WE HOPE THERE WILL BE EVEN GREATER SCOPE FOR THE SORT OF LIVELY DEBATE WHICH WAS RECENTLY HEARD IN THIS COUNCIL ON THE OVERALL REVIEW OF EDUCATION. FOR IT IS IN DEBATE THAT THE WORK OF THIS COUNCIL FINDS PUBLIC EXPRESSION. IT BRINGS PROOF TO THE SCEPTICS THAT THE UNOFFICIALS WHO REPRESENT THE PUBLIC DO UNDERSTAND AND CARE ABOUT THE ISSUES OF OUR SOCIETY. IT DEMONSTRATES THE VARIETY OF VIEWS WHICH THE COMMUNITY HOLDS ABOUT THOSE ISSUES. ABOVE ALL, IT SHOWS REASON AT WORK IN THE GOVERNANCE OF OUR COMMUNITY AND THE POWER OF PERSUASION IN A FREE AND OPEN SOCIETY.'

ECONOMIC AND FINANCIAL SITUATION:

DEVELOPMENTS SO FAR INDICATED THAT AN EXPORT-LED RECOVERY IS UNDERWAY. DOMESTIC EXPORTS ARE EXPECTED TO GROW BY 11 PER CENT IN REAL TERMS AND THE GDP BY FIVE AND A HALF - SIX PER CENT IN 1983. THIS IS VERY ENCOURAGING AND ILLUSTRATES THE RESILIENCE OF HK'S ECONOMY AND ITS ABILITY TO RESPOND QUICKLY TO A REVIVAL IN DEMAND IN OUR MAJOR EXPORT MARKETS.

THE RATE OF INFLATION IS NOW JUST OVER 9 PER CENT PER YEAR. THE RECENT SHARP FALL IN THE VALUE OF THE HK DOLLAR WILL CONTINUE TO HAVE AN ADVERSE EFFECT ON THE RATE OF INFLATION FOR THE REST OF THE YEAR. HK SHOULD CONTINUE TO BENEFIT FROM THE IMPROVEMENTS OF THE WORLD'S ECONOMY WHICH ARE LIKELY TO CONTINUE. THE GOVERNOR SAID HE WOULD NOT DEAL WITH THE QUESTION OF THE EXCHANGE VALUE OF THE HK DOLLAR, BUT ADDED THAT IT IS AN ISSUE OF DAILY ATTENTION AND CONSTANT CONCERN. THE ERRATIC FLUCTUATIONS OF RECENT WEEKS DO NOT REFLECT THE ECONOMIC AND POLITICAL REALITIES OF THE SITUATION NOR THE STRENGTHS OF HK'S ECONOMY AND SOCIETY.

PUBLIC FINANCES:

GOVERNMENT REVENUE SO FAR THIS YEAR HAS BEEN LOWER THAN EXPECTED DUE MAINLY TO THE DEPRESSED STATE OF THE PROPERTY MARKET AND THE RESULTING SHORTFALL IN THE YIELDS FROM LAND SALES. IT IS LIKELY THAT THE DEFICIT ON GENERAL REVENUE ACCOUNT WILL BE IN THE REGION OF THE BUDGETTED DOLLARS 3.2 BILLION. THE GOVERNMENT INTENDS TO CONTAIN ITS EXPENDITURE WITHIN THE BUDGETTED LIMIT OF DOLLARS 35.5 BILLION.

FINANCIAL AND COMMERCIAL SECTORS:

THE GOVERNMENT INTENDS TO RESTORE THE LONG-TERM VIABILITY OF HANG LUNG BANK WHICH WAS TAKEN OVER BY THE GOVERNMENT LAST WEEK AND IN DUE COURSE TO RETURN IT UNDER SOUND MANAGEMENT TO PRIVATE OWNERSHIP. THE GOVERNMENT WILL DRAW FROM THIS EXPERIENCE ANY NECESSARY LESSONS FOR THE BETTER REGULATION OF HK'S BANKING SYSTEM. THE GOVERNMENT IS NOW CONSULTING BUSINESS AND PROFESSIONAL ORGANISATIONS ABOUT THE PROPOSALS DRAWN UP BY THE SECURITIES COMMISSION FOR REQUIRING THE DISCLOSURE OF SHAREHOLDINGS AND DEALINGS. THE PROPOSALS HAVE BEEN APPROVED BY EXCO IN PRINCIPLE. LEGISLATION IS BEING DRAFTED TO PROVIDE CONTROL FOR AND REGULATION OF THE OUTBOUND TRAVEL BUSINESS THROUGH REGISTRATION AND LICENSING. A BILL IS ALSO BEING DRAFTED TO PROVIDE A STATUTORY FRAMEWORK FOR HIRE PURCHASE TRANSACTIONS.

TRADE AND INDUSTRY:

IF THE RECOVERY OF THE WORLD ECONOMY IS MAINTAINED, HK IS WELL PLACED TO TAKE ADVANTAGE OF THE RESULTING INCREASED OPPORTUNITIES FOR TRADE. FORTUNATELY FOR HK, THE 1982 GATT MINISTERIAL MEETING REAFFIRMED THE SUPPORT OF GOVERNMENTS FOR AN OPEN TRADING SYSTEM AS ESSENTIAL TO WORLD ECONOMIC RECOVERY. THE MEETING ALSO DECIDED THAT GATT SECRETARIAT SHOULD CONDUCT AN URGENT STUDY OF THE PROBLEMS RELATING TO TRADE IN TEXTILES AND CLOTHING. ON INDUSTRY, THE GOVERNMENT HAS DECIDED TO AMALGAMATE THE INDUSTRY ADVISORY BOARD AND THE INDUSTRIAL DEVELOPMENT BOARD INTO A NEW INDUSTRY DEVELOPMENT BOARD. THE GOVERNMENT WILL CONTINUE TO SUPPORT OTHER STATUTORY OR INDEPENDENT BODIES IN THIS FIELD.

THE GOVERNMENT IS ASSESSING THE VIABILITY OF A CONSULTANCY STUDY WHICH RECOMMENDS BUILDING AN EXHIBITION CENTRE IN WANCHAI. THE COMPLEX WILL INCLUDE EXHIBITION HALLS, CONFERENCE CENTRE, A HOTEL AND OFFICE ACCOMMODATION. INTEREST OF THE PRIVATE SECTOR IN PARTICIPATING IN THE PROJECT IS ALSO BEING EXPLORED.

INFRA-STRUCTURE DEVELOPMENT:

THE LONG-TERM DEVELOPMENT STRATEGY SHOULD ACCOMMODATE THE NEEDS OF A SEVEN MILLION POPULATION BY THE TURN OF THE CENTURY AND THE NEEDS OF A WORKFORCE OF ABOUT 3.4 MILLION. TO THIS END, WORK HAS BEEN PROCEEDING STEADILY FOR THE PAST THREE YEARS WITH SUB-REGIONAL STUDIES OF THE NORTHWEST NEW TERRITORIES, THE HARBOUR AREA, LANTAU AND JUNK BAY. RESULTS OF THESE STUDIES WILL BE MADE PUBLIC OVER THE COMING MONTHS AND DECISIONS ARE EXPECTED BY THE MIDDLE OF NEXT YEAR. ON TRANSPORT, FEASIBILITY STUDIES ARE UNDERWAY OF A NEW ROAD THROUGH TAI MO SHAN LINKING THE NORTHWEST N.T. WITH TSUEN WAN AND OF A NEW ROAD THROUGH LION ROCK OR MA ON SHAN LINKING THE NORTHEAST N.T. WITH KOWLOON. ALTHOUGH A BRIDGE AT LEI YUE MUN HAS BEEN FOUND TO BE IMPRACTICABLE FOR TECHNICAL REASONS, OTHER CROSSING OPTIONS ARE BEING INVESTIGATED. THESE INCLUDE BORED OR SUBMERGED TUNNELS AT LEI YUE MUN BETWEEN TAI KOO SHING AND CHA KWO LING, OR ALONGSIDE THE EXISTING CROSS-HARBOUR TUNNEL.

ON LAND SUPPLY, THE GOVERNMENT WILL CONTINUE TO MAKE AVAILABLE AS MUCH LAND AS IS REQUIRED FOR GENUINE DEVELOPMENT WITH A YIELD OF 593 HECTARES FOR THIS FINANCIAL YEAR. THE GOVERNMENT HAS NOT HAD AND DOES NOT HAVE A 'HIGH LAND PRICE' POLICY.

ON PUBLIC UTILITIES, THE CHINA GAS IS SEEKING A GRANT OF LAND TO BUILD A SECOND PRODUCTION PLANT. THE COST OF ELECTRICITY IN HK IS AMONG THE LOWEST IN ASIA AND IT IS STILL FALLING IN REAL TERMS AS A RESULT OF THE INTRODUCTION OF COAL-FIRED UNITS. THE GOVERNMENT IS STUDYING A REPORT ON THE FINANCIAL IMPLICATIONS OF BUYING ELECTRICITY FROM THE GUANGDONG N-PLANT. THE REPORT RAISES A NUMBER OF IMPORTANT ISSUES WHICH WILL NEED TO BE DISCUSSED WITH THE CHINESE AUTHORITIES. IF THESE DISCUSSIONS PROVE SATISFACTORY, IT OUGHT TO BE POSSIBLE TO NEGOTIATE AN OFF-TAKE AGREEMENT WHICH WILL BE OF BENEFIT TO ALL CONCERNED.

ON PORT FACILITIES, KWAI CHUNG CONTAINER TERMINAL IS TO UNDERGO AN EXPANSION PROGRAMME. THE RECLAMATION OF THE KWAI CHUNG CREEK IS EXPECTED TO BE COMPLETED IN 1987 AND SHOULD INCREASE THE CAPACITY OF THE EXISTING FIVE TERMINALS BY ABOUT 57 PER CENT. NEGOTIATIONS ARE EXPECTED TO COMMENCE SHORTLY FOR THE CONSTRUCTION OF A SIXTH TERMINAL TO BE COMPLETED IN THE LATE 1980'S. AS FOR AIR SERVICES, THE KAI TAK AIRPORT TERMINAL WILL BE EXPANDED TO COPE WITH THE INCREASING AIRPORT PASSENGER TRAFFIC WHICH IS FORECAST TO GROW FROM 10 MILLION PASSENGERS IN 1984 TO ABOUT 18 MILLION IN 1990. WE CANNOT, AND INDEED NEED NOT ON PRESENT TRAFFIC ESTIMATES, PROCEED WITH OUR PLANS FOR THE DEVELOPMENT OF A NEW AIRPORT.

SOCIAL PROGRAMMES:

THE EDUCATION REPORT COMPILED BY THE VISITING GROUP OF OVERSEAS EXPERTS, TOGETHER WITH PUBLIC COMMENTS THEREON, SHOULD BE SUBMITTED TO THE EXECUTIVE COUNCIL FOR DECISION BEFORE THE END OF THIS YEAR. 'THE FINANCING OF ANY IMPROVEMENTS TO OUR SYSTEM OF EDUCATION WILL NEED TO BE CAREFULLY CONSIDERED, BUT I BELIEVE THAT THE PEOPLE OF HONG KONG ATTACH GREAT IMPORTANCE TO EDUCATION, AND ARE PREPARED TO PAY FOR IMPROVEMENTS,' THE GOVERNOR SAID.

A DECISION ON WHETHER PLANNING FOR A THIRD UNIVERSITY SHOULD PROCEED IS EXPECTED BY THE END OF THE YEAR OR EARLY NEXT YEAR: THE UNIVERSITY AND POLYTECHNIC GRANTS COMMITTEE HAS ADVISED THAT A THIRD UNIVERSITY SHOULD BE ESTABLISHED WITH AN EMPHASIS ON PROFESSIONAL AND TECHNICAL STUDIES.

THE UPGC HAS ALSO ADVISED ON A PROPOSAL OF THE UNIVERSITY OF HK TO INTRODUCE AN EXTERNAL DEGREE PROGRAMME AND IS CONSIDERING THE FEASIBILITY OF DEVELOPING OTHER FORMS OF EDUCATION IN HK, SUCH AS AN OPEN UNIVERSITY AND THE EXTENSION OF EDUCATIONAL TV.

AN EXCO DECISION IS EXPECTED LATER THIS MONTH ON WHETHER THE SECOND POLYTECHNIC - CITY POLYTECHNIC - SHOULD ACQUIRE TEMPORARY PREMISES IN ORDER TO MAKE A START IN 1984-85. TWO NEW INDUSTRIAL TRAINING COMPLEXES SHOULD BE IN OPERATION BY LATE 1984 AND A SEAMEN'S TRAINING CENTRE IS SCHEDULED FOR NEXT YEAR.

ON PUBLIC HOUSING, ABOUT 130 000 FLATS ARE UNDER CONSTRUCTION AND BETWEEN NOW AND END OF THIS DECADE, OVER 300 000 FLATS WILL BE PRODUCED FOR RENT OR SALE. BY THE TURN OF THE CENTURY, THERE SHOULD BE DECENT HOMES FOR MOST IF NOT ALL OF THOSE FAMILIES WHO ARE NOW ELIGIBLE FOR PUBLIC HOUSING. OVER 34 000 FAMILIES HAVE BEEN REHOUSED FROM SQUATTER HUTS DURING THE LAST FOUR YEARS. THE LATEST CENSUS INDICATES THAT SOME 100 000 FAMILIES STILL LIVE IN TEMPORARY HUTS. IT IS EXPECTED THAT ABOUT HALF OF THESE FAMILIES WILL BE REHOUSED OVER THE NEXT FIVE YEARS. THE REMAINING FAMILIES WILL BENEFIT FROM A NEW PROGRAMME TO IMPROVE SAFETY, SANITATION AND ENVIRONMENTAL CONDITIONS IN SQUATTER AREAS.

ON MEDICAL SERVICES, WORK ON THE PRINCE OF WALES HOSPITAL IS EXPECTED TO BE COMPLETED BEFORE THE END OF THE YEAR AND IT SHOULD BE IN OPERATION BEFORE THE MIDDLE OF NEXT YEAR. SITE FORMATION WORK HAS STARTED ON THE DOLLARS 752 MILLION PROJECT TO UPGRADE THE FACILITIES AT THE QUEEN MARY HOSPITAL AND CONSTRUCTION OF THE TUEN MUN HOSPITAL IS DUE TO COMMENCE EARLY NEXT YEAR. THERE ARE PLANS FOR THREE NEW HOSPITALS AT CHAI WAN, EAST KOWLOON AND TAI PO, EACH WITH BETWEEN 1 200 AND 1 500 BEDS AND EACH COSTING OVER ONE BILLION DOLLARS AT CURRENT PRICES. THERE WILL BE A CORRESPONDING EXPANSION OF MEDICAL TRAINING FACILITIES. THESE WILL INCLUDE PLANS TO BUILD FIVE NURSE TRAINING SCHOOLS AND TO EXPAND THE INTAKES OF MEDICAL STUDENTS IN THE TWO UNIVERSITIES.

ON SOCIAL WELFARE, THE GOVERNOR SAID THAT APART FROM THE ONGOING WELFARE PROGRAMME, THE SCHEME FOR THE CARE OF THE ELDERLY HE ANOUNCED LAST YEAR IS MAKING HEADWAY. 80 FLATS TO ACCOMMODATE ABOUT 470 PEOPLE IN SHA TIN HAVE BEEN PURCHASED. A FURTHER 23 FLATS HAVE BEEN IDENTIFIED FOR PURCHASE IN THE URBAN AREA. A WORKING PARTY IS REVIEWING PRE-SCHOOL CARE, TRAINING AND EDUCATION OF DISABLED CHILDREN AND IS EXPECTED TO REPORT IN EARLY 1984. THERE WILL ALSO BE A STEPPED-UP PROGRAMME OF PUBLIC EDUCATION, AIMED AT ENCOURAGING PUBLIC UNDERSTANDING AND ACCEPTANCE OF THE DISABLED, TO HELP THEIR INTEGRATION INTO THE COMMUNITY. ON THE LABOUR FRONT, THE LABOUR ADVISORY BOARD IS FINALISING ITS PROPOSAL FOR AN INCREASE IN THE RATE OF SEVEREANCE PAY. THE WORKING GROUP WHICH WAS SET UP BY THE GOVERNOR LAST YEAR TO EXAMINE THE PROBLEMS OF EMPLOYEES OF COMPANIES IN RECEIVERSHIP, HAS RECOMMENDED THAT A WAGE SECURITY FUND SHOULD BE SET UP AND THESE RECOMMENDATIONS HAVE BEEN ACCEPTED IN PRINCIPLE BY EXCO.

ON ENVIRONMENTAL PROTECTION THE GOVERNOR DESCRIBED THE ENACTMENT OF THE AIR POLLUTION CONTROL ORDINANCE LAST YEAR AS A MILESTONE: HE NOTED THAT TOLO HARBOUR WILL BECOME HK'S FIRST WATER CONTROL ZONE IN 1984 AND THAT EXCO WOULD SHORTLY BE DEALING WITH CONSULTANCY RECOMMENDATION FOR THE SAFE, SANITARY DISPOSAL OF SPECIFIC TYPES OF WASTES.

ON BROADCASTING, THE GOVERNMENT HAS DECIDED THAT THERE SHOULD BE COMPREHENSIVE REVIEW OF BROADCASTING WELL AHEAD OF THE EXPIRY OF THE PRESENT TV LICENCES IN 1988 AND OF THE SOUND BROADCASTING LICENCE IN 1989. THE REVIEW WILL ASSESS LONG-TERM NEEDS FOR TV AND RADIO, TAKING INTO ACCOUNT THE MAJOR TECHNOLOGICAL ADVANCES WHICH HAVE OCCURED SINCE THE LAST REVIEW AND WILL RECOMMEND A POLICY FOR THE FUTURE DEVELOPMENT OF BROADCASTING IN HK. THE REVIEW WILL ALSO INVESTIGATE THE QUOTE GREAT POTENTIAL UNQUOTE FOR INCREASING THE CONTRIBUTION WHICH TELEVISION CAN MAKE TO ALL FORMS OF EDUCATION.

#### LAW, ORDER AND SECURITY:

THE GOVERNMENT IS CONCERNED ABOUT THE HIGH INCIDENCE OF CRIMES, MANY OF A SERIOUS AND VIOLENT NATURE, BEING COMMITTED BY YOUNG MALES AGED BETWEEN 14 AND 20. THE 1983-84 FIGHT CRIME CAMPAIGN WILL BE TARGETTED AT THIS GROUP OF YOUNG PEOPLE. AN IMPROVED COMPUTER ASSISTED COMMAND AND CONTROL SYSTEM, WHICH WILL BECOME THE HUB OF THE POLICE BEAT RADIO SYSTEM, WILL BE IN OPERATION BY 1988.

THE INCREASING INVOLVEMENT OF YOUNG PEOPLE IN DRUGS IS DISTURBING. GREATER EMPHASES IS TO BE GIVEN TO PREVENTIVE EDUCATION IN JUNIOR SECONDARY SCHOOLS: SPECIAL ATTENTION IS TO BE PAID TO THE TREATMENT OF YOUNG FIRST-TIME ADDICTS AND TO THEIR AFTER CARE: THE HELP OF PARENTS IN STEERING THEIR CHILDREN AWAY FROM DRUGS WILL CONTINUE TO BE SOUGHT, AND EVERY ENCOURAGEMENT WILL BE GIVEN TO YOUNG PEOPLE TO TAKE PART IN RECREATIONAL PROGRAMMES AND TO FOLLOW OTHER HEALTHY ACTIVITIES.

ON IMMIGRATION, THERE HAS BEEN A SIGNIFICANT AND WELCOME REDUCTION IN ILLEGAL IMMIGRATION FROM CHINA. HOWEVER, SMUGGLING OF YOUNG CHILDREN BY TRAFFICKERS WHO HAVE LITTLE REGARD FOR THE SAFETY OF THEIR PASSENGERS, HAS BEEN OF PARTICULAR CONCERN TO THE GOVERNMENT WHICH IS CO-OPERATING WITH THE CHINESE AUTHORITIES TO PUT A STOP TO QUOTE THIS DEPLORABLE AND DANGEROUS TRAFFIC UNQUOTE. THERE WILL BE NO (NO) AMNESTY FOR ILLEGAL IMMIGRANTS AND THE OPERATIONS OF THE SECURITY FORCES WILL NOT (NOT) BE RELAXED. THE ARRANGEMENTS WITH THE CHINESE AUTHORITIES INTRODUCED LAST DECEMBER TO REGULATE THE NUMBER OF VISITORS FROM CHINA HAVE WORKED WELL. THE GREAT MAJORITY OF VISITORS HAVE RETURNED TO CHINA IN ACCORDANCE WITH THE TERMS OF THEIR VISIT PERMITS: THE FEW OVERSAYERS ARE SOONER OR LATER DETECTED AND REPATRIATED.

ON VIETNAMESE REFUGEES, THE NUMBER OF ARRIVALS HAS REDUCED TO 2900 IN THE 12-MONTH PERIOD ENDING SEPTEMBER 1983 AS COMPARED WITH 8220 IN THE PREVIOUS 12 MONTHS. THE NUMBER OF VR'S LEAVING FOR RESETTLEMENT ALSO DROPPED FROM 10155 TO 3844 IN THE SAME TWO PERIODS. THE GOVERNOR SAW NO QUICK OR EASY SOLUTION TO THIS INTRACTABLE PROBLEM.

ON CORRECTIONAL SERVICES, THE POPULATION IN THE CORRECTIONAL INSTITUTIONS IS GROWING, DUE IN PART TO THE INCREASING NUMBER OF LONG-TERM PRISONERS. TO COPE WITH THIS, MORE CORRECTIONAL INSTITUTIONS ARE BEING PROVIDED AND NEW SCHEMES FOR TRAINING AND REHABILITATION ARE BEING INTRODUCED. ON CORRUPTION, HK MAKES A VERY DETERMINED EFFORT TO ERADICATE CORRUPTION AND HAS ACHIEVED CONSIDERABLE SUCCESS. THE LEVEL OF CORRUPTION IN HK DOES NOT COMPARE BADLY WITH OTHER PARTS OF THE WORLD. THE ICAC HAS THE FULL BACKING AND CONFIDENCE OF THE GOVERNMENT IN SUSTAINING ITS PRESSURES ON THE CORRUPT.

#### URBAN COUNCIL AND DISTRICT BOARDS:

THE DISTRICT BOARDS HAVE MORE THAN PROVED THEIR WORTH. THEY HAVE MADE AN IMPACT ON LOCAL ENVIRONMENTAL PROBLEMS, PRODUCING BALANCED AND CONSTRUCTIVE ADVICE ON MATTERS AFFECTING LIFE IN THE DISTRICTS AND HAVE PROMOTED LOCAL PARTICIPATION IN RECREATIONAL AND CULTURAL EVENTS. THE GOVERNMENT WILL CONTINUE TO SUPPORT THE DISTRICT BOARDS OF WHICH THE 489 MEMBERS CONSTITUTE THE LARGEST ADVISORY BODY OF OPINION IN HK. THE GOVERNOR HAS ORDERED THAT THE EXISTING ARRANGEMENTS FOR LOCAL ADMINISTRATION AND THE ORGANISATION OF GOVERNMENT DEPARTMENTS TO GIVE EFFECT TO THE DECISIONS OF THE URBAN COUNCIL AND THE ADVICE OF DISTRICT BOARDS SHOULD BE EXAMINED TO CONSIDER WHETHER THEY MIGHT BE IMPROVED.

CIVIL SERVICE:

CONSIDERABLE SUCCESS HAS BEEN ACHIEVED IN RESTRAINING THE GROWTH OF THE CIVIL SERVICE. THE GOVERNMENT AIMS TO PERMIT NO GROWTH IN 1984-85 EXCEPT WHERE IT IS ESSENTIAL TO PROVIDE STAFF FOR NEW FACILITIES AND WHERE SUCH STAFF CANNOT BE PROVIDED BY REDEPLOYMENT.

YOUDE

(REPEATED AS REQUESTED)

FUTURE OF HONG KONG

LIMITED

HD/HKD

HD/FED

HD/PLANNING STAFF

HD/PUSD

PS

PS/LADY YOUNG

PS/MR LUCE

PS/PUS

SIR J BULLARD

MR GIFFARD

MR DONALD

MR WRIGHT

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SIR IAN SINCLAIR LEGAL ADVISER

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MR MARTIN ASSESSMENTS STAFF  
CABINET OFFICE

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MR COLES NO 10 DOWNING STREET

SIR A PARSONS NO 10 DOWNING STREET

MR WALKER RESEARCH D OAB 2/82

HKGO, LONDON