



DAILY INFORMATION BULLETIN

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MONDAY, MARCH 22, 1993

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CONSUMER PRICE INDICES FOR FEBRUARY

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CONSUMER PRICE INFLATION HAS FALLEN TO 8.6% IN FEBRUARY AFTER A TEMPORARY UPSURGE IN JANUARY THIS YEAR - THE LOWEST SINCE SEPTEMBER LAST YEAR.

ACCORDING TO THE FIGURES RELEASED TODAY (MONDAY) BY THE CENSUS AND STATISTICS DEPARTMENT, THE CONSUMER PRICE INDEX (A) WAS 8.6% HIGHER IN FEBRUARY THAN IN THE SAME MONTH LAST YEAR. IN JANUARY, THE CORRESPONDING INCREASE WAS 10.1%.

THE MODERATION IN FEBRUARY WAS MAINLY BECAUSE PRICES AND CHARGES OF CERTAIN ITEMS HAD RETURNED TO A LOWER LEVEL AFTER THE SHARP INCREASE DURING THE LUNAR NEW YEAR PERIOD.

SUCH ITEMS INCLUDE HAIRDRESSING, PACKAGE TOURS AND MOST FRESH FOOD ITEMS, PARTICULARLY FRESH FRUIT, LIVE POULTRY AND FRESH-WATER FISH.

WELCOMING THE LATEST FIGURE, THE FINANCIAL SECRETARY, MR HAMISH MACLEOD, SAID: "THIS CONFIRMS THAT THE TEMPORARY RELAPSE TO DOUBLE-DIGIT INFLATION IN JANUARY WAS DUE TO SEASONAL FACTORS."

"TAKEN TOGETHER, CONSUMER PRICE INFLATION IN TERMS OF THE CPI(A) IN THE FIRST TWO MONTHS OF THIS YEAR STOOD AT 9.4%. THIS WAS BROADLY IN LINE WITH - AND IN FACT SLIGHTLY BELOW - OUR FORECAST OF 9.5% FOR THE YEAR AS A WHOLE."

THE CPI(B) AND THE HANG SENG CPI WERE BOTH HIGHER BY 9.1% IN FEBRUARY THAN IN FEBRUARY LAST YEAR. THE CORRESPONDING INCREASES IN JANUARY WERE 10.3% AND 10.1% RESPECTIVELY.

THE COMPOSITE CPI, WHICH WAS COMPILED BASED ON THE COMBINED EXPENDITURE PATTERN OF HOUSEHOLDS COVERED BY THE THREE CPIS, SHOWED AN INCREASE OF 8.9% IN FEBRUARY OVER THE SAME MONTH LAST YEAR. THE CORRESPONDING INCREASE IN JANUARY 1993 WAS 10.2%.

TAKING JANUARY AND FEBRUARY TOGETHER, THE RATES OF INCREASE IN THE CPI(B), HANG SENG CPI AND COMPOSITE CPI WERE 9.7%, 9.6% AND 9.5% RESPECTIVELY.

COMPARING FEBRUARY 1993 WITH FEBRUARY 1992, RELATIVELY SLOWER INCREASES IN PRICES WERE RECORDED FOR DURABLE GOODS (1.8% IN THE CPI(A) AND 2.0% IN THE CPI(B)); FOOD (EXCLUDING MEALS AT RESTAURANTS) (2.8% AND 3.2%); TRANSPORT (5.0% AND 5.3%); FUEL AND LIGHT (5.4% IN BOTH CPI(A) AND CPI(B)); AND MISCELLANEOUS GOODS (7.0% IN THE CPI(A) AND 6.9% IN THE CPI(B)).

ON THE OTHER HAND, RELATIVELY FASTER INCREASES IN PRICES WERE RECORDED FOR HOUSING (15.7% IN THE CPI(A) AND 15.9% IN THE CPI(B)); ALCOHOLIC DRINKS AND TOBACCO (14.2% AND 13.0%); SERVICES (10.0% AND 8.5%); MEALS AT RESTAURANTS (9.4% IN BOTH CPI(A) AND CPI(B)); AND CLOTHING AND FOOTWEAR (8.6% IN BOTH CPI(A) AND CPI(B)).

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FOR THE THREE MONTHS ENDING FEBRUARY 1993, THE CPI(A) WAS, ON AVERAGE, HIGHER BY 9.4% THAN IN THE THREE MONTHS ENDING FEBRUARY 1992. THE CORRESPONDING FIGURE FOR THE CPI(B) WAS 9.7%.

FOR THE 12 MONTHS ENDING FEBRUARY 1993, THE CPI(A) AND CPI(B) WERE, ON AVERAGE, HIGHER BY 9.2% AND 9.6% RESPECTIVELY THAN IN THE PRECEDING 12-MONTH PERIOD.

SEASONALLY ADJUSTED SERIES ARE ALSO AVAILABLE FOR THE INDICES. THE DESEASONALISED CPI(A) AND CPI(B) BOTH INCREASED AT AN AVERAGE RATE OF 0.8% PER MONTH DURING THE THREE MONTHS ENDING FEBRUARY 1993.

THE CONSUMER PRICE INDEX REPORT

MORE DETAILS ARE GIVEN IN THE "CONSUMER PRICE INDEX REPORT" FOR FEBRUARY 1993, WHICH IS AVAILABLE AT \$12 A COPY FROM THE GOVERNMENT PUBLICATIONS CENTRE, GENERAL POST OFFICE BUILDING, GROUND FLOOR, CONNAUGHT PLACE, HONG KONG; OR FROM THE CENSUS AND STATISTICS DEPARTMENT, 19TH FLOOR, WANCHAI TOWER, 12 HARBOUR ROAD, WAN CHAI, HONG KONG.

FOR LOCAL AND OVERSEAS MAILINGS, CONTACT SHOULD BE MADE WITH THE INFORMATION SERVICES DEPARTMENT, FRENCH MISSION BUILDING, 1 BATTERY PATH, HONG KONG.

FOR ENQUIRIES ABOUT THE INDICES, PLEASE TELEPHONE THE CONSUMER PRICE INDEX SECTION OF THE CENSUS AND STATISTICS DEPARTMENT ON 805 6403. DETAILS REGARDING THE HANG SENG CPI ARE CONTAINED IN THE HANG SENG CPI REPORT ISSUED BY THE ECONOMIC RESEARCH DEPARTMENT OF HANG SENG BANK LTD.

/TABLE 1

Table 1 Consumer Price Indices and Rates of Increase for February 1993
(Oct. 89 - Sep. 90 = 100)

Component	CPI(A)		CPI(B)		Hang Seng CPI		Composite CPI	
	Index for Feb 93	% change over Feb 92	Index for Feb 93	% change over Feb 92	Index for Feb 93	% change over Feb 92	Index for Feb 93	% change over Feb 92
Food	131.4	+6.2	132.6	+6.8	132.0	+8.2	132.0	+6.8
Meals bought away from home	138.0	+9.4	137.7	+9.4	135.0	+11.0	137.2	+9.7
Food, excluding meals bought away from home	124.9	+2.8	125.7	+3.2	126.9	+3.4	125.5	+3.1
Housing	143.3	+15.7	144.1	+15.9	143.9	+14.3	143.8	+15.3
Fuel and light	119.3	+5.4	118.7	+5.4	118.9	+5.1	119.0	+5.3
Alcoholic drinks and tobacco	167.0	+14.2	158.3	+13.0	154.1	+12.3	162.1	+13.5
Clothing and footwear	118.7	+8.6	118.9	+8.6	122.5	+5.1	120.1	+7.4
Durable goods	107.8	+1.8	107.1	+2.0	111.7	+4.1	108.7	+2.6
Miscellaneous goods	121.1	+7.0	119.4	+6.9	118.3	+6.7	119.7	+6.8
Transport	128.1	+5.0	128.6	+5.3	129.8	+5.3	128.7	+5.2
Services	137.4	+10.0	134.1	+8.5	128.3	+6.8	133.4	+8.5
All items	132.4	+8.6	132.2	+9.1	132.0	+9.1	132.2	+8.9

The 1989/90-based consumer price indices are based on the expenditure patterns derived from the 1989/90 Household Expenditure Survey. The CPI(A) is based on the expenditure pattern of about 50% of urban households in Hong Kong, which had an average monthly expenditure of \$2,500-\$9,999 in 1989/90. The CPI(B) is based on the expenditure pattern of the next 30% of urban households, which had an average monthly expenditure of \$10,000-\$17,499 in the same period. The Hang Seng CPI is based on the expenditure pattern of the next 10% of urban households, which had an average monthly expenditure of \$17,500-\$37,499 in 1989/90.

Whereas the CPI(A), CPI(B) and Hang Seng CPI are based on the expenditure patterns of groups of households with different magnitudes of household expenditure, the Composite CPI is compiled based on the expenditure pattern of all these households taken together. Thus, while the CPI(A), CPI(B) and Hang Seng CPI show the impact of consumer price changes on different groups of households, the Composite CPI shows the impact of consumer price changes on the household sector generally.

Table 2 Consumer Price Indices for January 1991 - February 1993
(Oct. 89 - Sep. 90 = 100)

<u>Year/month</u>	<u>CPI(A)</u>	<u>CPI(B)</u>	<u>Hang Seng CPI</u>	<u>Composite CPI</u>
1991 January	108.3	108.4	108.6	108.4
February	110.3	110.1	110.2	110.2
March	111.9	111.1	110.7	111.3
April	113.9	113.0	112.0	113.1
May	114.0	113.6	113.4	113.7
June	114.6	114.1	113.9	114.2
July	115.4	114.8	113.9	114.8
August	116.0	115.3	114.6	115.4
September	116.8	116.1	115.8	116.3
October	117.2	116.8	117.4	117.1
November	117.7	117.6	118.7	117.9
December	118.1	118.3	118.5	118.3
1992 January	119.7	119.3	119.4	119.5
February	121.8	121.2	121.0	121.4
March	122.5	121.9	121.8	122.1
April	124.0	123.4	122.9	123.5
May	124.0	123.8	124.2	124.0
June	125.3	125.1	125.2	125.2
July	125.5	125.4	125.4	125.4
August	125.6	125.9	125.8	125.8
September	128.3	127.9	127.5	128.0
October	128.4	128.4	128.6	128.5
November	128.5	129.0	129.9	129.0
December	129.3	129.8	130.0	129.7
1993 January	131.8	131.6	131.5	131.7
February	132.4	132.2	132.0	132.2

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Chart 1 Year-on-year Rates of Increase in CPI(A)

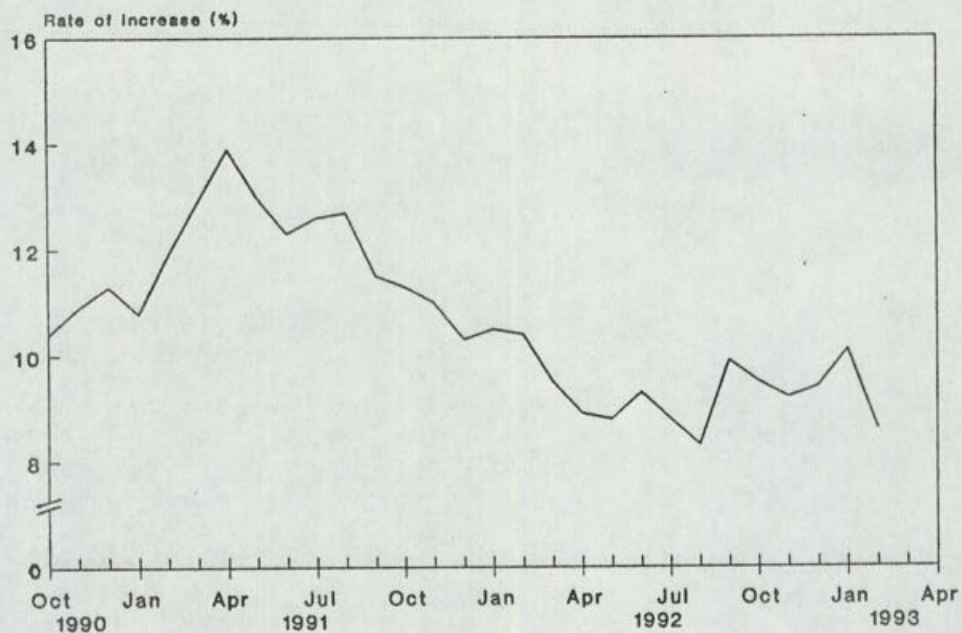


Chart 2 Year-on-year Rates of Increase in CPI(B)

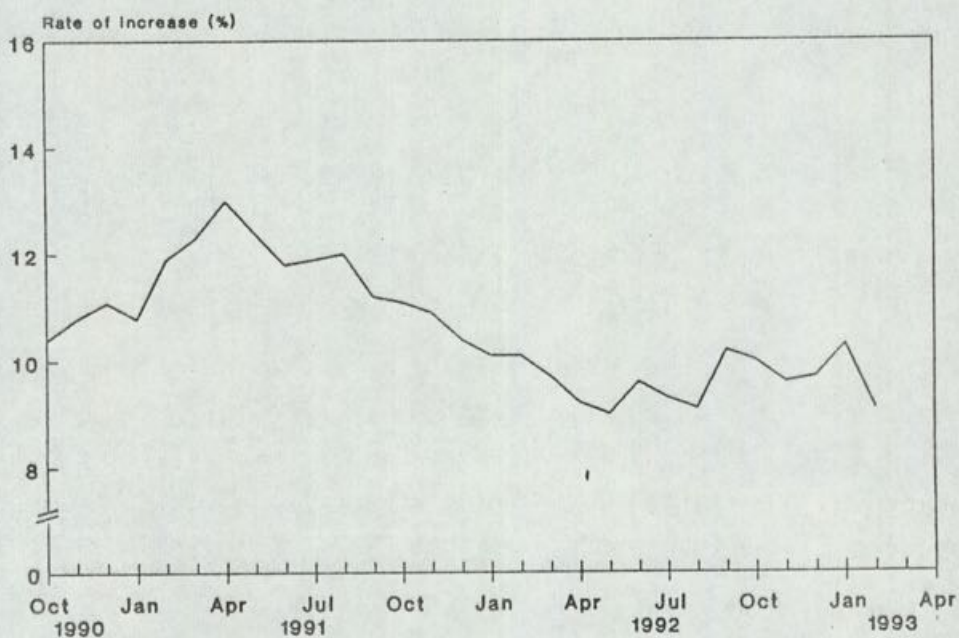


Chart 3 Year-on-year Rates of Increase in Hang Seng CPI

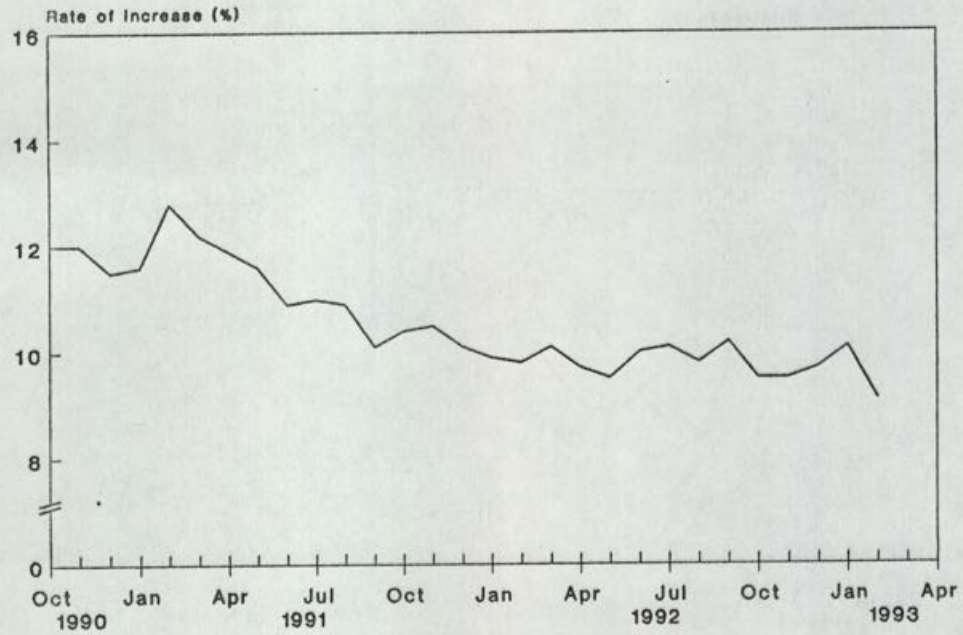
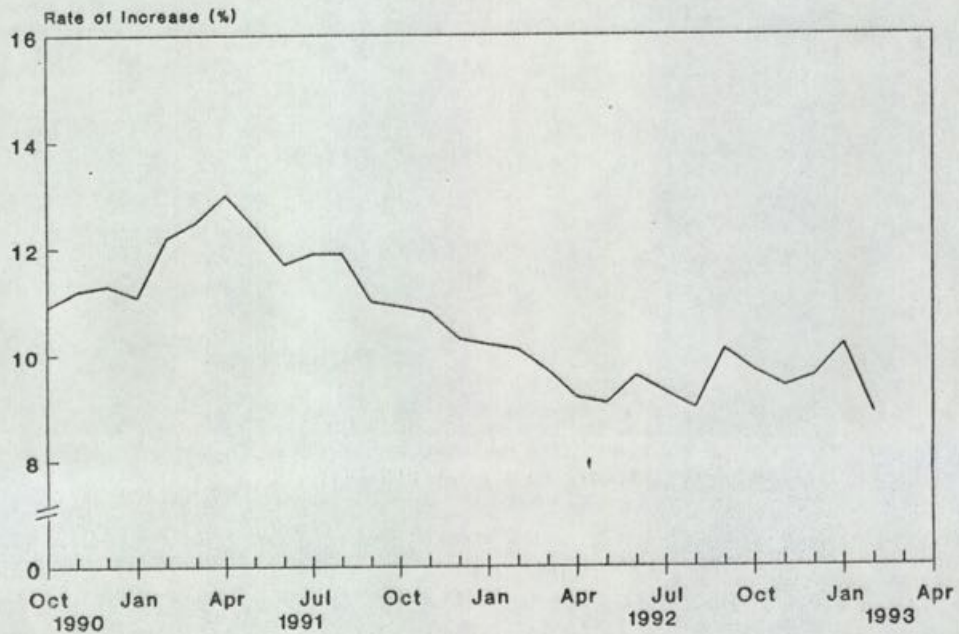


Chart 4 Year-on-year Rates of Increase in Composite CPI



STATEMENT TO CLEAR MISTRANSLATION OF GOVERNOR'S INTERVIEW

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THE GOVERNOR'S PRESS SPOKESMAN, MR MIKE HANSON, SAID TODAY (MONDAY) THAT CERTAIN REMARKS MADE BY THE GOVERNOR DURING AN INTERVIEW WITH ASIA TELEVISION LTD LAST WEEK HAD BEEN MISTRANSLATED.

THE RT HON CHRISTOPHER PATTEN SAID: "WE WILL GO ON TRYING TO DELIVER OUR RESPONSIBILITIES TO THE PEOPLE OF HONG KONG IN AN HONOURABLE, DECENT AND COMPETENT WAY."

MR PATTEN DID NOT SAY ANYTHING WHICH COULD BE TAKEN AS CHALLENGING THE TRANSFER OF SOVEREIGNTY IN 1997 UNDER THE PROVISIONS OF THE JOINT DECLARATION.

MR HANSON SAID THE GOVERNOR WAS ENTIRELY COMMITTED TO THE FULL IMPLEMENTATION OF THE JOINT DECLARATION.

IT IS REGRETTABLE THAT THE CHINESE TRANSLATION OF HIS REMARKS WAS INCORRECT AND THAT SOME PEOPLE HAVE COMMENTED ON THE MISTRANSLATION WITHOUT CHECKING THE FACTS.

"IF WE ARE TO IMPROVE MUTUAL TRUST AND UNDERSTANDING, WE SHOULD THINK CAREFULLY BEFORE RESPONDING TO REPORTS WHICH MIGHT WELL BE INCORRECT," MR HANSON SAID.

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AG ON APPLICATION OF
INT'L RIGHTS AND OBLIGATIONS TO HK

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THE ATTORNEY GENERAL, MR JEREMY MATHEWS, SAID TODAY (MONDAY) THAT THE BRITISH AND CHINESE SIDES HAD REACHED AGREEMENT ON THE CONTINUED APPLICATION IN THE HONG KONG SPECIAL ADMINISTRATIVE REGION AFTER 1997 OF MORE THAN 100 MULTILATERAL TREATIES.

MR MATHEWS ALSO BELIEVED THAT THE ROLE OF THE LEGAL DEPARTMENT AFTER 1997 WOULD BE LITTLE DIFFERENT FROM THAT AT THE MOMENT.

ON THE MULTILATERAL TREATIES, HE SAID AMONG THESE WERE THE CONVENTIONS OR TREATIES ESTABLISHING 27 INTERNATIONAL ORGANISATIONS SUCH AS THE GENERAL TARIFFS AND TRADE, THE INTERNATIONAL LABOUR ORGANISATION, THE INTERNATIONAL MARITIME ORGANISATION, THE INTERNATIONAL MONETARY FUND, AND INTERPOL.

HE WAS SPEAKING AT A LUNCHEON MEETING OF THE LEGAL COMMITTEE OF THE AMERICAN CHAMBER OF COMMERCE.

MR MATHEWS SAID THAT WAS IMPORTANT FOR HONG KONG'S CONTINUED GROWTH AS A COMMERCIAL AND FINANCIAL CENTRE THAT ITS INTERNATIONAL LINKS, IN ALL THEIR MULTIFARIOUS FORMS, SHOULD BE MAINTAINED AND DEVELOPED AFTER 1997 AND THAT AN ESSENTIAL ELEMENT OF THESE LINKS WAS THE NETWORK OF INTERNATIONAL AGREEMENTS IN WHICH HONG KONG WAS INCLUDED.

/HE SAID

HE SAID BRITAIN HAD EXTENDED TO HONG KONG ITS INTERNATIONAL RIGHTS AND OBLIGATIONS UNDER MORE THAN 200 MULTILATERAL INTERNATIONAL TREATIES.

THESE TREATIES COULD CONVENIENTLY BE DIVIDED INTO ABOUT 20 CATEGORIES, INCLUDING: CUSTOMS ARRANGEMENTS, TRADE AND COMMERCE, MERCHANT SHIPPING, POSTAL REGULATIONS, INTERNATIONAL CRIME, INTELLECTUAL PROPERTY, TELECOMMUNICATIONS, HUMAN RIGHTS, AND CIVIL AVIATION.

IN THE SINO-BRITISH JOINT DECLARATION THE TWO GOVERNMENTS AGREED IN PRINCIPLE THAT THESE INTERNATIONAL RIGHTS AND OBLIGATIONS COULD CONTINUE IN FORCE IN HONG KONG AFTER 1997.

THERE WERE ALSO OVER 180 BILATERAL TREATIES WHICH BRITISH EXTENDED TO HONG KONG, COVERING SUCH IMPORTANT MATTERS AS AIR SERVICES, EXTRADITION, ENFORCEMENT OF CIVIL JUDGMENTS, VISA REQUIREMENTS, AND INVESTMENT PROTECTION.

"WE HAVE DECIDED, IN AGREEMENT WITH THE CHINESE SIDE AND WITH THE AUTHORITY OF THE BRITISH GOVERNMENT, THAT THE HONG KONG GOVERNMENT SHOULD ITSELF EMBARK UPON A PROGRAMME OF NEGOTIATING AND CONCLUDING ITS OWN BILATERAL INTERNATIONAL AGREEMENTS WITH RELEVANT COUNTRIES," MR MATHEWS SAID.

THE POSITION TO DATE WAS THAT THE HONG KONG GOVERNMENT HAD SIGNED EIGHT SEPARATE AIR SERVICES AGREEMENTS WITH OTHER GOVERNMENTS INCLUDING: THE NETHERLANDS, SWITZERLAND, CANADA, AND FRANCE.

SIX AGREEMENTS HAD BEEN INITIALLED AND A NUMBER OF OTHERS WERE IN THE COURSE OF NEGOTIATION.

IN THE AREA OF EXTRADITION, OR THE SURRENDER OF FUGITIVE OFFENDERS, MR MATHEWS SAID HONG KONG HAD SO FAR INITIALLED AGREEMENTS, WITH CANADA, AUSTRALIA AND MALAYSIA AND HAD SIGNED AGREEMENT WITH THE NETHERLANDS. NEGOTIATIONS WERE CONTINUING WITH SEVERAL OTHER COUNTRIES, INCLUDING THE UNITED STATES, SINGAPORE AND INDIA.

"WE ARE LOOKING FOR A TOTAL OF ABOUT 20 BILATERAL AGREEMENTS ON THE SURRENDER OF FUGITIVE OFFENDERS THAT CAN REMAIN IN FORCE AFTER 1997."

HE SAID ANOTHER IMPORTANT AREA WAS THE NETWORK OF BRITISH BILATERAL AGREEMENTS COVERING THE RECIPROCAL ENFORCEMENT OF COURT JUDGMENTS IN CIVIL AND COMMERCIAL MATTERS.

"WE NEED TO ESTABLISH OUR OWN NETWORK OF FREE-STANDING AGREEMENTS THAT WILL SURVIVE 1997, AND THESE ARE UNDER CONSIDERATION IN THE JOINT LIAISON GROUP."

ALSO UNDER CONSIDERATION WAS A PROPOSAL FOR A NUMBER OF BILATERAL VISA ABOLITION AGREEMENTS WITH RELEVANT COUNTRIES.

ON BILATERAL INVESTMENT PROMOTION AND PROTECTION AGREEMENTS, HE SAID SINCE LATE 1991 THE HONG KONG GOVERNMENT HAD NEGOTIATED AND INITIALLED NINE AGREEMENTS WITH THE GOVERNMENTS OF COUNTRIES WHOSE COMPANIES AND INSTITUTIONS WERE MAJOR INVESTORS IN HONG KONG.

"THESE INITIALLED AGREEMENTS ARE WITH THE NETHERLANDS, CANADA, AUSTRALIA, SWEDEN, DENMARK, GERMANY, ITALY, SWITZERLAND AND FRANCE.

"NEGOTIATIONS ARE UNDERWAY WITH THE UNITED STATES, SINGAPORE AND SEVERAL OTHER COUNTRIES.

ON THE ROLE OF THE LEGAL DEPARTMENT, HE SAID: "I WOULD STATE, SOME MAY THINK BOLDLY, THAT THE ROLE WILL BE LITTLE DIFFERENT FROM THAT WHICH IT FULFILLS AT THE MOMENT."

HE SAID A VAST SPECTRUM OF LEGAL WORK, MUCH OF IT SPECIALISED AND NOT REPLICATED IN THE PRIVATE SECTOR, WAS UNDERTAKEN BY THE LEGAL DEPARTMENT OF ABOUT 250 LAWYERS, MANY FROM OVERSEAS, COMMON-LAW JURISDICTIONS, BUT WITH A GROWING NUMBER OF HONG KONG LAWYERS.

THE WORK THAT THE DEPARTMENT UNDERTOOK, SUCH AS GIVING LEGAL ADVICE, PROSECUTING CRIMINAL CASES, DRAFTING LAWS AND CONTRACTS WAS FIRMLY ANCHORED WITHIN THE COMMON LAW LEGAL SYSTEM OF HONG KONG.

"IT IS THIS SYSTEM THAT WILL CONTINUE AFTER 1997, AS GUARANTEED IN THE JOINT DECLARATION AND THE BASIC LAW," MR MATHEWS SAID.

WITHIN THE CURRENT LEGAL SYSTEM, THERE WOULD BE A CONTINUING NEED FOR CRIMINALS TO BE PROSECUTED, LAWS DRAFTED, LEGAL ADVICE GIVEN AND LAWS REFORMED.

"THAT WORK WILL CONTINUE BECAUSE CLEARLY IT MUST, AS BEING AN ESSENTIAL PART OF THE PRESENT LEGAL SYSTEM," MR MATHEWS SAID.

ON SUGGESTIONS THAT MORE OF THE WORK OF THE DEPARTMENT COULD BE HIVED OFF TO THE PRIVATE SECTOR.

"THIS, SO IT IS SAID, WILL ENSURE GREATER OBJECTIVITY AND EFFICIENCY. LET ME SAY AT THE OUTSET THAT LEGAL DEPARTMENT IS A DEPARTMENT OF PROFESSIONALS WHO DO NOT HESITATE TO GIVE FAIR, OBJECTIVE AND DETACHED ADVICE EVEN WHEN IT MAY BE INCONVENIENT.

"BUT IF ONE EXAMINES FURTHER THE IDEA OF PRIVATISATION, ONE CAN SOON SEE SIGNIFICANT PROBLEMS."

FIRST, HE SAID, THERE WERE SOME TYPES OF WORK FOR WHICH THERE WAS NO, OR VERY LITTLE, EXPERTISE IN THE PRIVATE SECTOR, SUCH AS LEGISLATIVE DRAFTING OR PUBLIC INTERNATIONAL LAW.

SECONDLY, THE HONG KONG GOVERNMENT, LIKE ALL GOVERNMENTS MUST HAVE AVAILABLE TO IT A BODY OF LAWYERS WHOSE SERVICES WERE EXCLUSIVELY THEIRS, IN THE SENSE THAT THE GOVERNMENT DID NOT HAVE TO COMPETE WITH OTHERS, TO SECURE THE FULL COMMITMENT OF TIME AND RESOURCES.

THIRDLY, BRIEFING WORK OUT TO PRIVATE COUNSEL OR LAW FIRMS WAS FAR MORE EXPENSIVE THAN HAVING THE WORK DONE IN-HOUSE. IF ALL OF THE LEGAL DEPARTMENT'S CIVIL AND CRIMINAL LITIGATION AND ADVISORY WORK, AND DRAFTING OF CONTRACTS, WERE DONE PRIVATELY THE PRICE WOULD BE ENORMOUS.

/FOURTHLY, CLEARLY

FOURTHLY, CLEARLY THERE WAS MUCH LEGAL WORK UNDERTAKEN BY THE DEPARTMENT WHICH WAS OF A SENSITIVE NATURE AND WAS INTIMATELY BOUND UP WITH THE FORMULATION AND EXECUTION OF POLICY.

"NO GOVERNMENT CAN ALLOW SUCH WORK TO GO OUTSIDE," HE SAID.

HE BELIEVED THAT THERE WERE POWERFUL PUBLIC INTEREST AND FINANCIAL REASONS WHY THE MAIN ACTIVITIES OF THE DEPARTMENT SHOULD REMAIN WITHIN THE DEPARTMENT.

"THE GOVERNMENTS OF HONG KONG - BEFORE AND AFTER 1997, WILL BE FACED WITH NUMEROUS CHALLENGES IN ENSURING THE SMOOTH TRANSITION OF SOVEREIGNTY: THE PRESENT GOVERNMENT IN SECURING THE PRESENT PROSPERITY AND PREPARING FOR THE TRANSFER, AND THE POST-1997 GOVERNMENT IN MAINTAINING THIS PROSPERITY AND ENSURING AN EFFICIENT ADMINISTRATION OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION.

"NUMEROUS LEGAL PROBLEMS WILL BE ENCOUNTERED. THE LEGAL DEPARTMENT WILL BE THERE TO PLAY ITS PART IN THE GOOD GOVERNMENT AND ADMINISTRATION OF HONG KONG," MR MATHEWS SAID.

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LEGO PANEL BRIEFED ON SCHEME OF CONTROL AGREEMENT RENEGOTIATIONS

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THE SECRETARY FOR ECONOMIC SERVICES, MRS ANSON CHAN, SAID AGREEMENT HAD BEEN REACHED WITH THE HONGKONG ELECTRIC COMPANY LTD AND ITS PARENT COMPANY HONGKONG ELECTRIC HOLDINGS LTD ON THE EXTENSION OF THE COMPANY'S SCHEME OF CONTROL AGREEMENT FOR A FURTHER 15 YEARS ON REVISED TERMS AND CONDITIONS WHICH HAVE BEEN APPROVED IN PRINCIPLE BY THE EXECUTIVE COUNCIL.

AT A MEETING WITH THE LEGCO PANEL ON ECONOMIC SERVICES AND PUBLIC UTILITIES THIS (MONDAY) MORNING, SHE INFORMED MEMBERS THAT IN ACCORDANCE WITH PROCEDURES WHICH HAD BEEN AGREED IN THE JOINT LIAISON GROUP, THE CHINESE GOVERNMENT WAS AT PRESENT BEING CONSULTED ON THE TERMS OF THE NEW AGREEMENT.

DURING THE BRIEFING MRS CHAN AND HER STAFF BRIEFED MEMBERS ON THE PERFORMANCE OF THE COMPANY DURING THE PERIOD COVERED BY THE CURRENT SCHEME OF CONTROL AGREEMENT (SCA) WHICH EXPIRES ON DECEMBER 31, 1993.

MRS CHAN SAID IN GENERAL TERMS, THE AGREEMENT HAD WORKED WELL AND THAT THE GOVERNMENT'S OBJECTIVE OF ENSURING THAT CONSUMERS RECEIVE A RELIABLE AND EFFICIENT SUPPLY OF ELECTRICITY AT REASONABLE COST HAD BEEN ACHIEVED.

DURING THE PERIOD COVERED BY THE CURRENT AGREEMENT (1979-1993) HONGKONG ELECTRIC HAD INVESTED OVER \$23 BILLION IN ASSETS AND WOULD SPEND A FURTHER \$7 BILLION OVER THE NEXT TWO YEARS.

TARIFF LEVELS, WHICH COMPARE FAVOURABLY WITH THOSE CHARGED IN BOTH EUROPE AND OTHER PARTS OF THE REGION, HAVE ONLY INCREASED BY 22% ON AVERAGE OVER THE PAST 10 YEARS COMPARED TO A 110% RISE IN THE CONSUMER PRICE INDEX.

IN REAL TERMS, THE COST OF ELECTRICITY HAD FALLEN OVER 42% IN 10 YEARS, MEMBERS WERE TOLD.

MEMBERS WERE ALSO INFORMED THAT THE GOVERNMENT HAD CONCLUDED THAT NO CHANGE SHOULD BE MADE TO THE CURRENT RATES OF PERMITTED RETURN (THE MAXIMUM PROFIT ALLOWED TO SHAREHOLDERS) PROVIDED FOR UNDER THE SCHEME OF CONTROL AGREEMENT.

THESE RANGE FROM 13.5% TO 15% RETURN ON AVERAGE NET FIXED ASSETS, LESS THE DEDUCTIONS OF INTEREST REQUIRED UNDER THE TERMS OF THE SCHEME OF CONTROL AGREEMENT.

IN AGREEING WITH THE COMPANY THAT THERE SHOULD BE NO CHANGE TO THE RATES OF PERMITTED RETURN THE GOVERNMENT TOOK ACCOUNT OF THE VITAL IMPORTANCE OF ENCOURAGING CONTINUING INVESTMENT TO MEET GROWING DEMAND.

WHILE IT IS INTENDED THAT THERE BE NO CHANGE IN THE BASIC TERMS OF THE NEW SCA, MEMBERS WERE BRIEFED ON THE CHANGES THAT WOULD BE MADE UNDER THE NEW AGREEMENT TO ENHANCE GOVERNMENT'S ABILITY TO MONITOR THE COMPANY'S OPERATION.

THESE INCLUDE REQUIREMENTS TO DEVELOPMENT PROGRAMMES AIMED AT ENERGY CONSERVATION AND MEASURES TO STRENGTHEN TECHNICAL AND FINANCIAL MONITORING.

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ENTRIES TO GOVERNOR'S INDUSTRY AWARD SCHEME INVITED

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THE ACTING DIRECTOR-GENERAL OF INDUSTRY, MR RICKY FUNG, TODAY (MONDAY), URGED MANUFACTURERS TO ENTER COMPETITIONS FOR THE 1993 GOVERNOR'S AWARD FOR INDUSTRY, A MAJOR AWARD SCHEME TO RECOGNISE AND ENCOURAGE EXCELLENCE IN DIFFERENT ASPECTS OF INDUSTRIAL PERFORMANCE.

MR FUNG SAID THE SCHEME, INTRODUCED IN 1989, WAS AIMED AT RECOGNISING AND ENCOURAGING OUTSTANDING CONTRIBUTIONS TOWARDS DEVELOPING THE EFFICIENCY AND COMPETITIVENESS OF HONG KONG'S MANUFACTURING INDUSTRY.

"IT IS THE HIGHEST RECOGNITION AVAILABLE TO INDUSTRY AND WINNING IT THROUGH TOUGH COMPETITION IS A PRESTIGIOUS HONOUR OF LASTING VALUE," HE SAID.

THE AWARD SCHEME CONSISTS OF SIX CATEGORIES: CONSUMER PRODUCT DESIGN, MACHINERY AND EQUIPMENT DESIGN, PRODUCTIVITY, QUALITY, ENVIRONMENTAL PERFORMANCE AND EXPORT MARKETING.

THE CONSUMER PRODUCT DESIGN AND MACHINERY AND EQUIPMENT DESIGN AWARD CATEGORIES ARE PRODUCT-BASED, AND RECOGNISE, RESPECTIVELY, THE IMPORTANCE OF GOOD DESIGN IN CONSUMER PRODUCTS AND IN MACHINERY AND EQUIPMENT FOR USE IN MANUFACTURING.

THE OTHER FOUR AWARD CATEGORIES ARE COMPANY-BASED.

THE PRODUCTIVITY AND QUALITY AWARD CATEGORIES RECOGNISE ENDEAVOURS BY HONG KONG COMPANIES TO ACHIEVE IMPROVED PRODUCTIVITY AND BETTER QUALITY RESPECTIVELY IN THEIR MANUFACTURING PROCESS.

THE ENVIRONMENTAL PERFORMANCE AWARD CATEGORY RECOGNISES ENDEAVOURS BY MANUFACTURERS TO PROTECT THE ENVIRONMENT IN THEIR MANUFACTURING PROCESS.

THE EXPORT MARKETING AWARD CATEGORY RECOGNISES ACHIEVEMENTS IN EXPORTING HONG KONG PRODUCTS.

EACH AWARD CATEGORY IS RUN BY A DIFFERENT ORGANISATION. THE FEDERATION OF HONG KONG INDUSTRIES IS THE LEADING ORGANISER FOR THE CONSUMER PRODUCT DESIGN CATEGORY; THE CHINESE MANUFACTURERS' ASSOCIATION OF HONG KONG FOR THE MACHINERY AND EQUIPMENT DESIGN CATEGORY; THE HONG KONG PRODUCTIVITY COUNCIL FOR THE PRODUCTIVITY CATEGORY; THE INDUSTRY DEPARTMENT FOR THE QUALITY CATEGORY; THE PRIVATE SECTOR COMMITTEE ON THE ENVIRONMENT FOR THE ENVIRONMENTAL PERFORMANCE CATEGORY; AND THE HONG KONG TRADE DEVELOPMENT COUNCIL FOR THE EXPORT MARKETING CATEGORY.

MR FUNG SAID THERE WOULD BE ONLY ONE GOVERNOR'S AWARD FOR EACH AWARD CATEGORY. "BUT THE LEADING ORGANISER MAY GIVE SUBSIDIARY AWARDS IN EACH CATEGORY OR CONFER CERTIFICATES OF MERIT ON DESERVING ENTRIES," HE SAID.

THE CLOSING DATE FOR ENTRIES TO ALL SIX AWARD CATEGORIES IS JUNE 18 AND THE PRESENTATION CEREMONY WILL TAKE PLACE AT THE HONG KONG CONVENTION AND EXHIBITION CENTRE ON DECEMBER 6.

THE AWARDS WILL BE PERSONALLY PRESENTED BY THE GOVERNOR.

AS REGARDS THE QUALITY AWARD, WHICH IS BEING ORGANISED BY THE INDUSTRY DEPARTMENT, MR FUNG SAID IT AIMED AT PROMOTING A WIDER APPRECIATION OF THE IMPORTANCE OF QUALITY AMONG HONG KONG MANUFACTURERS BY RECOGNISING THOSE WHO HAD PRACTISED EFFECTIVE QUALITY MANAGEMENT IN THEIR MANUFACTURING PROCESSES AND WHOSE PRODUCTS WERE MANUFACTURED TO A HIGH STANDARD OF QUALITY.

"ALL COMPANIES LOCATED IN HONG KONG AND, IN THE YEAR PRIOR TO THE DEADLINE FOR ENTRIES MANUFACTURED PRODUCTS THAT QUALIFY FOR A CERTIFICATE OF HONG KONG ORIGIN, ARE ELIGIBLE TO ENTER THE COMPETITION," HE SAID.

MR FUNG SAID ENTRIES FOR THE QUALITY AWARD WOULD BE EVALUATED ON TWO MAIN CRITERIA.

"THE FIRST CRITERION IS THE EXTENT TO WHICH A COMPANY'S QUALITY MANAGEMENT SYSTEM APPLIED TO DESIGN, MATERIALS SOURCING, PRODUCTION AND TESTING, ELIMINATES DELAYS AND REJECTIONS DURING THE MANUFACTURING PROCESS AND CONSUMER COMPLAINTS AFTERWARDS."

"THE SECOND CRITERION IS THE QUALITY OF THE COMPANY'S PRODUCTS, IN TERMS OF FITNESS FOR THE PURPOSE, CONSISTENCY OF PERFORMANCE, APPEARANCE, VALUE FOR MONEY AND SAFETY," HE SAID.

MANUFACTURERS INTERESTED IN THE QUALITY AWARD COMPETITION ARE ASKED TO COMPLETE AN APPLICATION FORM AND RETURN IT TO THE INDUSTRY DEPARTMENT BY JUNE 18. BROCHURES AND APPLICATION FORMS ARE AVAILABLE AT THE INDUSTRY DEPARTMENT OR BY TELEPHONING 736 2306.

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NEW REGIONAL SECRETARY FOR HONG KONG AND KOWLOON

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MISS CHRISTINE CHOW KWAN-TAI WILL OFFICIALLY TAKE UP THE POST OF THE REGIONAL SECRETARY FOR HONG KONG AND KOWLOON IN THE CITY AND NEW TERRITORIES ADMINISTRATION TOMORROW (TUESDAY).

MISS CHOW, AGED 48, FIRST JOINED THE CIVIL SERVICE IN 1966 AND BECAME AN ADMINISTRATIVE OFFICER IN 1970.

FROM 1976 TO 1979, MISS CHOW WORKED IN A NUMBER OF POSTS IN THE FORMER HOME AFFAIRS DEPARTMENT, INCLUDING SERVING AS THE CITY DISTRICT OFFICER (EASTERN) AND THE CITY DISTRICT COMMISSIONER (HONG KONG).

DURING THE 1980S, SHE SERVED IN MANY POLICY BRANCHES, INCLUDING THE SOCIAL SERVICES BRANCH, HEALTH AND WELFARE BRANCH, FINANCE BRANCH AND LANDS AND WORKS BRANCH IN ADDITION TO THE REGIONAL SERVICES DEPARTMENT.

MISS CHOW'S LAST POSTING WAS THE DEPUTY SECRETARY FOR EDUCATION AND MANPOWER.

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STUDENTS WIN IMPROVEMENT AWARDS

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A RECORD NUMBER OF 673 JUNIOR SECONDARY STUDENTS FROM 347 SCHOOLS WILL BE PRESENTED WITH AWARDS THIS THURSDAY FOR THEIR OUTSTANDING ACHIEVEMENTS IN BOTH STUDY AND CONDUCT OVER THE PAST SCHOOL YEAR.

THE DIRECTOR OF EDUCATION, MR DOMINIC S W WONG, WILL PRESENT AWARDS TO THE STUDENTS AT A CEREMONY TO BE HELD AT QUEEN ELIZABETH STADIUM. THERE WILL ALSO BE MUSIC, DANCES AND A MARCHING BAND PERFORMANCE.

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THE NUMBER OF AWARDS IS LIMITED TO TWO FOR EACH PARTICIPATING SCHOOL - ONE FOR A STUDENT WHO HAS COMPLETED SECONDARY 2 AND THE OTHER SECONDARY 3.

THE EVENT IS ORGANISED BY THE EDUCATION DEPARTMENT AND SPONSORED BY THE SING TAO FOUNDATION TO AWARD JUNIOR SECONDARY STUDENTS WHO HAVE ATTAINED THE BEST ALL-ROUND IMPROVEMENT IN PERFORMANCE OVER THE PAST SCHOOL YEAR.

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ATTENTION NEWS EDITORS:

YOUR REPRESENTATIVES ARE INVITED TO COVER THE PRESENTATION CEREMONY WHICH WILL START AT 3 PM ON THURSDAY (MARCH 25) AT QUEEN ELIZABETH STADIUM, OI KWAN ROAD, WAN CHAI.

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POSTFAX SERVICE WILL CEASE

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THE POSTMASTER GENERAL, MR M PAGLIARI, ANNOUNCES TODAY (MONDAY) THAT THE POSTFAX SERVICE PROVIDED AT SELECTED BRANCH POST OFFICES WILL CEASE WITH EFFECT FROM SEPTEMBER 1.

THE POSTFAX SERVICE WAS FIRST STARTED BY THE HONG KONG POST OFFICE IN 1982 MAINLY TO SERVE LOCAL SENDERS AND ADDRESSEES IN OVERSEAS COUNTRIES WHO ARE NOT EQUIPPED WITH FACSIMILE MACHINES.

WITH THE RAPID GROWTH IN RECENT YEARS OF FAX MACHINES IN HONG KONG AND IN OTHER PARTS OF THE WORLD, THE NUMBER OF POSTFAX ITEMS HANDLED BY THE POST OFFICE HAS DRAMATICALLY DECLINED OVER THE YEARS.

FOR THIS REASON, IT HAS BEEN DECIDED TO CEASE THIS SERVICE.

FOR TRANSMISSION OF FACSIMILE MESSAGES, MEMBERS OF THE PUBLIC ARE ADVISED TO MAKE USE OF FAX SERVICES OPERATED BY LICENSED PRIVATE OPERATORS OR OTHER ALTERNATIVE TELECOMMUNICATION SERVICES OFFERED BY HONG KONG TELECOM INTERNATIONAL LTD IN FUTURE.

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FRESH WATER CUTS

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FRESH WATER SUPPLY TO SOME PREMISES IN YUEN LONG, SAI KUNG AND SHAM SHUI PO WILL BE CUT OFF FROM WEDNESDAY (MARCH 24) NIGHT TO 6 AM THE FOLLOWING DAY TO FACILITATE WASTE DETECTION WORK ON WATER MAINS.

THE AFFECTED AREAS ARE:

/* ALL THE

- * ALL THE PREMISES AT FAN KAM ROAD, INCLUDING KAI TAU TSIM, A KUNG TIN TSUEN, TA SHEK WU SHEK TONG TSUEN AND TA SHEK WU TSUEN IN KAM TIN, YUEN LONG;
- * ALL THE PREMISES AT HIRAM'S HIGHWAY, PO TUNG ROAD AND TAI MONG TSAI ROAD, INCLUDING TAN CHEUNG AND SHA KOK MEI IN SAI KUNG; AND
- * ALL THE PREMISES AT FAT TSEUNG STREET, CHEUNG FAT STREET, PO ON ROAD AND WING HONG STREET, INCLUDING SO UK ESTATE IN SHAM SHUI PO.

THE WATER CUTS IN YUEN LONG WILL START AT 10 PM WHILE THOSE IN SAI KUNG AND SHAM SHUI PO WILL BEGIN AT 11 PM.

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WATER STORAGE FIGURE

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STORAGE IN HONG KONG'S RESERVOIRS AT 9 AM TODAY (MONDAY) STOOD AT 52.2 PER CENT OF CAPACITY OR 305.711 MILLION CUBIC METRES.

THIS TIME LAST YEAR THE RESERVOIRS CONTAINED 195.641 MILLION CUBIC METRES OF WATER, REPRESENTING 33.4 PER CENT OF CAPACITY.

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HONG KONG GOVERNMENT EXCHANGE FUND
MONEY MARKET OPERATIONS

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	\$ MILLION

OPENING BALANCE IN THE ACCOUNT	1,130
REVERSAL OF LAF	+1,020
BALANCE AFTER REVERSAL OF LAF	2,150
NET INJECTION/WITHDRAWAL TODAY	NIL
EFFECT OF LAF TODAY	-500
CLOSING BALANCE IN THE ACCOUNT	1,650
LAF RATE 2.00 BID/4.00 OFFER	TWI 113.6 *+0.0* 22.3.93

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HONG KONG GOVERNMENT EXCHANGE FUND

EF BILLS

HONG KONG GOVERNMENT BONDS

TERMS	YIELD	TERM	ISSUE	COUPON	PRICE	YIELD
1 WEEK	2.56 PCT	14 MONTHS	2405	5.50	102.24	3.53
1 MONTH	2.80 PCT	17 MONTHS	2408	5.50	101.09	3.60
3 MONTHS	2.91 PCT	20 MONTHS	2411	4.375	101.37	3.79
6 MONTHS	3.15 PCT	23 MONTHS	2502	4.625	101.41	4.01
12 MONTHS	3.45 PCT					

TOTAL TURNOVER OF BILLS AND BONDS - 13,958MN

CLOSED 22 MARCH 1993

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