



DAILY INFORMATION BULLETIN

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BEACONSFIELD HOUSE, HONG KONG. TEL.: 2842 8777

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The seven revenue virtues of public finances

The Government will continue to adhere to the seven revenue principles upon which Hong Kong's public finances have been based for many years, the Financial Secretary, Mr Donald Tsang, said today (Monday).

Speaking at the luncheon of the Hong Kong Economic Association, Mr Tsang said these seven revenue virtues had brought Hong Kong to its present level of success and would continue to do so in future.

The seven revenue principles outlined by Mr Tsang are the "living-within-our-means" rule; maintaining adequate fiscal reserves; a low, simple and predictable tax system; a rigorous user-pays system for fees and charges to underpin the low tax regime; combating tax avoidance and tax evasion; providing tax concessions where most needed and; avoiding fuelling inflation.

Mr Tsang said the "living-within-our-means" principle was the golden rule of Hong Kong's public finances.

"We ensure this in two ways: by carefully controlling the growth of government spending in line with the trend growth rate of the economy; and by adhering to the first revenue principle: to raise sufficient revenue to meet our known spending commitments," Mr Tsang said.

"Having kept a firm grip on spending, we ensure, by fine tuning the revenue system, that our revenue growth is commensurate so that we keep our budgets broadly in balance."

Mr Tsang stressed that Hong Kong must maintain adequate fiscal reserves to provide a cushion against future uncertainties. The Hong Kong Government currently maintains fiscal reserves of \$151 billion.

"Hong Kong's fiscal reserves at their present level give us the assurance we need as we enter the final stages of the transition that our public spending on vital services will not be disrupted by short term fluctuations in our economy."

"The existence of reserves is also a great boost to public confidence during the transition. The bulk of the reserves are deposited within the Exchange Fund to help protect the Hong Kong Monetary Authority to protect the Hong Kong Dollar. Nothing could be more important to Hong Kong over the next few years than defending the link with the US Dollar," he stressed.

Mr Tsang said Hong Kong was famous around the world for having a tax system based on low taxes that were simple to understand, to implement and to predict.

"So potential investors know not only what taxes are going to be like this year but in broad terms what they are going to be like in five years' time and ten years' time. It is this assurance, as much as the low tax rates and their simple nature, that makes Hong Kong so attractive," he said.

Mr Tsang pointed out that the best investments took many years to pay off.

"These are the sort of investments that can best provide jobs for Hong Kong people," he said.

Mr Tsang stressed that a rigorous user-pays system for setting fees and charges was an integral part of our low tax regime.

"After all, failing to recover the cost from the user does not make the cost disappear. It simply means that the taxpayer has to pay it instead of the user," he said.

He said nonetheless where there are compelling social grounds for the Government to intervene, such as in the education and medical sectors, services are either free or heavily subsidised.

Mr Tsang said the Government would continue to combat tax avoidance and tax evasion. Two pieces of legislation have been enacted earlier this year to end the abuse of the service company system to disguise employment situation and to ensure proper records of cash transactions are kept.

Mr Tsang said tax concessions had been provided to individuals who deserved help and to enterprises to provide support for business and to keep red tape to a necessary minimum.

"And finally when applying all the above six principles we seek to pursue the seventh, which is to avoid fuelling inflation as far as possible," he said.

End

Foreign domestic helpers

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In response to press enquiries on the recommendations by the Commissioner for Administrative Complaints in his report on investigation concerning accommodation for foreign domestic helpers, a spokesman for the Immigration Department said today (Monday) the department can readily accept four out of the 10 recommendations in the report.

"The remaining recommendations require further study because they involve additional manpower or a policy change," the spokesman said.

"The recommendation of issuing a special type of identity card for foreign domestic helpers is already in hand. It is one of our measures to tackle the illegal employment problem. We will soon be issuing identity cards with a 'W' prefix to foreign domestic helpers," the spokesman pointed out.

"In dealing with the foreign domestic helpers, we must strike a balance between the interests of foreign domestic helpers and those of the employers."

End

Efforts to minimise impact of water main bursts

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The Water Supplies Department has well established guidelines and instructions for staff to follow in case of water main bursts to reduce the impact on suspension of water supply to consumers.

"We have been trying our best with the available financial and staff resources to tackle the problem of main bursts in order to minimise inconvenience to the public," a spokesman for the department said today (Monday).

The remarks was made in response to an announcement made by the Commissioner for Administrative Complaints (COMAC) today that COMAC would be conducting a study on the prevention and reduction of main bursts.

"We were informed by COMAC earlier this month about their planned study. We have no objection to that, though we are not aware what prompted COMAC to conduct such a study on the general issue of main bursts," the spokesman said.

"Our department has from time to time received complaints from consumers of inconvenience caused by the sudden interruption of water supply as a result of main bursts.

"However, we have never received one single case of complaint through COMAC regarding maladministration leading to injustice to any member of the public on main bursts."

He pointed out that over the years, the department had all along been carrying out programmes to improve and replace water mains that were more problematic.

"Waste detection activities have started since the 1950s to identify leaks in water mains for early repairs before they develop into burst," he said.

"However, some 80 per cent of the main bursts were caused directly or indirectly by other activities outside our control.

"We therefore set up dedicated inspection teams in mid-1993 to check construction activities in the vicinity of water mains to reduce the chance of water mains being damaged.

"We also maintain regular co-ordination with the Highways Department and the utility companies, and remind contractors from time to time to avoid damaging water mains."

Meanwhile, the spokesman said, the department was in the process of conducting an underground asset management study.

"This will help us to know more accurately about the condition and performance of the water mains and to develop a comprehensive and cost-effective asset management plan, with a view to undertake preventive maintenance or replacement of water mains in a more systematic and scientific manner," he said.

End

Action against land encroachment in Tai Tong Valley

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The Government will take enforcement action tomorrow (Tuesday) to stop unauthorised encroachment of government land in Tai Tong Valley in Yuen Long.

Crown land notices were posted on site on November 8 demanding cessation of unlawful occupation before December 8 after illegal structures including shelters and poultry houses were found constructed and fruit trees planted on unleased government land for commercial purposes.

Recent site inspection conducted revealed that the occupier had demolished some of the illegal structures on the unleased government land.

The Government, in accordance with the Crown Land Notice, will take possession of any property or structure left on the said unleased land.

End

NAPCO sends reminder to ACP contractors

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The Director of the New Airport Projects Co-ordination Office, Mr Billy Lam, has reminded contractors that they stand to lose their quotas to import workers for the Airport Core Programme (ACP) projects if they abuse the special labour importation scheme.

In a letter sent to 43 principal ACP contractors following the recent labour disputes involving imported workers on ACP sites, Mr Lam said:

"We are very concerned about these labour disputes because it is very important that the terms of employment and welfare of all ACP workers, both local and imported, are fully protected.

"We regard any abuse of the Special Labour Importation Scheme for ACP projects as detrimental to the smooth implementation of the ACP and the conditions of work of employees who come to Hong Kong to help build these projects."

Mr Lam reminded the contractors it was their duty to ensure that imported workers in their employment or, in accordance with the deed of undertaking, in the employment of their sub-contractors, were treated in full accordance with the terms of their employment contracts and labour laws and the requirements of the Special Labour Importation Scheme and to take immediate action to rectify any irregularities.

In his letter sent today (Monday), Mr Lam said: "I would also like to remind you that should a contractor contravene the conditions of the Special Labour Importation Scheme, he will be liable to withdrawal of quotas in hand, refusal of application for extension of stay of the employee upon expiry of visa, and refusal of application to import labour under the ACP scheme in the future."

Contractors who are found to have contravened provisions of labour laws are liable to prosecution.

As at the end of October, there were about 19,800 workers working on ACP sites, of whom 4,650 were imported, representing 23 per cent of the workforce.

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HK delegation to visit China

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The Secretary for Education and Manpower, Mr Joseph Wong, will be visiting Beijing and Hangzhou from December 14 to 23, a government spokesman announced today (Monday). He will be accompanied by seven other Hong Kong government officials.

"This is one in a series of China visits started in 1988 for the purpose of general familiarisation," the spokesman said.

The last similar visit, which took place in August, was led by Mr Rafael Hui, then Secretary for Financial Services (Designate).

End

Use of unlined galvanised steel water pipes banned

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The Water Supplies Department today (Monday) reminded architects and plumbers that the use of unlined galvanised steel pipes would be banned from December 23 this year.

A spokesman for the department said the new requirement would be enforced in accordance with the Waterworks (Amendment) Regulation 1994 which was enacted late last year.

"Under the new requirement, all plumbing proposals for new buildings submitted to the Water Authority for approval will not be allowed to use unlined galvanised steel pipes as fresh water inside service," he said.

"Consumers should also observe the new requirement if their plumbing systems in the existing buildings undergo refurbishment after the specified date.

"However, the new requirement will not be applicable to fire service installations in new and existing buildings or minor repairs to existing fresh water plumbing systems."

The spokesman added: "With the implementation of the new requirement, we would expect to resolve, in the course of time, entirely the problem of discoloured tap water which has been experienced over the years by some consumers due to corrosion of pipes in their plumbing systems."

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\$15-million donation to elderly home

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A new Tung Wah Group of Hospitals care and attention home in the Wong Chuk Hang Complex for the Elderly today (Monday) received an enormous donation of \$15 million from the Yu Chun Keung Charitable Trust.

On behalf of the trust, Mr David Yu Kai-chiu, presented a cheque for that amount to the Chairman of the Tung Wah Group, Mr Willie Lui Pok-shek, in a brief ceremony.

The home, which has started operation since July this year, provides residential and care services for 200 elderly people. It will be named after the late Yu Chun Keung, father of Mr David Yu and his brother, Dr Yu Chi-chiu, and their sisters. Construction of the complex including this subvented home costs \$290 million.

The Director of Social Welfare, Mr Ian Strachan, who arranged for the donation, praised the Yu family and the trust for their very generous support to this worthy project.

End

Tender for the sixth issue of 5-year exchange fund notes

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The Hong Kong Monetary Authority (HKMA) announces Today (Monday) that tender for the sixth issue of 5-year exchange fund notes will be held on December 18 for settlement on December 19.

Similar to the previous issue, an amount of \$500 million 5-year notes will be on offer. In addition to that, another \$100 million will be held as reserve by HKMA for supply to market makers in the secondary market.

The notes will mature on December 19, 2000, and will carry interest at the rate of 6.38% per annum payable semi-annually in arrears.

Members of the public who wish to tender for the notes may do so through any of the market makers or recognised dealers on the published list which can be obtained from HKMA at 30th floor, 3 Garden Road, Hong Kong, Tel 2878 8150.

Each tender must be for an amount of \$50,000 or integral multiples thereof.

Following is the tender information for the sixth issue of 5-year exchange fund notes:

Issue Number : 5012

Tender Date and Time : Monday December 18, 1995
9.30 am to 10.30 am

- Issue and Settlement Date : Tuesday December 19, 1995
- Amount on Offer : \$500 million plus an additional \$100 million as reserve stock for the Monetary Authority
- Maturity : Five years
- Maturity Date : December 19, 2000
- Interest Rate : 6.38% per annum payable semi-annually in arrears
- Interest Payment Dates : Jun 19, 1996, Dec 19, 1996
Jun 19, 1997, Dec 19, 1997
Jun 19, 1998, Dec 21, 1998
Jun 21, 1999, Dec 20, 1999
Jun 19, 2000, Dec 19, 2000
- Tender Amount : Each tender must be for an amount of \$50,000 or integral multiples thereof. Members of the public who wish to tender for the notes may approach market makers or recognised dealers on the published list
- Other details : Please see Information Memorandum published or approach market makers or recognised dealers

End

Promotions in the administrative service

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The Government announced today (Monday) the following promotions in the Administrative Service with effect from January 1, 1996:

To the rank of Administrative Officer Staff Grade B1

Lessie Wei	Deputy Secretary for Financial Services
Chris Jackson	Deputy Secretary for the Civil Service
Keith Kwok	Deputy Secretary for Works
Doris Ho	Deputy Secretary for Health and Welfare
Alan Lai	Deputy Secretary for the Treasury
Stephen Lam	Deputy Secretary for Constitutional Affairs

To the rank of Administrative Officer Staff Grade B

Lee Kai-fat	Deputy Commissioner for Labour
Nancy Law	Deputy Postmaster General
Dominic Law	Deputy Director-General of Industry
Patrick Lau	Deputy Secretary for the Civil Service
Paul Tang	Deputy Director of Administration
Alex Fong	Deputy Secretary for Security
Maria Kwan	Deputy Secretary for Economic Services
Peter Cheung	Commissioner, Television and Entertainment Licensing Authority
Yvonne Choi	Commissioner for Official Languages
Raymond Wong	Principal Assistant Secretary for Security
Joshua Law	Principal Assistant Secretary for the Civil Service
Rebecca Lai	Assistant Director-General of Trade

The following overseas officers will be superseded for promotion to Administrative Officer Staff Grade B1 with effect from January 1, 1996:

Michael Stone Deputy Secretary for the Civil Service

Robert Wilson Deputy Secretary for Health and Welfare

End

Over 8,000 agreements lodged with Land Registry in November

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A total of 8,008 sale and purchase agreements for building units, which include both residential and non-residential properties, were lodged with the Land Registry last month (November 1995).

The figure represents an increase of 27.8 per cent from that of October 1995, but a 3.4 per cent decrease when compared with the same month last year.

The total consideration of these agreements is \$20.6 billion, up 24.8 per cent and down 30.8 per cent as compared with the amounts for October 1995 and November 1994 respectively.

The figures are contained in the monthly statistics released today (Monday) by the Land Registry on deeds relating to property transactions received for registration in the Urban and New Territories Land Registries last month.

Relevant statistics for October 1995 and November 1994 were provided for comparison.

Figures on sale and purchase agreements received for the past 12 months and the year-on-year rate of change were also released.

The statistics generally relate to land transactions executed up to four weeks prior to their submission for registration, as there is usually a time lag between the execution of deeds and their lodgement for registration.

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Buildings Department moves to new office

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The Buildings Department will move to its new office in Mong Kok tomorrow (Tuesday).

The new address is 12th to 18th floors, Pioneer Centre, 750 Nathan Road, Kowloon.

Covering an area of about 10,800 square metres, which is about 57 per cent larger than the old office in Murray Building in Central, the new premises will provide a more spacious and pleasant environment for the public to check building plans and enquire about building safety matters.

"The new office, located in a modern commercial building, is also easily accessible by public transportation.

"Direction signs have been put up at the nearby Prince Edward Mass Transit Railway Station, which is about two minutes' walk from the new office," a spokesman for the department said.

The new telephone numbers are:

Building safety hotline	2626 1234
Building information hotline	2626 1313
General enquiries	2626 1616
Facsimile	2537 4992

End

Water storage figure

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Storage in Hong Kong's reservoirs at 9 am today (Monday) stood at 93.9 per cent of capacity or 550.211 million cubic metres.

This time last year the reservoirs contained 470.292 million cubic metres of water, representing 80.2 per cent of capacity.

End

Hong Kong Monetary Authority money market operations

	\$ million	Time (hours)	Cumulative change (\$million)
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Opening balance in the account	1,232	0930	+62
Closing balance in the account	1,843	1000	+206
Change attributable to :		1100	+206
Money market activity	+207	1200	+209
LAF today	+404	1500	+209
		1600	+207

LAF rate 4.25% bid/6.25% offer TWI 122.5 *+0.0* 11.12.95

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.80	2 years	2711	5.60	100.01	5.67
1 month	5.78	3 years	3810	6.15	100.81	5.92
3 months	5.62	5 years	5009	6.95	102.57	6.41
6 months	5.60	7 years	7211	6.82	100.58	6.83
12 months	5.56	5 years	M502	7.30	102.28	6.86

Total turnover of EF bills and notes - \$15,446 million

Closed December 11, 1995

End