DAILY INFORMATION BULLETIN

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Wednesday, August 9, 1995

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Transcript of FS's media session
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Following is a transcript of the media session given by the Financial Secretary, Sir Hamish Macleod, after his luncheon address to the Federation of Hong Kong Industries today (Wednesday):

FS: I have just been delivering a speech which, in essence, is trying to point out that you should not get too alarmed at current economic figures. There are some which are not as good as they were. Obviously, unemployment is one. Inflation is not coming down as fast as we would like either. But the fundamentals: the GDP growth is looking good; the figure out for the first-quarter, 5.9% real increase, is very good; the trade figures are much better than we had expected, our domestic exports in particular. That feeds through into the service sector. So one must not get carried away with the flatter retail sales and assume that economic growth is somehow dramatically declining. It isn't. And that is not only my view, as has been published in the media recently, it is still the view, the broad view, of most of the bank economists and others who publish forecasts. The forecasts are still clustering around five to six per cent GDP growth this year, and also saying that economic growth of that order will continue into next year. So basically, we are still in quite a good position.

And just to focus on unemployment for a moment. Obscured behind the figures. is one rather good figure, and that is that the number employed has been going up much faster recently than in the last few years. I think the figure for the most recent three months was up 3.6 per cent. So we have a peculiar situation where employment is actually going up faster than in the past but the number who are ready to work has been going up even faster than that. And basically, as far as economic growth is concerned, that larger number working is good news and is reasonable grounds for confidence. So that was my main message, to summarise it.

Question: The gap between the poor and the rich is getting wider and wider and wider - as all of the newspapers carried the survey results today. What can be done with a view to trying to decrease that gap?

FS: Well, the newspapers may be faster than we are but we would rather like to read the report and study it before we make any sort of considered view. But I would take up one point and that is the famous, or infamous, Gini coefficient which has come up in LegCo over the last few years, and every time it has come up we have pointed out that it is a fairly misleading measure. It is the one which is mainly quoted to show that the ratio is changing adversely for the poorer. It ignores indirect, non-dollar benefits. I take, for example, subsidised housing. It ignores taxation. So, in looking at the relative well-being of the rich and the poor, it seems a rather strange measure if you ignore subsidised housing and salaries tax, just to take two examples. So it is pretty crude, it is pretty narrow. But I would like to read that report and see exactly what it says and what it is based on. I am not at all against research which takes a serious look at how well we are doing in relation, particularly, to dealing with the poorer members of Hong Kong's community. That is a worthwhile aim. Let's just see whether the headlines are actually justified.

Question: If the study shows that it is true that the poor are getting poorer, what can the government do to narrow that gap?

FS: It doesn't, of course, say that and no one must ever summarise it in that way. People are getting better off. The argument is whether the richer ones are getting better off faster than the poorer ones. But no one is saying that the poorer ones are getting worse off. At least I don't think they are. I would be very surprised if they were. If they are, then they are basing it on something funny like the Gini coefficient.

Question: You said earlier that the banking system was the cornerstone of Hong Kong's economy. Earlier today ... a report that said that they think that the banking industry is poised for a downturn and the worst time ... increased competition. And they believe that there is a possibility of speculation on the territory's currency. I know you have already dispelled that rumour. I don't know, this is one in a series of reports that have .a negative outlook to the banks here.

FS: Well, I think you have to distinguish a bit. There is quite a lot of theorising over whether bank profits are going to be a bit slimmer. And that is, again, perfectly legitimate. Maybe they are going to be a bit slimmer. But that certainly does not mean that the banking sector is not healthy. We have very good banking supervision. We have a very good system under the Monetary Authority and I am still very happy that what I have said is still true, that a healthy banking system is a cornerstone of our economy. And we have got one, I am very happy to say.

Question: Well, it's just that they said again that the peg is vulnerable to speculation. I mean speculation is different to ... the peg. Do you think that it is vulnerable to speculation?

FS: No. I have to say no in that sort of way because, of course, no currency is immune to speculation but certainly there is no reason for Hong Kong to be a target. And I have just been explaining, inside there, why. All the factors which people normally look at, whether you choose the way the economy is run, the size of the reserves, the efficiency of the Government, the amount of debt, you know any of the normal measures, we are very strong. We have the seventh largest foreign currency reserves and so on and so forth. So if people are willing to be speculators, if they are looking for a nice, ripe, weak target, then there are many dotted around the world, but we are not one of them.

Question: What is the attitude of the Government on the mortgage policy, because some people are urging the Government ...

FS: I noticed that there is a suggestion that we should review it - the 70% rule - although we have not actually received that suggestion yet, and when we do of course we will look at it. But basically, that was a rule adopted by the banks - I must say, we were quite happy about it - for banking prudential reasons, not for any other reasons. I am not aware that things have changed significantly to justify a change. Certainly at the moment I am quite relaxed about the present rule.

Question: Is it true that the Government is trying to ... on the labour importation scheme ... that unemployment ...?

FS: I saw the report. It is entirely wrong. We have not decided anything, that is the truth of the matter. We have said that we are reviewing that scheme against the background of the unemployment figures. I think we said that we would probably reach a conclusion in a month or two's time. But I can assure you, we have not yet reached a conclusion, because I was at a meeting on it yesterday.

Question: Sir Hamish, can you just explain why there has been this substantial increase in the surplus, 19%, I mean the figure that you have just given to us? Why?

FS: Yes. The surplus that is now being talked about is not the budget surplus, of course, it is the exchange fund, our surplus of assets over liabilities, and it is for the six months, the first half of this year. The fact is it has been quite good for investors. Bear in mind we are not in equities, we tend to be in bonds in the US. They are mainly in the US, to give a short answer. To give a longer and probably better answer, Joseph Yam is giving a press conference later today. Thank you very much.

End/Wednesday, August 9, 1995

Total assets of the Exchange Fund stood at HK$450 billion

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The Financial Secretary announced today (Wednesday) that total assets of the Exchange Fund stood at HK$450 billion at the end of June this year, up over 10% from the end of December last year.

Sir Hamish Macleod said according to the unaudited figures, Hong Kong's foreign exchange reserves amounted to US$53.6 billion at the end of June, compared to US$49.3 billion at the end of last year. Hong Kong currently ranks seventh in the world in overall foreign exchange reserves and second in reserves per capita.

Today's announcement marks the first time data on the Fund have been available on a six-monthly basis.

In a speech to the Federation of Hong Kong Industries, Sir Hamish said he decided on publishing the results of the Exchange Fund every six months "to partly show Government's continued commitment to greater openness and transparency, and partly to provide you and others in the commercial and financial world with more evidence of the considerable strength of Hong Kong's external position."

The accumulated earnings of the Fund grew to HK$153 billion, up HK$24.2 billion or nearly 19% from the end of 1994, a result that compares favourably with returns generated elsewhere in the fund management industry.

"I think you will agree with me that these are first rate results indeed," said Sir Hamish.

The good results were attributed largely to improved investment climate in the last six months, which the Hong Kong Monetary Authority (HKMA) took full advantage of.

"The good performance was due to the fact that our major investments were in the US markets, and that market was the best performer amongst other international bond markets except Japan," said Chief Executive of HKMA, Mr Joseph Yam.

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Exchange Fund Balance Sheet as at

	30 JUN, 1995 (Unaudited)	31 DEC,1994 (Audited, as published in the 1994 annual report)	30 JUN, 1994 (Unaudited)
	HK$ mn	HK$ mn	HK$ mn
ASSETS			
Foreign Currency Assets	418,334	384,359	367,543
Hong Kong Dollar Assets	31,454	24,126	20,782
	449,788	408,485	388,325
LIABILITIES			
Certificates of Indebtedness	74,630	74,301	69,571
Fiscal Reserves Account	143,908	131,240	131,171
Coins in Circulation	3,332	3,372	2,573
Exchange Fund Bills and Notes	50,840	46,140	39,221
Balance of Banking System	2,247	2,208	2,858
Other Liabilities	22,056	22,614	18,819
	297,013	279,875	264,213
ACCUMULATED SURPLUS	152,775	128,610	124,112

End/Wednesday. August 9, 1995

Confidence in continuing economic growth well based: FS

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The Financial Secretary, Sir Hamish Macleod, today (Wednesday) assured industrialists that the Government's confidence in good economic growth continuing was well based.

Speaking at a lunch meeting of the Federation of Hong Kong Industries, Sir Hamish said: "It is worth remembering that there has not been a single year in the past 30 when real GDP (Gross Domestic Product) has dropped in Hong Kong; by comparison, there have been six such years in both the UK and the US."

"We have a truly remarkable record, and we have good reasons to expect it to continue," he added.

On the economic performance, Sir Hamish said against some less good statistics, the apparently overlooked fact was the robust GDP growth and much better than expected trade figures.

"An encouraging 5.9 per cent real growth in GDP was recorded for the first quarter of 1995, compared to the same period in 1994.

"Domestic exports, in particular, have recorded significant growth, up about seven per cent in real terms in the first half of 1995. With total exports up 15 per cent," he said.

Sir Hamish said this was a pretty dramatic improvement over the 1994 figures of domestic exports down two per cent and total exports up 10 per cent. And of course there would be a spin-off from these good trade figures into trade related services.

On the linked exchange rate system, Sir Hamish stressed once again that the system would stay.

"The fact is it has been a great success, and its continuation is unambiguously supported by China," he said.

Sir Hamish said recent developments in relation to issues under discussion with China were also encouraging.

These included the resolution of the financing of the airport and airport railway, the agreement on the Court of Final Appeal, the practical discussions in the Infrastructure Co-ordinating Committee and the visit of the Chief Secretary to Beijing.

End/Wednesday, August 9, 1995

Survey on students taking up summer jobs

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Students were not particularly keen to look for summer jobs and of those who did find employment, their main motive was monetary reward, according to a survey commissioned by the Home Affairs Branch (HAB) and conducted by the Census and Statistics Department.

The survey, involving a sample of 2,192 full-time students aged between 15 and 22, was carried out in November last year to March this year with reference to the situation in the summer of 1994.

Its findings were discussed at a recent meeting of the Commission on Youth.

The survey revealed that among the respondents, only 12.1 per cent had looked for summer jobs. On motivation for seeking summer jobs, 73.6 per cent gave financial reward while only 16.2 per cent cited acquiring work experience.

An HAB spokesman said today (Wednesday): "This reflects the attitude of our young people. Although most respondents cited earning money as the reason for taking up summer jobs, members of the Commission felt that one should not be unduly alarmed.

"In this connection, the study on the Moral Values of Youth being conducted by the Commission on Youth may help to shed light on young people's attitude towards material rewards."

Noting that almost 90 per cent of full-time students aged from 15 to 22, estimated to be 321,900, did not look for any summer work, the spokesman added: "This group of young people should be encouraged to make the most of their holidays and to engage in worthwhile pursuits.

"It is therefore timely to remind schools, voluntary agencies and other youth organisations that they have an important role to play in organising summer activities for young people and to encourage them to take up voluntary work."

The survey also found that nearly half (45.2 per cent) of the students who found summer jobs worked in the wholesale, retail, import/export trades, restaurant and hotel businesses.

To protect the students, the Commission recommended that the Labour Department should step up the enforcement of the labour ordinances and strengthen inspection in the coming summer holidays to prevent illegal employment of underage students and to ensure that the working environment meets the statutory safety standards.

As to the fact that many summer job seekers would hide their student identity, it suggested that the importance of honesty should be conveyed to students.

In this connection, the Commission also called on employers to provide more summer job opportunities for students.

Moreover, it would be good to them if there were more jobs involving community services, the Commission suggested.

End/Wednesday, August 9, 1995

Public invited to briefing on obscene article law

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Members of the public, especially those from the publication trade, wishing to have more information about the Control of Obscene and Indecent Articles (Amendment) Ordinance 1995, are welcome to attend a briefing to be held on Friday (August 11). Television and Entertainment Licensing Authority (TELA) officers will be present to introduce the ordinance with emphasis on those provisions which are relevant to the publication industry.

"We hope this can help members of the trade make necessary arrangements to meet the requirements of the ordinance which will be enacted in early October this year," a spokesman for TELA said today (Wednesday).

The briefing will begin at 2.30 pm at the 35 mm Theatre of TELA on the 39th floor, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong.

As the venue has limited space, those wishing to come are requested to make reservation before noon on Friday on 2594 5835.

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New airport control tower simulator contract awarded

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The Secretary for the Treasury, on the advice of the Central Tender Board, has approved the award of an Airport Core Programme (ACP) contract for the supply and installation of a control tower simulator for the new airport at Chek Lap Kok. The contract, valued at $21.7 million, has been awarded by the Civil Aviation Department to Unisys China/Hong Kong Limited.

The company will be responsible for the supply and installation of the control tower simulator which will be used for aerodrome control training of air traffic controllers.

Work will start later this month for completion in November next year.

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6,568 S6 places still available for S5 leavers

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Stage II of the Secondary 6 Admission Procedure ended at 4.30 pm today (Wednesday), and Stage III will begin tomorrow.

There are still 6,568 S6 places available for S5 students to apply tomorrow in Stage III.

A spokesman for the Education Department said a total of 4,037 students scoring 14 points or more were successful in acquiring S6 places today.

In Stage III, day school students with results satisfying the minimum entry requirements may apply to their own or linked school if there are still vacancies before 3.30 pm tomorrow. Successful candidates should register with the schools on the same day.

Private candidates and evening school students with results meeting the minimum A-level entry requirements may apply to PLK Vicwood KT Chong Sixth Form College if there are still vacancies. Prevocational school students and past students, however, should not apply at this stage, the spokesman said.

The Education Department's central hotline 2782 7511, 2782 7625 and 2782 7639-40 and the 19 district education offices have handled 674 enquiries on the admission procedures today.

The central hotline will continue to operate from 9 am to 1 pm and 2 pm to 5 pm from Monday to Friday and 9 am to noon on Saturday until August 18.

The department's Careers Education Centre has received 485 visitors and handled 348 telephone enquiries on matters related to the S6 admission procedures until 5.30 pm today.

The department has received two more complaints today. They were found to be not substantiated after investigation by the department.

Meanwhile, the department's Psychological Services Section (tel: 2712 7958 and 2714 7852) manned by education counsellors or educational psychologists have received 71 calls from students and parents. Four of them needed counselling.

The centre at Room 206 of the Mong Kok Government Offices at 30 Luen Wan Street, Mong Kok, provides students with materials on opportunities for further studies and training and information on various professions.

Students are reminded that the centre will extend its opening hours without a break from 8.45 am to 5.30 pm until Friday (August 11).

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Government evening schools offer S6 places

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Secondary 5 school leavers wishing to pursue post-secondary education are invited to apply for admission to Secondary 6 classes in government evening secondary schools in the 1995-96 school year.

A spokesman for the Education Department said: "The newly introduced S6 course will last for three years and only arts classes will be offered at the present stage."

Applicants should have attained a grade E or above in six subjects, or a grade E or above in five subjects on no less than eight points, in one sitting of the Hong Kong Certificate of Education Examination (HKCEE). The S6 course fee for the 1995-96 school year will be $1,290.

A total of four classes, one at each centre with different combinations of arts subjects, will be offered at the following centres:

* Ho Tung Technical School for Girls Centre, One, Ka Ning Path, Causeway Bay, Hong Kong

* Queen Elizabeth School Centre, 152 Sai Yee Street, Kowloon

* Tsuen Wan Government Secondary School Centre, 70 Hoi Pa Street, Tsuen Wan, New Territories

* Sha Tin Government Secondary School Centre, 11 Man Lai Road, Sha Tin, New Territories

Application forms will be distributed at the Adult Education Section of the Education Department, Wu Chung House, 11th floor, Room 1106, 213 Queen's Road East, Wan Chai, tomorrow (Thursday) and on August 11 (Friday).

Completed application forms should be returned to the respective centres between 6.45 pm and 8.45 pm on August 11.

End/Wednesday, August 9, 1995

Six more nominations of LegCo candidates

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Six candidates submitted their nomination papers for the Legislative Council Elections in September today (Wednesday).

They were Mr Lau Chin-shek of Kowloon South Geographical Constituency (GC); Mr Wong Kwok-tung of the Kowloon South-west GC; Mr Lam Kwok-hung, Guy, of the Hong Kong Island West GC; Mr Li Hon-shing, Michael, of Hotels and Catering Functional Constituency (FC); Mr Lau Wong-fat of the Rural FC and Mr Lau Hon-chuen of Election Committee Constituency.

Personal particulars of the candidates are as follows:

Mr Lau Chin-shek

Sex: M
Age: 50
Occupation: Community Worker
Telephone: (Day) 2739 0836
(Night) 96901771

Inc/Pol*: Democratic Party; HK Confederation of Trade Unions; HK Christian Industrial Committee

Mr Wong Kwok-tung

Sex: M
Age: 46
Occupation: Solicitor
Telephone: (Day) 2523 6934
(Night) 94856877

Inc/Pol: Urban Council (Elected)

Mr Lam Kwok-hung, Guy

Sex: M
Age: 41
Occupation: Lawyer
Telephone: (Day) 2522 6294
(Night) 117743202

Inc/Pol: Hong Kong Alliance of Chinese and Expatriates

Mr Li Hon-shing, Michael

Sex: M
Age: 45
Occupation: Executive Director, the Federation of HK Hotel Owners Ltd.
Telephone: (Day) 2369 1887
(Night) 2717 8969

Inc/Pol: Nil

Mr Lau Wong-fat

Sex: M
Age: 58
Occupation: Merchant
Telephone: (Day) 2457 2822
(Night) 2457 4388

Inc/Pol: District Board (Ex-officio); Regional Council (Ex-officio)

Mr Lau Hon-chuen

Sex: M
Age: 48
Occupation: Solicitor
Telephone: (Day) 2526 2316

Inc/Pol: HK Progressive Alliance

* Inc - Incumbent District Board/Council member
Pol - Political Affiliation

That brings the total number of nominations to 116 as at the close of nomination today.

End/Wednesday, August 9, 1995

Talk on China's folk architecture

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Members of the public are invited to a talk on Chinese traditional buildings to be given by an leading overseas academic on Friday (August 11).

Professor Ronald Knapp, the Chairman of the Department of Geography of the State University of New York, will talk on China's folk architecture.

This is to complement the opening of the "Living Building" exhibition jointly presented by the Antiquities and Monuments Office and the Department of Architecture of the Chinese University of Hong Kong. The talk, to be conducted in English, will be held from 5.30 pm to 6.30 pm at the exhibition gallery of the Antiquities and Monuments Office, 136, Nathan Road, Kowloon.

For enquiries please call 2721 2326.

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Kennedy Town lot to let

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The Lands Department is inviting tenders for the short-term tenancy of a piece of Government land at Sai Ning Street, Kennedy Town. The 1,030-square-metre lot is to be used as a fee-paying public car park for the parking of goods vehicles only.

The tenancy is for six months, renewable quarterly.

Closing date for submission of tender is at noon on August 25.

Tender form, tender notice and conditions may be obtained from the District Lands Office, Hong Kong West, 19th floor, Southorn Centre, 130 Hennessy Road; the Lands Department, 14th floor, Murray Building, Garden Road; and the Kowloon District Lands Offices, 10th floor, Yau Ma Tei Car Park Building, 250 Shanghai Street, Kowloon.

Tender plan can also be inspected at the offices.

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Hong Kong Monetary Authority money market operations
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	$ million	Time (hours)	Cumulative change ($million)
Opening balance in the account	1,474	0930	+826
Closing balance in the account	1,703	1000	+826
Change attributable to :		1100	+826
Money market activity	+829	1200	+829
LAF today	-600	1500	+829
		1600	+829

LAF rate 4.25% bid/6.25% offer TWI 120.0 *+0.0* 9.8.95

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.34	2 years	2705	6.40	100.90	5.94
1 month	5.38	3 years	3807	6.16	99.51	6.44
3 months	5.44	5 years	5006	6.60	98.29	7.14
6 months	5.52	5 years	M501	7.90	101.69	7.61
12 months	5.63					

Total turnover of EF bills and notes - $17,031 million

Closed August 9, 1995

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