DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
GARDEN ROAD, 5th-8th FLOORS, MURRAY BUILDING,
HONG KONG. TEL.: 2842 8777

Friday, August 30, 1996

Contents **Page No.**

1996 half yearly economic report and updated forecasts 1

Commonwealth law links will continue: AG 12

Hong Kong's success benefits the world: FS 13

Communication services licenses formally offered 14

Legal Aid Services Council appointments announced 15

Sewers and drains investigations agreement signed 17

Hong Kong Government delegation to visit China 17

Monetary statistics for July 18

Book on southern district heritage published 21

Contents	Page No.
Adult education course fee revised	21
Rental information fee to be revised	22
Tenders invited for road works in Tseung Kwan O	23
Construction of district open space in Tuen Mun	24
Tenders for Man Kam To Road re-construction works invited	24
Tenders invited for construction of pumping station	25
Tenders invited for water treatment facilities	26
Architectual Services exhibition to move to Tsim Sha Tsui	26
Hong Kong Monetary Authority money market operations	27

1996 half yearly economic report and updated forecasts

*****

In the August update of the economic forecasts for 1996, the overall gross domestic product (GDP) is forecast to grow by 4.7% in real terms. This is slightly below the growth rate of 5% forecast earlier, but at par with the growth rate attained last year.

The forecast of consumer price inflation, as measured by the consumer price index (CPI)(A), is also lowered, from 7.5% to 6.8%.

The downward adjustment in the forecast GDP growth rate for the year mainly reflects the further slow-down in export growth in the first half of 1996, which was more abrupt than initially expected and led directly to weaker overall economic growth in the period.

Total exports rose by only 4% in real terms in the first half of this year, in contrast to a 10% growth in the second half of last year. The GDP growth rate touched a low of 3.1% in real terms in the first quarter.

Nevertheless, preliminary indications are that the GDP growth rate rebounded in the second quarter. It is forecast to pick up further in the next two quarters.

Moreover, economic fundamentals have been turning better:

* Labour market conditions improved further in recent months. The seasonally adjusted unemployment rate for the three months ending July fell below the 3%
* mark for the first time in 14 months, while the underemployment rate also moved lower. Total employment maintained a solid growth.

* Consumer price inflation in the first half of 1996 was considerably below the level prevailing in 1995.

* The visible trade deficit has been narrowing, and is well offset by sustained healthy increase in the invisible trade surplus.

* Activity in both the stock and property markets has revived markedly from last year, and the banking sector has performed remarkably well.

* Close economic relations continue to develop with China, currently the most dynamic economy in the region.

Export growth is expected to pick up in the second half of this year. The following factors are relevant:

* Barring a further strengthening of the US dollar, the adverse exchange rate effect on Hong Kong's export performance is likely to dissipate gradually.

* Import demand in the United States is expected to revive, after going through the inventory adjustment in the early part of this year. As to the other major overseas markets, import demand is expected to hold steady or improve.

* Robust consumer demand in China should continue to support the country's imports, apart from the on-going intake of material inputs and capital equipment for outward processing.

The surge in tourism should be sustained into the latter part of the year. This, together with the shift in the structure of trade towards more offshore trading and the continued increase in exports of financial and other business services, should contribute to a continued robust growth in exports of services.

Local consumption demand, having bottomed out in the early part of the year, is expected to revive further. The following factors are relevant:

* Overall employment situation has been improving.

* Earnings in most of the major sectors have continued to register notable increases in real terms.

* A lower inflation helps real purchasing power, while the price discounts at many retail outlets also render some stimulus.

* Revived activity in the stock and property markets should entail some positive wealth effect on consumption, while the increased take-up of flats should lead to more purchases of household durables.

Local investment demand is expected to maintain a strong growth momentum, in the light of the following developments:

* Work on the major infrastructural projects, particularly those under the Airport Core Programme, is proceeding at a hectic pace.

* Output is expanding under the Public Housing Programme.

* An active property market should boost private sector building activity on the one hand, and generate a greater demand for fitting out and interior decoration work on the other.

* There is likely to be a further strong increase in public sector investment in machinery and equipment, reflecting in large part the intake for the Airport Core Programme.

Continued easing in both domestically-generally inflationary pressures and imported inflation has contributed to the distinctly lower inflation so far this year.

The modest increase in food prices, coupled with the alleviating effect on labour cost and rentals brought about by the earlier consolidation in the labour and property markets, largely accounted for this favourable outturn.

If the inflation situation continues to be stable, there is scope for lowering the forecast inflation rate further later in the year.

DETAILS

The external sector

Hong Kong's export performance was rather volatile in the first half of 1996. After showing notable increases in the first two months of 1996, exports took a marked downturn in March, then picked up sharply in April, but turned weaker again in both May and June.

Taking the first half of 1996 as a whole, total exports rose by only about 4% in real terms over a year earlier. This represented a marked deceleration from the increases of 15% and 10% in the first and second halves of 1995.

Within total exports, re-exports rose by about 7% in real terms, while domestic exports fell by about 9% in real terms in the first half of 1996 over a year earlier.

The main factors underlying the deceleration in export growth were: the strengthening of the Hong Kong dollar along with the US dollar after the second quarter of 1995 thereby reducing the competitiveness of Hong Kong's exports in the world market; the slow-down in import demand in the United States and China; the heightening of tension across the Taiwan Strait; the continued structural shift from re-exports to offshore trading; and not least the substantial export growth in the first half of last year giving a high base of comparison for the first half of this year.

Analysed by major market, exports to Japan and the United Kingdom showed further strong increases in the first half of 1996. Exports to China and Germany however showed more moderate growth. Exports to the United States fell, having recorded virtually zero growth in the preceding six months.

Imports rose also by only about 4% in real terms in the first half of 1996 over a year earlier. This followed increases of 17% in the first half of 1995 and 11% in the second half.

Apart from mirroring the deceleration in re-export growth, the sharp slow-down in import growth was also attributable to a significant slackening in retained imports, which fell by about 2% in real terms in the first half of this year over a year earlier, having risen by 18% in the first half of last year and 8% in the second half.

The visible trade deficit narrowed to $84 billion (equivalent to 11.4% of the value of imports) in the first half of 1996, from $88 billion (12.4%) in the same period in 1995. Underlying this narrowing was an improvement in the terms of trade along with a stronger US dollar, as well as less retained imports amidst a process of inventory adjustment locally.

Domestic demand

Consumer spending showed signs of bottoming out in the first half of 1996. While spending on clothing and footwear and on other consumer non-durables continued to rise, spending on foodstuffs and consumer durables also revived to positive growth. In particular, sales of motor vehicles began to pick up in March, after 19 consecutive months of decline.

Investment spending should have attained a further notable growth in the first half of 1996. Work on the major infrastructural projects remained highly intensive, in particular with the Airport Core Programme progressing to its peak.

Output from the Public Housing Programme also showed a large increase, in line with the Government's move to build more public rental and Home Ownership Scheme/Private Sector Participation Scheme flats.

Meanwhile, as the property market revived, building work in the private sector showed a smaller decline in the first half of this year than in the earlier periods. Demand for fitting out and interior decoration work also strengthened again.

The labour sector

Labour market conditions continued to improve in recent months. The seasonally adjusted unemployment rate edged lower to 3.1% in the second quarter of 1996 (2.9% in the three months ending July), from 3.5% in the fourth quarter of 1995 and 3.2% in the first quarter of 1996.

Manpower utilisation for those in employment was intensive, with the underemployment rate falling further, to 1.8% in the second quarter of 1996, from 2.3% in the fourth quarter of 1995 and 2% in the first quarter of 1996. The proportion of the workforce working relatively longer hours per week also edged higher.

There was a rather broad-based increase in demand for labour, with employment in most of the major service sectors in March 1996 picking up to various extent when compared with a year earlier, and with employment in the building and construction sector also strengthening markedly.

However, the decline in employment in the local manufacturing sector showed no sign of abatement, affected by the weak performance of domestic exports and the on-going trends of relocation of production processes outside Hong Kong and mechanisation locally.

As labour supply became relatively more abundant, employers should have less difficulty in recruitment. Vacancies in the various major sectors in March 1996 thus remained on a downtrend, on a year-on-year comparison.

Earnings in most of the major sectors recorded further increases, both in money terms and in real terms in the first quarter of 1996 over a year earlier. Pressures on wages however continued to ease.

The significant increase in earnings, against the concurrent easing in wages, could also be manifestation of a high intensity of manpower utilisation for those in employment.

The property market

Sentiment in the residential property market showed a distinct improvement in the first half of 1996. The cuts in local interest rate, as well as the offer of more attractive mortgage rate and other mortgage terms by the banks amidst keen competition for mortgage business, lent support to the revival.

Intensive sales promotion and the offer of more flexible payment terms by developers also provided much stimulus. Primary sales of flats generally met with an enthusiastic response. Trading in the secondary market also showed a clear rebound.

By end-June 1996, prices in selected major residential developments were, on average, 20% higher than the low in October 1995, albeit still 11% below the peak in April 1994. Rentals were on the whole stable.

On commercial property, the sales market for office space showed some signs of recovery in the first half of 1996. While investment interest in Grade A office space in prime locations revived noticeably, that in ordinary office space in less prominent locations remained subdued.

Office rentals eased further, before tending to stabilise towards the middle of the year. Rentals for shopping space remained generally soft in the first half of 1996. But trading in shopping space in prime locations with a higher rental yield had become more active.

The market for industrial property remained sluggish in the first half of 1996. Demand for conventional flatted factory space continued to be dampened by the progressive relocation of manufacturing processes outside Hong Kong.

In face of a large supply of industrial-cum-office premises in the pipeline, acquisition interest for such premises was held back and rentals fell further.

Inflation

Consumer price inflation remained generally stable at a relatively moderate level in the first half of 1996. CPI(A) had a year-on-year rate of increase of 6.4% by reference to the old 1989/90-based series (or 6.2% by reference to the new 1994/95-based series) in the first quarter, followed by an increase of 6.6% (6.4%) in the second quarter.

Taken together, CPI(A) rose by an average of 6.5% (6.3%) in the first half of this year, which was significantly slower than the increases of 9.3% in the first half and 8.1% in the second half of last year. CPI(B) showed broadly similar movements.

While the Hang Seng CPI also showed a slower increase in the first half of 1996 compared with the first and second halves of 1995, unlike the CPI(A) and CPI(B) its rate of increase was less rapid in the second quarter than in the first quarter of 1996.

A more appreciable slow-down in the rate of increase in rentals of larger flats more than offset the impact of higher food prices on the Hang Seng CPI.

Combining the three indices together, the Composite CPI rose by an average of 7.1% (6.8%) in the first half of 1996 over a year earlier, comprising increases of 7.1% (6.8%) in the first quarter and 7% (6.7%) in the second quarter. The corresponding increases in the first and second halves of 1995 were 9.7% and 8.6%.

Domestically-generated inflationary pressures, specifically those from wages and rentals, remained relatively moderate, helped by the earlier easing in both the labour and the property markets.

Imported inflation was subdued amidst a stronger US dollar and lower inflation in China, even though world commodity and product prices seemed to have bottomed out in the more recent months.

The financial sector

During the first half of 1996, the market exchange rate of the Hong Kong dollar against the US dollar was generally stable and remained on the strong side of the link, moving within a narrow range of 7.731 to 7.745. It closed the second quarter at 7.740, as compared to 7.732 at the end of 1995.

In line with the continued strength of the US dollar, the Hong Kong dollar appreciated against most of the other major currencies.

As a result, the trade-weighted effective exchange rate index of the Hong Kong dollar was on an uptrend during the first half of the year, rising from 122.7 at end-1995 to 124.5 at end-June 1996.

Hong Kong dollar interest rates firmed up during the latter part of the second quarter, in line with the trend in US short-term interest rates.

The savings deposit rate and the best lending rate of the major banks were cut by 25 basis points in February following the cuts in the US discount rate and the US Federal Funds rate, and thereafter stayed unchanged at 3.75% and 8.5% respectively. Some retail lending rates softened, amidst intense competition for business within the banking sector.

The growth in Hong Kong dollar deposits moderated during the second quarter. The growth in Hong Kong dollar loans, on the other hand, accelerated further. The cuts in local interest rates, as well as the pick-up in property market and construction activities, largely contributed to the more rapid credit expansion.

Trading in the local stock market had turned more active since the beginning of 1996, with daily turnover in the first half of 1996 averaged at $5 billion, 52% higher than that in 1995. The Hang Seng Index closed the month of June at 11,020, 947 points or 9.4% higher than at end-1995.

Updated forecasts

GDP and price forecasts for 1996 have been reviewed by individual components. The updated forecasts are summarised in the table annexed.

In the external sector, total exports of goods are forecast to grow by 6.5% in real terms in 1996, as compared to the increase of 9.8% forecast earlier. Within this total, the forecast growth rate in real terms of re-exports in 1996 is lowered to 9%, from 12% in the earlier forecast; and that of domestic exports to -5.5%, from 0% in the earlier forecast.

These downward revisions basically reflect the poor export performance in the first half of 1996, particularly the second quarter.

A better export growth is nevertheless envisaged for the second half of 1996. The unfavourable exchange rate effect arising from a stronger US dollar is expected to dissipate gradually.

Import demand in the United States is expected to revive, after going through the inventory adjustment in the early part of this year.

The glut in the global electronics market may have less of an effect on Hong Kong than on those economies where their exports are more concentrated in such products.

The strong import demand in the United Kingdom and Japan should be sustained, while import demand in Germany is also likely to improve. As to China, robust consumer demand in the country should continue to underpin the respective imports.

The setback in China's imports of material inputs and capital equipment in the early part of this year will probably be followed by some revival in the latter part, as the effects of the various tax and tariff measures gradually settle.

The forecast growth rate in real terms of imports of goods in 1996 is likewise revised downwards, to 5.7%, from 7.6% in the earlier forecast. This is largely in recognition of the slower growth in re-exports and the decline in retained imports in the first half of this year.

Following the substantial inventory accumulation in the local economy in 1995, a moderating adjustment in the first half of 1996 is natural. When this inventory adjustment is largely gone over, probably sometime in the latter part of this year, retained imports should resume positive growth.

The forecast growth rate in real terms of exports of services in 1996 is kept unchanged, at 10%. Apart from the further shift in re-exports to offshore trading, the continued growth in tourism as well as in exports of financial and other business services should also provide support.

However, the forecast growth rate in real terms of imports of services in 1996 is revised downwards, from 7.5% to 6%. This is mainly to take account of the slower growth in demand for the various services related to imports of goods, which is now forecast to grow less rapidly than earlier expected.

In the domestic sector, the forecast growth rate in real terms of private consumption expenditure in 1996 is maintained at 4%. Consumer spending showed signs of bottoming out in the first half of 1996.

Retail sales resumed positive growth, having been on a decline for most of 1995. Sales of motor vehicles, which had suffered particularly severe setback since the middle of 1994, rebounded strongly.

A number of positive factors should help underpin consumption demand in the remainder of the year. These include the improved employment situation, continued increase in earnings in real terms in most of the major sectors, relatively moderate inflation, stable interest rates, price discounts at retail outlets, and the wealth effect stemming from the pick-up in the stock and property markets since the beginning of this year.

The forecast growth rate in real terms of government consumption expenditure in 1996 is also maintained at 5%.

On investment spending, gross domestic fixed capital formation is now forecast to grow by 9.2% in real terms in 1996, up from the growth rate of 7.6% forecast earlier. Within this total, expenditure on building and construction is forecast to rise by 9.2% in real terms, and expenditure on machinery and equipment by 9.8% in real terms.

A number of favourable developments should continue to underpin overall investment spending. Revival in the property market has strengthened development interest, which in turn is expected to boost private sector building activity. Concurrently, there is a greater demand for fitting out and interior decoration work.

In the public sector, building and construction expenditure will continue to be supported by intensive work on the major infrastructural projects, particularly those under the Airport Core Programme, as well as increased output from the Public Housing Programme.

As to machinery and equipment, intake by the public sector, mostly for the Airport Core Programme, is expected to surge strongly, while private sector expenditure should continue to rise, albeit at a more moderate pace.

Putting the component forecasts together, GDP is now forecast to grow by 4.7% in real terms in 1996. This is slightly below the growth rate of 5% forecast earlier, but at par with the growth rate attained in 1995.

Along with a pick-up envisaged for both exports and domestic demand, overall economic growth can be expected to fare visibly better in the second half of the year, after bottoming out in the first half.

CPI(A), as a common measure of consumer price inflation, is forecast to increase by an average of 6.8% in 1996, down from the 7.5% increase forecast earlier. The inflation outturn so far has been better than initially expected. Present indications are that the situation is likely to remain broadly stable over the next few months.

Of the cut by 0.7 of a percentage point in the forecast increase, 0.5 of a percentage point reflects the more favourable underlying inflation situation, and 0.2 of a percentage point corresponds to the switch from the old 1989/90-based CPI to the new 1994/95-based CPI which results in a relatively lower measured rate of increase.

There is scope for a further downward adjustment in the inflation forecast later in the year, if the situation continues to be favourable.

The Half-yearly Economic Report 1996 is now on sale at $30 a copy at the Government Publications Centre on the ground floor, Lower Block, Queensway Government Offices, 66 Queensway, Hong Kong.

Annex

	Forecast for 1996 as released on 31.5.96	Current update as released on 30.8.96
	(%)	(%)
Growth rate in real terms:		
Private Consumption Expenditure	4	4
Government Consumption Expenditure	5	5
Gross Domestic Fixed Capital Formation	7.6	9.2
Transfer costs of land and buildings	15	35
Building and construction	8.8	9.2
Private sector	2	2
Public sector	17	18.5
Real estate developers' margin	-2	-1
Machinery and equipment	8.6	9.8
Private sector	6.5	6.5
Public sector	60	100
Total Exports of Goods	9.8	6.5
Domestic exports	0	-5.5
Re-exports	12	9
Imports of Goods	7.6	5.7
Exports of Services	10	10
Imports of Services	7.5	6
Gross Domestic Product (GDP)	5	4.7
Per Capita GDP	2.8	2.4
Growth rate in money terms:		
GDP	12	12
Per Capita GDP	10	10
Rate of increase in:		
GDP Deflator	7	7
Domestic Demand Deflator	6.8	6.1
Consumer Price Index (A)	7.5	6.8

End

Commonwealth law links will continue: AG

*****

Hong Kong will continue to share experience and co-operate with Commonwealth countries in the administration of justice and in the development of the common law, the Attorney General, Mr Jeremy Mathews, told participants of the 11th Commonwealth Law Conference today (August 29, Vancouver time).

In his address to the Closing Plenary Session of the Conference, Mr Mathews said while Hong Kong would cease to be part of the Commonwealth after June 30, 1997, it would continue to be a part of the common law world.

There were specific guarantees in the Joint Declaration and Basic Law relating to the legal system and these guarantees would not only ensure the continuation of the common law and statute law in Hong Kong but, importantly, would ensure that for the legal system and legal profession, the transfer of sovereignty would be a seamless transition, he said.

Mr Mathews noted that a major strength of the common law system is its ability to develop in order to meet the changing needs of the community it serves. That development is immeasurably aided by the cross-fertilisation that occurs within the common law world, and this applies not only to judge-made law but also to legislation.

"In order for Hong Kong's common law system to continue to develop, Hong Kong must retain strong links with the rest of the common law world. And as the common law world is largely coterminous with the Commonwealth, Hong Kong must maintain strong links with the Commonwealth," said Mr Mathews.

He said Hong Kong could continue to learn from the developments in the common law and legislation of Commonwealth jurisdictions, the courts would continue to have regard to precedents from other common law jurisdictions, judges might be recruited from them, and the new Court of Final Appeal would be able, as required, to invite judges from them to sit on the court.

There would be another way in which Hong Kong could maintain its links with members of the Commonwealth, he added.

Agreement has been reached in the Sino-British Joint Liaison Group for Hong Kong to negotiate and conclude bilateral agreements not only in the economic sphere but also in areas such as surrender of fugitive offenders, mutual legal assistance, and transfer of sentenced persons.

"Some such agreements have already been made with Commonwealth countries and I hope that, in time, a network of these agreements can be established with many Commonwealth countries," Mr Mathews said.

End

Hong Kong's success benefits the world: FS
* * * * *

A successful Hong Kong would benefit the world, including New Zealand, the Financial Secretary, Mr Donald Tsang, told a group of businessmen and community leaders in New Zealand.

Speaking at a luncheon hosted by the Hong Kong-New Zealand Business Association in Auckland this (Friday) afternoon, Mr Tsang said it was in the interests of both Hong Kong and New Zealand that the partnership between the communities continue to strengthen.

"We are partners also in the tide of economic growth surging around the Pacific Rim on which we both sit.

"Through its location, the range of services available there and the adventurous spirit of its entrepreneurs, Hong Kong is contributing out of all proportion to our size in that process," he said.

He told the businessmen that Hong Kong was New Zealand's gateway to China.

"We are the best base from which to enter the China market, to minimise the risk of doing business in China, to raise the capital to invest in China and to hire the managers to manage that investment," said Mr Tsang.

A successful Hong Kong would remain the gateway for China, for New Zealand and for the world, Mr Tsang added.

Mr Tsang also explained why Hong Kong would maintain its economic success and continue to prosper after 1997.

"First, I want to make the obvious point that the infrastructural hardware which has been so important to Hong Kong's success is not going to change or disappear at midnight on June 30 next year.

"We have the largest and most efficient port on the South China coast; we have some of the best transport and telecommunications infrastructure in the world; and we are investing in this hardware on an enormous scale," he said.

Secondly, Mr Tsang said the constitutional infrastructure that was in place in Hong Kong was another reason for its success in the future.

"Britain and China have promised Hong Kong that its way of life, its capitalist, free market, free speech way of life will continue after the change of sovereignty.

"Under the concept of 'one country two systems', the people of Hong Kong are to enjoy a high degree of autonomy in running their own affairs," he said.

Thirdly, Mr Tsang said Hong Kong would continue to prosper was because of its people - the software which was driving the territory's hardware and constitutional infrastructure.

The great majority of Hong Kong's 6.3 million people would regard the territory as their home and Hong Kong's future was their future, he said.

"We are determined to play our part in shaping Hong Kong's destiny," he said.

Mr Tsang's visit to New Zealand is part of his mission to strengthen ties between Hong Kong and other Asia Pacific Economic Co-operation economies.

He said both New Zealand and Hong Kong shared similar values in open societies, the rule of law, free trade and liberal economies.

He called on New Zealand businessmen to take an interest in what happens in Hong Kong and to come to Hong Kong to see for themselves what the territory was about and why its destiny matters for them.

After his luncheon address, Mr Tsang met with Deputy Minster of Finance, Dr Lockwood Smith. In the evening, he attended a dinner hosted by the New Zealand Business Roundtable.

He will return to Hong Kong tomorrow (Saturday) evening.

End

Communication services licences formally offered

* * * * *

Licences were formally offered to the six successful applicants for the provision of personal communications services (PCS) in Hong Kong today (Friday) by the Telecommunications Authority (TA), Mr A A Arena, after the announcement was made on July 27.

The offer follows the finalisation of the administrative steps involved and the specification of detailed licensing requirements with the prospective licensees.

The six prospective licensees are those listed by the Joint Liaison Group in the announcement, namely, Hutchison Telephone Company Limited, Mandarin Communications Limited, New World PCS Limited, P Plus Communications Limited, Pacific Link Communications Limited and Peoples Telephone Company Limited. All of them have expressed keen interest in being offered a PCS licence.

"We are pleased to offer the licences to the six top-ranking applicants who have committed themselves to very high quality proposals. We believe their participation in the mobile industry will enhance competition and bring great benefits to existing and future customers," Mr Arena said.

The prospective licensees are requested to confirm within four weeks from today their acceptance of the offer, following which they may commence their plans to provide service in accordance with the licence requirements. They will also be required to lodge a performance bond for adherence to the commitments in their proposals.

TA will publish in full the licence, including the special licence conditions and the performance bond, of each licensee as soon as all of them have taken up the licences.

"By doing so we hope to enhance the transparency of the licensing process and give the public a fuller picture of what the licensees have to offer," Mr Arena said.

End

Legal Aid Services Council appointments announced

* * * * *

The Government today (Friday) announced the appointment of Mr Lee Jark-pui as Chairman of the Legal Aid Services Council (LASC).

A government spokesman said: "Mr Lee, who is the Chairman of the Board of Directors of the Po Leung Kuk and the Agency for Volunteer Service, has a long record of community service.

"He is also experienced in legal and judicial matters and has a good knowledge of the Government's operation. "

Other members appointed to LASC are Mrs Elsie Tu, Mr Jimson Chan Wing-tai, Dr Law Cheung-kwok, Mr Tang Kwai-nang, and four representatives from the legal profession. They are Mr John Mullick, Mr Ruy Barretto, Mr William Tsui Hing-chuen and Mr Anthony Chow Wing-kin.

The Director of Legal Aid, Mr Chan Shu-ying, will serve as an ex-officio member.

The tenure of the appointments is for a period of two years with effect from Sunday (September 1).

LASC, an independent corporate body established under the Legal Aid Services Council Ordinance enacted in May, is brought into operation today.

Its main function is to oversee the publicly-funded legal aid services operated by the Legal Aid Department, although it has no jurisdiction over the handling of individual cases and staff matters.

It will also act as the Government's advisory body on legal aid policies and related matters.

LASC will be supported by an independent secretariat funded by the Government and manned by staff seconded from the civil service during the initial stage. Its annual operation cost is estimated to be about $4 million.

"Hong Kong has developed over the years a comprehensive system of legal aid to ensure that access to justice is made available to people who are otherwise unable to bear the cost of protecting their lawful rights or freedom.

"The LASC will definitely play an important role in advancing the development of legal aid services in Hong Kong," the spokesman said.

End

Sewers and drains investigations agreement signed

* * * * *

The Drainage Services Department has appointed Maunsell Consultants (Asia) Limited to carry out an investigation of sewers and drains which may affect the safety of fill slopes and retaining walls.

A $64 million agreement was signed today (Friday) by the Assistant Director of Drainage Services (Operations and Maintenance), Mr Victor Bradley, and a representative of the consultants.

Speaking after signing the agreement, Mr Bradley said the investigation would cover public drains buried adjacent to over 1,000 fill slopes and retaining walls as well as buried road drains adjacent to about 370 roadside slopes.

"The objective of the investigation is to examine thoroughly the conditions of all drains which may affect the stability of the adjacent fill slopes and retaining walls.

"The consultants will recommend remedial measures with a prioritised programme to repair drains which are found to be structurally unsound or leaking.

"Those posing the greatest danger to the public will be rectified immediately," said Mr Bradley, adding that the consultants will also develop an asset inventory and management system for more effective monitoring and management in future.

The whole project is scheduled to be completed in December 1998.

End

Hong Kong Government delegation to visit China

* * * * *

The Secretary for Health and Welfare, Mrs Katherine Fok, will be visiting Beijing and Xian from September 1 to 10 under the sponsored visit programme, a government spokesman announced today (Friday).

Mrs Fok will be accompanied by seven other government officials.

"The objective of the sponsored visit programme is to enhance mutual understanding of Chinese and Hong Kong government officials on each other's systems," the spokesman said.

End

Monetary statistics for July

* * * * *

Both deposits and loans and advances rose during July 1996, according to statistics published today (Friday) by the Hong Kong Monetary Authority (HKMA). Table 1 summarises figures for July and comparisons with earlier months.

Deposits

Total deposits increased by 0.8% in July, after a rise of 1.3% in June. Of the total, Hong Kong dollar deposits rose by 1.1% during the month and foreign currency deposits grew by 0.5%.

The rise in HK dollar deposits in July was attributable to increases in both HK dollar demand deposits and time deposits, which more than offset the fall in HK dollar savings deposits.

During the month, HK dollar demand deposits continued to grow rapidly by 3.2%, following an increase of 3.5% in the preceding month, while HK dollar time deposits rose by 1.5%, continuing the growth of 2.3% in June. On the other hand, HK dollar savings deposits contracted by 0.8%, having increased by 2.7% in June.

As for foreign currency deposits, both the US dollar and non-US dollar components increased. Having fallen by a total of 3% during April to June, US dollar deposits reverted to an increase of 0.3% in July. Non-US dollar foreign currency deposits were up by 0.7%, after remaining virtually unchanged in June.

Loans and advances

Total loans and advances grew by 2.2% in July, following a 0.5% increase in June. The rise reflects a further expansion in domestic credit by 1.5% and a rebound in offshore lending by 2.7% during the month.

Of the domestic credit, other loans for use in Hong Kong increased by 1.7%, partly reflecting a further strong growth in mortgage loans, as evidenced by the result of the July 1996 Residential Mortgage Survey of 33 authorised institutions, which showed that new residential mortgage loans approved grew by 9.1% during the month, leading to an increase in outstanding mortgage loans of 1.5%.

On the other hand, loans for trade financing fell by 0.5% in July and continued to decelerate in terms of annual growth. As for offshore loans, they rose strongly by 2.7%, after falling by some 2.3% in the preceding two months.

The rise was largely attributable to the valuation effect stemming from a stronger yen, as the bulk of these loans were euro-yen loans booked by Japanese banks in Hong Kong.

Analysed by currency, HK dollar loans increased by 1.4% during the month while foreign currency loans rose by 2.6%. As HK dollar loans grew faster than HK dollar deposits, the HK dollar loan-to-deposit ratio rose to 108.6% at end-July, from 108.2% at end-June.

Money supply

With currency held by the public rising by 0.2% in July and HK dollar demand deposits by 3.2%, HK$M1 grew by 1.9% during the month. HK$M2 and HK$M3 increased by 1% and 0.9% respectively in July, after both rising by 2.5% in June.

The growth in HK$M3 during the year to July remained broadly in line with that in domestic credit expansion and nominal GDP.

TABLE 1 : MONETARY STATISTICS - JUL 1996

(HK$mn)

	Jul 1996	Earlier months (% change to Jul 1996)					
		Jun 1996		Apr 1996		Jul 1995	
Money Supply							
M1 - HK$	180,880	177,432	(1.9)	176,083	(2.7)	169,186	(6.9)
Foreign currency	20,416	20,008	(2.0)	18,858	(8.3)	16,923	(20.6)
Total	201,295	197,440	(2.0)	194,941	(3.3)	186,109	(8.2)
M2 - HK$@	1,363,805	1,350,452	(1.0)	1,319,328	(3.4)	1,210,410	(12.7)
Foreign currency*	1,011,847	1,006,823	(0.5)	1,037,216	(-2.4)	966,429	(4.7)
Total	2,375,652	2,357,275	(0.8)	2,356,543	(0.8)	2,176,839	(9.1)
M3 - HK$@	1,379,445	1,366,826	(0.9)	1,335,306	(3.3)	1,227,989	(12.3)
Foreign currency*	1,076,551	1,071,653	(0.5)	1,099,886	(-2.1)	1,028,670	(4.7)
Total	2,455,995	2,438,479	(0.7)	2,435,192	(0.9)	2,256,660	(8.8)
Notes and coins in circulation	82,051	82,537	(-0.6)	81,412	(0.8)	78,298	(4.8)
of which held by public	73,373	73,231	(0.2)	72,203	(1.6)	69,145	(6.1)
Total Deposits							
Total Demand deposits	127,922	124,209	(3.0)	122,738	(4.2)	116,963	(9.4)
Total Savings deposits	466,681	470,423	(-0.8)	452,631	(3.1)	408,331	(14.3)
Total Time deposits	1,717,528	1,698,778	(1.1)	1,718,108	(0.0)	1,599,358	(7.4)
With licensed banks	1,657,559	1,638,055	(1.2)	1,660,822	(-0.2)	1,541,603	(7.5)
With restricted licence banks	43,983	44,666	(-1.5)	40,700	(8.1)	38,627	(13.9)
With deposit-taking companies	15,986	16,057	(-0.4)	16,585	(-3.6)	19,128	(-16.4)
HK$ deposits@	1,264,445	1,251,137	(1.1)	1,223,737	(3.3)	1,126,130	(12.3)
Demand deposits	107,507	104,201	(3.2)	103,880	(3.5)	100,041	(7.5)
Savings deposits	324,509	327,043	(-0.8)	315,625	(2.8)	286,052	(13.4)
Time deposits@	832,429	819,892	(1.5)	804,232	(3.5)	740,037	(12.5)
US$ deposits*	512,087	510,513	(0.3)	518,526	(-1.2)	500,655	(2.3)
Other foreign currency deposits*	535,599	531,761	(0.7)	551,215	(-2.8)	497,867	(7.6)
Foreign currency deposits*	1,047,686	1,042,273	(0.5)	1,069,741	(-2.1)	998,522	(4.9)
All deposits	2,312,131	2,293,410	(0.8)	2,293,478	(0.8)	2,124,652	(8.8)
Foreign currency swap deposits	41,283	42,595	(-3.1)	43,408	(-4.9)	60,596	(-31.9)
Total Loans and advances							
Loans for use in H.K.	1,733,409	1,708,171	(1.5)	1,653,574	(4.8)	1,530,109	(13.3)
To finance H.K.'s visible trade	168,465	169,651	(-0.7)	164,271	(2.6)	158,745	(6.1)
To finance merchandising trade not touching H.K.	20,790	20,474	(1.5)	20,618	(0.8)	19,215	(8.2)
Other loans for use in H.K.	1,544,154	1,518,046	(1.7)	1,468,686	(5.1)	1,352,149	(14.2)
Loans for use outside H.K.#	2,133,820	2,076,744	(2.7)	2,126,592	(0.3)	2,319,996	(-8.0)
Other loans for use outside H.K.	2,093,009	2,035,210	(2.8)	2,086,301	(0.3)	2,279,377	(-8.2)
Other loans where the place of use is not known	40,811	41,534	(-1.7)	40,292	(1.3)	40,619	(0.5)
Loans in HK$	1,373,165	1,354,135	(1.4)	1,303,941	(5.3)	1,205,343	(13.9)
Loans in foreign currencies	2,494,063	2,430,781	(2.6)	2,476,225	(0.7)	2,644,762	(-5.7)
Total loans and advances	3,867,228	3,784,916	(2.2)	3,780,167	(2.3)	3,850,106	(0.4)

* Adjusted to exclude foreign currency swap deposits.
@ Adjusted to include foreign currency swap deposits.
# Including those where place of usage is unknown.

Note : Data may not add up to total due to rounding.

End

Book on southern district heritage published

* * * * *

Members of the public will get to know more about the history and heritage of the southern part of Hong Kong Island with the publication of the Relics and Legends of Southern District by the Southern District Board.

The book is colourfully illustrated with rare vintage pictures as well as those taken more recently to help local residents understand the history of their own district. It is hoped that this will inspire a greater community spirit and a sense of belonging.

A working group was set up by the Southern District Board two years ago to oversee the production of the 179-page publication.

Co-opted member of the Education and Publicity Committee of the Antiquities Advisory Board, Dr Leung Ping-wa, undertook the research and writing of the book.

It recounts the history and development of the fishing industry in the area, explains the origin of many place names in the district and introduces eight famous scenic spots and renowned architectural buildings.

A total of 15,000 copies of the book has been printed and will be distributed free of charge to local organisations, voluntary agencies and schools in Southern District.

It can also be obtained by members of the public at the public enquiry counters of all the 18 district offices starting from Monday (September 2).

End

Adult education course fees revised

* * * * *

Revision of tuition fees for adult education courses in 1996-97 school year were published in the Gazette today (Friday).

Secondary 1 to 3 of government evening secondary school and general background adult education courses are continued to be offered free of charge.

The revision includes secondary 4 and 5, and secondary 6 of government evening courses which will be revised to $116 and $141 a month respectively for 10 instalments in 1996-97 school year.

Revisions have also been made to the fees for English courses of the primary, secondary and General Certificate of Education 'Ordinary' Level. They will range from $815 to $1,235 for two instalments.

No refund will be made to a student leaving the centre during the period for which the prescribed fee or instalment of annual fee has been paid.

End

Rental information fee to be revised

*****

The fee payable by landlords and tenants for obtaining information on market rent from the Rating and Valuation Department will be revised on September 1.

A government spokesman said the fee would be revised to $875 from $700 to offset higher operating costs.

He said the information would only be available to landlords and tenants, or their authorised professional advisers, who had applied to the Lands Tribunal for tenancy renewal under Part IV of the Landlord and Tenant (Consolidation) Ordinance.

Under these provisions, landlords and tenants of domestic premises might, prior to the expiration of a current tenancy, freely agreed on the renewal of the tenancy, he added.

However, if the parties involved cannot agree on the rent, they may apply to the Lands Tribunal for a decision.

"The rental data provided by the department can serve as a reference to the landlords and their tenants so that they can negotiate an amicable settlement or can base the rental figures in presenting their cases before the Lands Tribunal," the spokesman said.

Information of up to six reported comparable rentals for similar accommodation in nearby areas is provided for each application. Application forms are available at the Lands Tribunal and the Rating and Valuation Department.

Completed forms should be sent to the Commissioner of Rating and Valuation, 111 Leighton Road, third floor, Causeway Bay, Hong Kong. Enquiries can be made to a rent officer of the department on 2805 6156 or 2805 7049.

End

Tenders invited for road works in Tseung Kwan O

* * * * *

The Territory Development Department is inviting tenders for road improvement works in Tseung Kwan O.

The contract will include conversion of the existing three junctions of Clear Water Bay Road with Hang Hau Road, Ying Yip Road and Silverstrand Beach Road into a new roundabout, and realignment of Ying Yip Road and Silverstrand Beach Road.

It will also include the construction of associated footpaths, drainage, retaining structures, a noise barrier panel, slope treatment works and landscape works.

Works will begin in November for completion in 24 months.

A notice of tender invitation was gazetted today (Friday).

Tender forms and further particulars can be obtained from the Consulting Engineers, Messrs Maunsell Consultants Asia Limited, 4 Fung Wo Lane, Wo Che, Sha Tin.

The tender closing date is noon on September 20.

End

Construction of district open space in Tuen Mun

* * * * *

The Architectural Services Department is inviting tenders for the construction of a district open space in area 8, Tuen Mun.

The contract comprises the construction of a district open space which will include a soccer pitch, a service building with changing rooms and administration office, a toilet building, a children's play area, sitting out areas, a tai-chi court, landscaped areas, associated drainage and building services facilities.

Works will commence in December for completion in one year.

Tender forms and further particulars can be obtained from the Architectural Services Department, 34th floor, Queensway Government offices, 66 Queensway, Hong Kong.

Tenders offers will close at noon on September 20.

End

Tenders for Man Kam To Road re-construction works invited

* * * * *

The Highways Department is inviting qualified contractors to tender for the re-construction of Man Kam To Road from Fu Tei Au to San Uk Ling.

The project comprises the re-construction of about 2.3 kilometres of the road and associated road, drainage and lighting improvement works.

Works will commence in late October this year for completion in 30 months.

The New Territories Region of the Highways Department have designed the project and will supervise its construction.

Details of the tender invitation was published in the Government Gazette today (Friday).

Tender forms and further particulars may be obtained from the Regional Highway Engineer/New Territories, Highways Department, Room 218, Ho Man Tin Government Offices, 88 Chung Hau Street, Kowloon.

Duly completed tenders must be clearly marked on the outside of the envelope and addressed to the Chairman of the Central Tender Board. It should be placed in the Government Secretariat tender box at the lift lobby of lower ground floor, East Wing, Central Government Offices, Lower Albert Road, Hong Kong, by noon on September 20.

Late tenders will not be accepted.

End

Tenders invited for construction of pumping station

* * * * *

The Water Supplies Department is inviting tenders for the construction of a new pumping station to meet the increasing demand for fresh water on the Lamma Island.

The works will include the construction of a pumping station and the laying of about 180 metres of 300 millimetres diameter mild steel fresh water mains in Pak Kok Tsui on the Island.

Works will commence in December for completion in about 18 months.

Tender forms and further particulars can be obtained from the Water Supplies Department, 44th floor, Immigration Tower, 7 Gloucester Road, Wan Chai, Hong Kong.

Tender offers will close at noon on September 20.

End

Tenders invited for water treatment facilities

* * * * *

The Water Supplies Department is inviting tenders for the construction of sludge treatment and disposal facilities at Silvermine Bay and Tuen Mun Water Treatment Works.

The contract comprises the construction of four sludge thickening tanks, two filter press houses and ancillary works in the two treatment works.

Works will start in January 1997 for completion in about 21 months.

Tender forms and further particulars can be obtained from Montgomery Watson Hong Kong Limited, 1911 Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong.

Tender offers will close at noon on November 1.

End

Architectural Services exhibition to move to Tsim Sha Tsui

* * * * *

A three-day exhibition to celebrate the Architectural Services Department's (Arch SD) 10th anniversary will be held from tomorrow (Saturday) at the Western Gallery in New World Centre, Tsim Sha Tsui.

The display aims at introducing the important role played by the department in the development of Hong Kong and its close involvement with the daily livelihood of the general public.

"Overwhelming response had been received from members of the public to the first of this series of exhibitions held at Times Square in Causeway Bay earlier this month," a spokesman for the department said.

Through photographic and model displays, the exhibition shows the many public projects designed and completed by Arch SD in the last 10 years.

These projects include hospitals, schools, office buildings, recreational facilities such as parks and swimming pools, facilities of the two municipal councils such as the Hong Kong Cultural Centre, market complex and town halls, as well as the latest Air Traffic Control Complex in the new airport at Chek Lap Kok.

Architectural awards won by the department during the last 10 years will also be displayed.

The exhibition will be open daily from 10 am to 7 pm until September 2 (Monday). Admission is free.

The next exhibition will be staged at the Metroplaza in Kwai Chung from September 13 to 15.

End

Hong Kong Monetary Authority money market operations

* * * * *

	$ million	Time (hours)	Cumulative change ($million)
Opening balance in the account	1,978	0930	-17
Closing balance in the account	2,546	1000	-17
Change attributable to :		1100	-17
Money market activity	+483	1200	-17
LAF today	+85	1500	-17
		1600	+483

LAF rate 4.00% bid/6.00% offer TWI 123.9 *+0.0* 30.8.96

Hong Kong Monetary Authority

EF bills		EF notes/MTRC				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.05	2 years	2808	6.00	99.50	6.37
1 month	5.04	3 years	3907	6.80	100.38	6.76
3 months	5.18	5 years	5106	7.23	99.99	7.36
6 months	5.32	7 years	7308	7.24	98.23	7.71
12 months	5.69	5 years	M503	7.35	99.08	7.72

Total turnover of EF bills and notes - $11,472 million

Closed August 30, 1996

End