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# DAILY INFORMATION BULLETIN

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CS demands immediate return of vessels and crew

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The Government has registered its very serious concern with the Chinese authorities about the recent incursion of a Chinese vessel into Hong Kong waters and requested the immediate return of both the vessels and crewmen on board.

Commenting on the incursion after visiting the Fire Services Department this (Thursday) afternoon, the Chief Secretary, Mrs Anson Chan, said: "We very much hope that the Chinese will take immediate action to return the vessels and the crewmen and give an undertaking that it will do everything it possibly can to prevent such incursions."

She noted that the Deputy Commissioner of Police had led a delegation and was currently having talks with the officials of Guangdong Provincial Security Bureau.

"I might also add that Mr Goodlad, the Minister responsible for Hong Kong affairs, will be seeing the Chinese Ambassador in the United Kingdom to raise this incident and to put across our concern.

"At the same time, the British Embassy in Beijing will also be raising this incident with the Ministry of Foreign Affairs," she said.

Meanwhile, Mrs Chan was happy to note that the number of incursions had decreased in recent years.

"We want to make sure that this decreasing trend continues," she said.

End/Thursday, March 30, 1995

Transcript of Chief Secretary's media session

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Following is the transcript of the media session by the Chief Secretary, Mrs Anson Chan, after visiting the Fire Service Department today (Thursday):

CS: Good afternoon everyone. I have just spent the afternoon with Mr Lam, Director of Fire Services, seeing for myself the services that the Fire Services Department provide and the resources available at their disposal. I was very impressed. I haven't realised that the Fire Services Department provides such comprehensive services, both on fire-fighting and on rescuing people and providing ambulance service. I must say that after this visit I am much more confident when we have a fire or when I require an ambulance service.

We have received quite a number of press questions regarding the recent incursion into Hong Kong waters on March 18. So I want to take the opportunity this afternoon to put the matter in perspective and to make a number of clarifications. As you know this incursion took place on March 18. It was clearly an incursion into Hong Kong waters. This fact was admitted both by those responsible on board the vessel and by the Zhuhai Authorities. Our concern is principally because it took place in Hong Kong waters, it involved the detention and forcible removal of Hong Kong vessels and the crewmen on board. We have as you know registered our serious concern with the Chinese authorities through the NCNA. The Political Adviser has again registered our concern with the NCNA almost on a daily basis and we are requesting the immediate return of both the vessels and the crewmen on board.

You also know that the Deputy Commissioner of Police has led a delegation and is currently having talks with those responsible in the Guangdong Provincial Security Bureau, again putting forward our very serious concern and requesting the immediate return of the vessels and the crewmen on board. I might also add that Mr Goodlad, the Minister responsible for Hong Kong affairs, will be seeing the Chinese Ambassador in UK to raise this incident and to put across our concern. At the same time the British Embassy in Beijing will also be raising this incident with the Ministry of Foreign Affairs. We very much hope that the Chinese will take immediate action to return the vessels and the crewmen and will give an undertaking that they will do everything they possibly can to prevent such incursions. We have of course been very happy to know that in the recent years, the number of such incidents, such incursions have in fact decreased. We had I think about 15 cases in 1993. This had gone down to about seven in 1994 and so far this year, we have had only one incident. We want to make sure that this decreasing trend continues.

Question: Does this mean that the Chinese side has not been co-operative?

CS: Well, the Deputy Commissioner is discussing the issue with the Security Bureau and I very much hope that there will be a positive outcome to our talks and to our concern.

Question: Mrs Chan, are there better measures devised in dealing with this kind of incidents?

CS: What I think the best measure is for the Chinese to ensure that such incursions do not take place in future. I don't think there is much difficulty in deciding which are Hong Kong waters and which are Chinese waters and on this occasion there was absolutely no doubt that the incursion had been into Hong Kong waters and that's why we are very, very concerned.

Question: The Chinese side stands firm on the 1997-98 Budget issues. They are going to take a leading role. What are your reactions, please?

CS: The talks that are currently taking place, in fact I think it has just ended, on our side led by Donald Tsang and on their side led by Mr Chen Zuo'er. The parameter of this talk, you are all very clear about, i.e. that the discussion is on the transitional Budget, which is the 1997-98 Budget, that in order for our Chinese friends to understand exactly how the 1997-98 Budget will be drawn up, it is necessary for us to use as an example the procedures that we go through in compiling the 1996-97 Budget so that they fully understand the procedures that we have to go through. And there are a set of very complex procedures and a great deal of information involved. So I'm sure that during the discussion that has just ended, Donald has explained to the Chinese experts the exact procedures that we go through. And we hope very much that the Chinese will observe in the context of the 1996-97 Budget so that they can better understand and participate constructively in the 1997-98 Budget.

Question: Any indication that Hong Kong Government will not accept China's suggestion that they take a leading role in 1997-98 Budget?

CS: I have already said to you we very much hope to work together and to consult our Chinese counterparts the preparation of the 1997-98 Budget.

End/Thursday, March 30, 1995

CS sees fire-fighting and rescue services

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The Chief Secretary, Mrs Anson Chan, had a closer look at the territory's rescue, fire-fighting, ambulance and fire prevention services during her visit to the Fire Services Department this (Thursday) afternoon.

Accompanied by the Director of Fire Services, Mr Lam Chek-yuen, she first called on the Tsim Sha Tsui Fire Station where she was shown the various types of fire engines and ambulances, including the newly commissioned Mobile Casualty Treatment Centre.

Mrs Chan was also briefed by front-line firemen and ambulancemen on the use of many rescue tools, such as survivor detector, breathing apparatus, chemical protection suit, deep sea diving equipment and defibrillator.

To show how firemen tackle a No. 1 alarm fire and rescue trapped persons, a demonstration was held in the drill yard.

This was followed by a tour of fireboats where the Chief Secretary was briefed on the deployment and future development of the fireboat fleet. Then she departed for the department's Headquarters at Tsim Sha Tsui East to see the operation of the fully computerised Communication Centre which handled more than 475,000 fire, special service and ambulance calls last year.

Following that, Mrs Chan visited several divisions of the Fire Protection Bureau, which is responsible for formulating and enforcing fire safety regulations and policies, as well as assisting and advising the public on fire protection measures and the abatement of fire hazards.

Before concluding the visit, Mrs Chan had a brief discussion with the department's director, deputy director and a number of senior officers.

End/Thursday, March 30, 1995

Three lots sold for \$1,825 million

\* \* \* \* \*

Three lots of Government land were sold for a total of \$1,825 million at a public land auction held by the Lands Department this (Thursday) afternoon.

Another lot for industrial or godown use at the junction of On Lai Street and On Yiu Street, Sha Tin, was withdrawn because no bidding was made for the opening price of \$400 million.

The first lot situated in King's Park Rise, Kowloon, was bought by Lane Success Development Limited at \$1,330 million, with bidding opening at \$980 million.

The lot has an area of 15,644 square metres for private residential use. The developer has to complete a gross floor area of not less than 13,440 square metres on or before September 30, 1998.

The second lot, located in Sha Ha, Sai Kung, was sold to Grand Apex Limited at \$30 million, with bidding opening at \$15 million.

The 900-square-metre lot is intended for private residential use. The developer has to complete a gross floor area of not less than 324 square metres on or before March 31, 1998.

The third lot at Town Park Road North, Yuen Long, was sold to Cosmos Gain Investment Limited at \$465 million, with bidding opening at \$450 million.

It has an area of 16,301 square metres for private residential use.

The developer has to complete a gross floor area of not less than 29,342 square metres on or before September 30, 1999.

Held in the Concert Hall of the Hong Kong Cultural Centre, Tsim Sha Tsui, the auction was conducted by Government Land Agent, Mr Nigel Burley.

End/Thursday, March 30, 1995

Public housing flats allocated to 20 fire victims

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A total of 20 fire victims of a bedspace apartment at 35 Yeung Uk Road have been allocated single person public housing flats in Tsuen Wan, Kwai Chung and Tsing Yi by the Housing Department today (Thursday).

A spokesman for the Home Affairs Department said these victims were recommended by the Social Welfare Department for compassionate rehousing.

"The Tsuen Wan District Office is co-ordinating the relevant departments in processing applications from other victims," he added.

End/Thursday, March 30, 1995

New series of Effective Exchange Rate Indices

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A new series of Effective Exchange Rate Indices (EERI) will be published by the Census and Statistics Department as from Saturday (April 1).

There are two major improvements in the new series of EERI over the old series.

First, owing to significant changes in Hong Kong's trade patterns in recent years, the trade weights based on the average trade patterns of 1984 to 1986 require updating. To reflect the more recent trade patterns, a set of new trade weights, based on the average trade patterns of 1991 to 1993, has been selected for compiling the new EERI series from 1991 onwards.

Second, in view of the increasing significance of Thailand and Malaysia in their bilateral trade with Hong Kong and in world trade, the basket of currencies has been enlarged to cover the Thai baht and the Malaysian dollar for compiling the new EERI as from 1991.

In addition to the above two improvements, the base period of the series will be changed from October 24-28, 1983 to November 1983.

The use of a month as the base period is more in line with international practice. Like the existing base period, the new base period is chosen because it is still close to October 17, 1983, the date on which the Hong Kong dollar (HKD) started its link with the US dollar.

The above changes will improve the accuracy and representativeness of EERI in measuring the relative strength of the HKD.

Trade values are used as weights for the compilation of the indices. Based on import values, export values and total trade values, three separate series of EERI, viz. import-weighted, export-weighted and trade-weighted, are compiled.

Table 1 presents the old and the new series of EERI on an annual basis from 1991 to 1994, and on a monthly basis from January 1991 to February 1995. Table 2 compares the import weights, export weights and trade weights attached to each selected currency for the old and the new series of EERI.

The new series of EERI indicates that, between February 1991 and February this year, the HKD appreciated by about 14.5% against the 17 selected currencies.

This differs from the change observed in the old series, which indicates an appreciation of about 11.5% against the 15 selected currencies. The difference is partly attributable to the increase in the relative importance of trade with China and the depreciation of the Chinese renminbi.

For the new series of EERI, daily indices will be available back to January 2, 1994, monthly indices back to 1981 and annual indices back to 1975.

The new EERI will be released on a daily basis by the Census and Statistics Department starting from April 1.

A feature article giving more details of the new series of EERI will appear in the April issue of the Hong Kong Monthly Digest of Statistics to be published by the Census and Statistics Department at the end of next month.

Enquiries on EERI may be directed to the Census and Statistics Department on tel 2582 4914.

Table 1 : Comparison of old and new series of EERI

Year	Month	Trade-weighted		Import-weighted		Export-weighted	
		New	Old	New	Old	New	Old
1991		111.4	111.6	105.8	106.4	117.7	117.3
1992		111.1	111.3	104.7	105.5	118.1	117.8
1993		113.2	113.0	105.8	105.8	121.7	121.1
1994		126.8	123.6	116.4	115.3	138.6	133.1
1991	1	108.1	109.1	103.0	104.1	113.9	114.6
	2	107.4	108.3	102.2	103.1	113.3	114.1
	3	109.5	110.5	104.3	105.7	115.3	116.0
	4	110.8	111.8	105.4	106.9	116.9	117.3
	5	111.5	112.5	106.1	107.6	117.6	118.0
	6	113.3	114.3	107.7	109.4	119.5	119.8
	7	112.9	113.8	107.1	108.8	119.2	119.5
	8	112.2	113.1	106.4	108.0	118.5	118.8
	9	111.4	112.4	105.7	107.2	117.9	118.2
	10	111.1	111.9	105.1	106.5	117.7	118.0
	11	110.2	111.1	104.2	105.6	116.8	117.2
	12	109.2	110.1	103.3	104.6	115.8	116.3
1992	1	109.2	110.1	103.0	104.3	116.2	116.7
	2	110.0	111.1	103.7	105.3	117.1	117.6
	3	111.3	112.5	105.2	107.1	118.2	118.6
	4	111.7	112.8	105.6	107.4	118.5	118.8
	5	110.9	112.0	104.7	106.5	117.9	118.2
	6	109.9	110.9	103.6	105.2	116.9	117.4
	7	108.7	109.8	102.5	104.0	115.6	116.3
	8	108.4	109.6	102.4	103.9	115.2	115.9
	9	108.7	109.8	102.5	103.8	115.7	116.5
	10	109.8	110.9	103.3	104.7	117.1	117.8
	11	111.8	113.0	105.1	106.8	119.3	120.0
	12	113.0	114.0	106.2	107.8	120.7	120.9
1993	1	113.5	114.5	106.7	108.4	121.1	121.3
	2	113.7	114.7	106.7	108.2	121.6	121.9
	3	113.1	113.9	105.9	107.2	121.1	121.4
	4	111.7	112.3	104.4	105.3	119.8	120.1
	5	111.4	112.0	104.0	104.9	119.7	120.1
	6	111.6	112.2	104.0	104.7	120.2	120.6
	7	112.2	112.6	104.5	105.2	120.8	121.1
	8	111.9	112.3	104.1	104.5	120.8	121.1
	9	111.8	112.2	104.1	104.7	120.4	120.8
	10	112.2	112.6	104.6	105.2	120.8	121.1
	11	113.0	113.4	105.3	106.0	121.7	121.8
	12	113.4	113.8	105.7	106.5	122.0	122.1

Table 1 (continued) : Comparison of old and new series of EERI

Year	Month	Trade-weighted		Import-weighted		Export-weighted	
		New	Old	New	Old	New	Old
1994	1	129.6	127.3	119.5	119.8	140.9	135.8
	2	128.4	126.1	118.1	118.0	140.2	135.2
	3	127.8	125.6	117.4	117.4	139.7	134.8
	4	127.4	125.2	116.8	116.8	139.5	134.7
	5	127.0	124.8	116.6	116.6	138.8	134.1
	6	126.5	124.2	116.2	116.0	138.2	133.5
	7	125.1	122.7	114.6	114.1	137.0	132.5
	8	124.9	122.6	114.5	114.2	136.7	132.3
	9	124.0	121.8	113.6	113.3	135.9	131.6
	10	123.4	121.2	113.1	112.7	135.2	131.0
	11	123.4	121.2	113.0	112.6	135.3	131.1
	12	124.0	121.8	113.6	113.3	135.8	131.4
1995	1	123.3	121.1	113.0	112.7	134.9	130.8
	2	123.0	120.8	112.7	112.3	134.7	130.6

Table 2 : Comparison of new trade weights (1991-1993) and old trade weights (1984-1986) for EERI

Trading Partner	Trade weight(%)		Import-weight(%)		Export weight(%)	
	1991-93	1984-86	1991-93	1984-86	1991-93	1984-86
China	32.18	27.06	29.51	28.16	34.90	25.98
USA	17.62	23.83	8.71	10.63	26.75	37.78
Japan	12.78	15.09	19.29	24.35	6.11	5.30
Taiwan	9.47	6.20	14.90	9.03	3.90	3.19
Germany	4.43	4.08	2.30	2.74	6.60	5.49
Singapore	4.09	4.43	5.03	5.28	3.13	3.54
South Korea	3.81	4.01	5.50	5.57	2.08	2.37
UK	3.41	5.01	2.72	4.58	4.12	5.46
Italy	1.73	1.32	1.98	1.68	1.48	0.93
France	1.68	1.47	1.55	1.57	1.81	1.36
Australia	1.60	2.29	1.62	2.13	1.59	2.46
Switzerland	1.33	1.62	1.75	1.89	0.90	1.33
Canada	1.31	1.78	0.63	0.78	2.00	2.84
Thailand	1.30	0.00	1.55	0.00	1.04	0.00
Netherlands	1.21	1.04	0.58	0.63	1.86	1.48
Malaysia	1.15	0.00	1.49	0.00	0.81	0.00
Belgium-Luxemburg	0.90	0.77	0.89	0.98	0.92	0.55
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

New measures to control vehicle emissions

\* \* \* \* \*

The Environmental Protection Department said today (Thursday) that two measures will take effect from April 1 this year to reduce air pollution caused by vehicle emissions.

The department's Principal Environmental Protection Officer, Mr Alex Ng, said under the Air Pollution Control (Vehicle Design Standards) (Emission) (Amendment) Regulations, more stringent emission standards for newly registered vehicles would be introduced.

He said a cleaner diesel fuel with sulphur content not exceeding 0.2 per cent would also be introduced under the Air Pollution Control (Motor Vehicle Fuel) Regulation to tie in with the introduction of new vehicles into Hong Kong to meet the tightened emission standards.

Mr Ng said: "From April 1, new European emission standards will be adopted for vehicles below 2.5 tonnes while the existing Japanese emission standards for these vehicles will be tightened.

"For diesel vehicles above 2.5 tonnes, comprehensive US and European emission standards will be introduced."

He said: "Diesel vehicles are the primary targets of control under the regulations as they contribute to high levels of particulates in our air which consistently exceed our Air Quality Objectives.

"The new control measures, which will help reduce particulate emissions, are part of the Government's plan to tackle the vehicle pollution problem," Mr Ng added.

End/Thursday, March 30, 1995

Call-back services

\* \* \* \* \*

The Telecommunications Authority (TA), Mr Alexander Arena, released a Statement today (Thursday) concluding his study of the regulatory status of call-back services.

"Call-back services do not infringe HKTI's licence to provide exclusively certain external circuits and services," Mr Arena said.

Hong Kong Telecom International Ltd (HKTI) had requested that the TA gave a formal view on the regulatory status of the different types of call-back services, and in particular their consistency with the HKTI licence. HKTI contended that in its view the call-back services do infringe HKTI's exclusivity.

The TA has concluded that call-back operators are not providing an external public telephone service to subscribers to the public switched telephone network in violation of the HKTI licence. Rather call-back operators merely provide access to the external public telephone service provided by HKTI.

"I reject HKTI's assertion of breach of its licence and I conclude that call-back services may continue to be provided competitively," Mr Arena said.

Copies of the complete Statement may be obtained from Senior Administrative Officer (Legislation & Planning) Miss Eliza Yau on tel 2961 6602 or on fax 2803 5112

The complete Statement is also accessible on OFTA's electronic bulletin board on tel no. 2834 0119.

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Note to Editors:

Following is the Statement by the Telecommunications Authority (TA), Mr Alexander Anthony Arena, on "The regulatory status of call-back services":

"Call-back services do not infringe HKTI's licence to provide exclusively certain external circuits and services."

## INTRODUCTION

A variety of services are currently available in the Hong Kong market under the generic title of call-back services. These services use a number of different technical methods to allow consumers to take advantage of any differential that may exist between the prices for outgoing and incoming "international" calls, thus effectively allowing consumers to decide whether to establish the call from Hong Kong or from the other end of the international circuit. With the continuing development of technology it is likely that future call-back services will utilize even more advanced techniques. Attachment 1 provides some details on the operation of some of the commonly available call-back services. These services are experiencing a major surge in activity throughout the world and have been the subject of attention by a number of national telecommunications regulators. They are likely to continue to be subject to regulatory scrutiny consistent with the particular regulations which apply in each regime. In Hong Kong, the Hong Kong Telecom International (HKTI) licence forms a key component of the regulatory structure.

On 9 July 1994 HKTI requested from the Telecommunications Authority (TA) "a formal view on the regulatory status of the different types of "call back" services, and in particular their consistency with the HKTI licence". Further HKTI contended that in its view the call-back services do infringe HKTI's exclusivity. In response to requests to substantiate this claim, HKTI provided a detailed submission to the TA on 13 September 1994.

## THE TA's ROLE

HKTI's assertions as to the extent of its monopoly raise questions of the approach which the TA should adopt, charged as he is with the duties of regulating the telecommunications industry within Hong Kong. For the purposes of proper regulation and control, the TA must form a view as to the nature and extent of that monopoly.

However, it is important to emphasize that the TA must remain in a neutral position, taking an independent view of the extent of that monopoly. The TA's regulatory responsibilities impose the duty of standing above the contest between HKTI and those circuit or service providers who wish to engage in licensable activities in Hong Kong. If a telecommunications activity is licensable under the laws of Hong Kong, in particular the Telecommunication Ordinance, the TA must decide if it infringes HKTI's monopoly.

But in taking that decision the TA must be fair to both sides. It is no part of his duties to reinforce or extend HKTI's exclusive rights. There is no presumption in favour of exclusive rights. On the contrary, the prima facie position is that anyone may participate in the telecommunications industry, if licensed to do so. If HKTI can persuade the TA that its rights are being infringed, then he cannot grant a licence. But HKTI cannot use the TA's licensing function as a means of extending its exclusive rights beyond the strict terms of its licence, in particular the First Schedule to that licence, once properly construed. As HKTI itself submits, "determination of whether the provision of callback services in Hong Kong is permissible is a question of law, requiring interpretation of the HKTI Licence and the Telecommunication Ordinance."

### TA's CONSIDERATION

In order properly to construe the HKTI licence it is important to focus upon two features :

- \* the nature of HKTI's function as a carrier of external services (external carrier);
- \* the history of the development of HKTI's exclusivities.

**HKTI's Role.** An analysis of HKTI's role as an external carrier requires a consideration of its functions in relation to the local network (the Public Switched Telephone Network (PSTN) in Hong Kong). HKTI is an intermediate carrier, taking part in a long chain of telecommunications which starts at a customer's premises in Hong Kong and ending at another destination outside Hong Kong. Many operators participate in the processes necessary to pass messages and signals down that chain of telecommunications, wherever the process starts, whether overseas or locally. Their participation does not alter the part played by HKTI in the process. To define HKTI's role it is important to emphasise the nature of the local network and the functions of those who participate in that local network.

There are many methods of access to the chain of communication. The chain involves a complex series of interconnections. HKTI's obligation is to ensure connection with the local network, specifically that of the Hong Kong Telephone Company (HKTC) which has separate telephonic exclusive rights until 30 June 1995 by virtue of the Telephone Ordinance and the mobile carriers separately licensed under the Telecommunication Ordinance. Upon issue of licences under the Telecommunication Ordinance to new Fixed Telecommunication Network Services (FTNS) operators, they too will form part of the local network. By virtue of its licence, HKTI is required to provide connection with the local network in accordance with conditions specified in the licence.

HKTI's functions and rights as an external carrier only start at the point of interconnection between the local network and the international gateway. HKTI has no function and no rights on the local side of the points of interconnection for telephony. HKTI does not participate in and has no exclusive rights over any part of the local telephone network. A similar situation exists on the other side of the circuit where HKTI must hand-off a call to other carriers which provide the relevant telecommunications services in that regime. Therefore, for telephony, HKTI's domain lies between the interconnection point with the local network in Hong Kong and the interconnection points (notionally half-way along the international circuits) with its correspondent international carriers. This contrasts with the provision of internal Public Telegram Service and internal Public Telex Service as specifically listed in the First Schedule (items c and d) of the HKTI licence.

It is also important to note that HKTI has no right to dictate which direction it carries the signals and messages beyond the international gateway; it must carry them as presented - either to the Hong Kong gateway or from that gateway.

**History of HKTI's exclusivities.** HKTI and its predecessor (Cable and Wireless) have been issued a series of licences stretching back before the Second World War. More recently a licence was issued in 1963 and the current licence was issued in 1981. The circuits and services exclusively reserved to HKTI are specified in the First Schedule to HKTI's licence - a copy is provided at Attachment 2.

The development of the First Schedule shows a deliberate policy of successive Hong Kong Government Administrations that only particular circuits and services be exclusive to HKTI. It is undeniable that the list of circuits and services has grown over time in concert with the development of technologies and the increased breadth of services enabled by new technologies. But HKTI's rights as an external carrier were never all embracing. History shows attempts by HKTI to obtain from the Hong Kong Government an all-encompassing monopoly. While the First Schedule extended rights over a period of time, attempts to achieve a complete monopoly were resisted and did not succeed. Moreover nothing granted to HKTI trespassed upon the local public switched telephone network (the PSTN in Hong Kong).

As a matter of policy the Hong Kong Government has maintained its position that HKTI does not have an all-encompassing monopoly. This point was made by the Secretary for Economic Services in a speech to the Legislative Council on 3 June 1992 where it was reaffirmed in the following terms :

"Further liberalization in international services is of course constrained by the terms of Hong Kong Telecom International's licence which does not expire until 2006. There is, however, in our view still some room for further liberalization in international services without infringing the exclusive rights granted under that licence."

The Government's Position Paper on Hong Kong's Telecommunications Policy of January 1994 also recognized the scope for liberalization of services outside of HKTI's exclusivities and the TA's responsibilities "to balance his obligation to protect HKTI's exclusivity with his responsibility to promote competition in services which lie outside that exclusivity".

**Call-back Services.** The essential question for the TA to answer is whether call-back services breach any of the items of the First Schedule to HKTI's licence.

HKTI has provided a detailed submission supporting its view that call-back services breach item (e) of the First Schedule, asserting that a call-back service is an international call service by indirect means which is in substance the provision of an external public telephone service. Item (e) reserves to HKTI "External public telephone services to subscribers to the Public Switched Telephone Network by radio, submarine cable and such overland cables as are authorized."

The TA agrees that only item (e) can be considered of interest. Therefore the TA concurs that HKTI correctly identifies the issue to be resolved, which is whether subscribers to the PSTN are being provided with an external public telephone service in contravention of the correct reading of item (e).

The fact that HKTI is given, by virtue of item (e), the exclusive right to provide an external public telephone service to subscribers to the PSTN cannot, and does not, prevent the use of methods whereby an external call is converted to an incoming call, or is charged at a lower rate. Any caller may communicate with someone overseas so as to avoid paying the outgoing rate, telling the person overseas to call back. The reverse charging system and the use of a calling card both enable the local caller to initiate a call, make use of HKTI's infrastructure for the purpose of communication overseas, and yet neither are the provision of an external public telephone service; rather they are methods by which the customer obtains access to the HKTI system at a more favourable rate. The expression "external public telephone services" does not incorporate the provision of a means of access to the external public telephone service. Furthermore, as HKTI itself acknowledges the legal construction of the licence cannot depend upon the tariff HKTI is entitled to charge (that is, whether it is an outgoing or incoming charge).

By virtue of its licence HKTI has the exclusive right to carry signalling data and speech messages along the infrastructure it provides to connect the local network in Hong Kong to the overseas system. But other service providers (for example, HKTC, the PMRS operators and, in future, FTNS operators) are entitled to provide access through the local network in Hong Kong to HKTI's external network. The crucial point is that subscribers to the PSTN are not being provided with an external public telephone service at the point where they are being given access to the PSTN or at the point where they have their calls switched by the local network and routed to the international gateway. The external public telephone service only starts at the points of interconnection between the local network and the international gateway.

Call-back service providers may be regarded as merely providing access through the local network to the HKTI system from either or both ends but they are not carrying the telephone calls from the international gateway in Hong Kong to the overseas international gateway, or vice-versa. Indeed that carriage is the essence of the external public telephone service contemplated by the licence.

### TA's FORMAL VIEW

I conclude that call-back operators are not providing an external public telephone service to subscribers to the Public Switched Telephone Network in violation of item (e) of the First Schedule to HKTI's licence. Call-back operators merely provide a method of access to that service. Further such access does not infringe any other element of HKTI's licence. I reject HKTI's assertion of breach of its licence and I conclude that call-back services may continue to be provided competitively.

End/Thursday, March 30, 1995

1.29 million employees' information for voter registration in new FCs received  
\* \* \* \* \*

Information on more than 1.29 million employees for the voter registration in the nine new functional constituencies, or 45 per cent of the estimated total workforce, was received by the Registration and Electoral Office (REO) as at yesterday (March 29).

These returns, which cover the employers' main line of business and the names and identity card numbers of their employees, were provided by 138,000 employers in response to the request by the REO for information.

A spokesman for the REO today (Thursday) said that so far the response from employers was reasonably good.

He urged those who has not responded to the REO's request to reply as soon as possible.

Meanwhile, staff of the Home Affairs Department are conducting follow-up visits to collect employees' information from those employers who have not yet responded.

For the 1.29 million employee records received so far, sampling tests carried out by the REO show that about 48 per cent of the employees included in employers' return are general electors on the General Electoral Roll (GER).

These employees will be registered in the new functional constituency by a simple procedure.

The REO is issuing notification to invite them to be registered as electors in one of the nine new functional constituencies according to their employer's main line of business.

Those who do not receive one by April 15 should get a voter registration form from any of the 1,500 outlets in the territory to get themselves registered in time for the September Legislative Council elections.

These outlets include REO, district offices, housing estate offices, banks and post offices.

For the remaining employees who are not yet on the GER, REO will approach them through their employers to facilitate their registration in both the GER and a relevant new functional constituency.

As part of the next phase of the voter registration drive in April and May, Home Affairs Department staff will pay household visits to housing estates and set up mobile counters at vantage points in various districts to register eligible electors.

End/Thursday, March 30, 1995

Hong Kong Monetary Authority money market operations

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	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	2,292	0930	+277
Closing balance in the account	2,762	1000	+277
Change attributable to :		1100	+418
Money market activity	+413	1200	+423
LAF today	+57	1500	+413
		1600	+413

LAF rate 4.25% bid/6.25% offer TWI 117.6 \*-0.1\* 30.3.95

Hong Kong Monetary Authority

EF bills		EF notes/Hong Kong Government bonds				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.32	14 months	2605	6.35	100.37	6.09
1 month	5.21	23 months	2702	7.50	101.88	6.53
3 months	5.41	28 months	3707	6.95	100.76	6.70
6 months	5.63	34 months	3801	8.00	103.01	6.92
12 months	5.99	60 months	5003	7.75	101.83	7.44

Total turnover of bills and bonds - \$30,119 million

Closed March 30, 1995

End/Thursday, March 30, 1995