



DAILY INFORMATION BULLETIN

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Transcript of the Governor's media session after rehab centre visit

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Following is the transcript of the media session given by the Governor, the Rt Hon Christopher Patten, after visiting two rehabilitation centres in Eastern District this (Wednesday) afternoon:

Governor: I have seen two extremely interesting projects this afternoon. I was very pleased to begin by seeing the Hong Kong Society for Rehabilitation's work at the Community Rehabilitation Network. They have got three centres now which are providing excellent support for people who are either recovering from illness or an operation or are still ill. They give them a great deal of work in the educational training and self advocacy areas and I think that we want to make sure that their future is assured for the long term in Hong Kong because they do a really first class job.

Secondly I am pleased to have seen the work done here by the Richmond Fellowship in providing a sheltered workshop for the formerly mentally ill and for those who have a moderate mental handicap. I have been particularly interested to see not just their training and the work they are doing - they're making a profit here - but also the way they're preparing those who work here for full jobs in, as it were, the outside world. They have provided a marvellous bridge for those who have suffered from mental illness or mental handicap and I am delighted that we are able to support their work.

Question: Mr Patten, concerning the Judicial Tribunal, the Judiciary has already conducted a study over the Judge Caird case and says there is nothing wrong, but yesterday you decided to set up the Judicial Tribunal. The public is quite confused as to why there is a need to set up a Judicial Tribunal.

Governor: I gave a full reply to that yesterday and I suggest you look at what I said yesterday.

Question: (on Chief Secretary's remarks on Diaoyu Islands).

Governor: I think the way people refer to them is less important than what people say about them, and what we all believe about them is that they constitute a dispute which we want to see settled amicably and as early as possible. That is the point, I think, that the Chief Secretary made repeatedly in Australia. It is a point she has made before and it is a point which I have made on occasion. You look at a map and sometimes they are called one thing and sometimes they are called another.

Question: What do you think that implies, that the Chief Secretary is using a Japanese term ...?

Governor: I don't think it implies anything. Mrs Chan speaks Shanghainese, Mandarin and Cantonese better than most people. She also speaks English at least as well as me - some people think she speaks better English than me. She is a Chinese public servant of the highest quality with a family distinguished in Chinese history and Chinese culture. I don't think she needs any lectures from me about what to call places.

But her policy and the policy of the Government, and my policy on this dispute, is exactly the same: we recognise the very strong feelings in the community on this, we recognise why people march and demonstrate and we hope they will do so peacefully and within the law. We think there have been one or two incidents which the media and the public have disapproved of. We don't think that people's strong feelings should be directed at individuals - for example at tourists or school children. But we do think that the dispute should be ended as rapidly and amicably as possible.

Since Hong Kong does not have any role in foreign affairs we are discreet about the way we express those views but we express them very forcefully. And, I repeat, Mrs Chan can and does express them in several languages and dialects very eloquently.

Question: Mr Patten, four military vessels are now approaching the Diaoyu Tai boat and ... so it is believed that the people on the boat will become more dangerous. So what is your comment on this and do you think the Hong Kong Government can do something about it?

Governor: Well, I very much hope that the people who are on the vessels will behave sensibly and I hope that those who are in the patrol craft will behave sensibly as well. And if that happens there won't be any problem for anybody to deal with. But of course if those on the vessels get into any difficulty, we would have to provide assistance in the way we would provide it for anybody else. But I think everybody in Hong Kong, while recognising the strength of feelings, hopes that we can proceed without anybody being hurt or without any undue problems arising.

Question: Do you think both the PRC Government and the Taiwan Government should provide any military help to the vessel that is ... ?

Governor: I am sure that their response would be as sensible as mine has just been. I am sure that they will want people to avoid putting themselves in a dangerous position, I am sure they will want others to avoid putting those who are on these boats in a dangerous position. And if everybody continues to behave sensibly, we should be able to avoid any tragedy or any accidents which nobody should want to see.

Question: Mr Patten, what evidence makes you believe that Judge Caird's allegation is false?

Governor: You would denounce me if I was to pre-empt the decisions taken by a tribunal. In view of the public concern and in view of the supreme importance, particularly at a time like this, of confidence in the integrity of the Judiciary, I have taken the extremely unusual, almost unique step, of establishing a tribunal in response to the request by the Chief Justice. I am certainly not going to put myself in a position in which I appear to pre-empt that tribunal's work.

The tribunal has been set up in order to try to establish precisely what happened, in order to establish whether it is necessary to apply to the Judicial Committee of the Privy Council for the removal of a judge. In the course of its work I am sure that it will be able to underline all the reasons why the public should have confidence in our Judiciary. One or two things were said and written yesterday which I don't think make very much sense because we still haven't established the terms of reference of the tribunal. When we set out the terms of reference they will make perfectly clear that the tribunal is not limited in what it can look at and will come to fair decisions and judicious decisions on the basis of all the facts.

Question: Mr Patten, some political party said that there will be a great surprise when you are delivering your final Policy Speech, so what is the surprise?

Governor: I don't think that there will be any great surprises. I hope people will be pleased if I can set out very clearly what has been achieved in the last few years. I hope they will also be pleased if I set out why Hong Kong is successful and how Hong Kong can continue to be successful. I think people know me well enough now to know that I say in public what I do in private, and I say in public what the government in the future will do in public. So I am not the sort of person who on the whole surprises anybody. That is what perhaps surprises people most. Thank you very much indeed.

Question: What are you expecting from the Foreign Ministers' meeting tomorrow?

Governor: I very much hope that they will have a very clear exchange of views. I hope that Mr Rifkind will be able to put across our views on some extremely important issues which concern people in Hong Kong - like the future of our legislature and the future of our Bill of Rights. If they can make progress on some outstanding issues as well it will obviously be welcome. I think that they have established clearly in the past a very workmanlike relationship. It doesn't mean that they have agreed on everything but it does mean that they have been able to exchange views very openly and frankly without any rise in the temperature.

I think we have established that we can stand up for Hong Kong and argue the case for Hong Kong without doing damage to the relationship between China and Britain. That has been the case in the past and I hope it will continue to be the case. So everybody in Hong Kong will wish the meeting well, while being realistic about what can actually be achieved at it.

Question: There has been talk of a breakthrough on the handover ceremony, is that what you expected?

Governor: I am always reluctant to use words like breakthrough. We have been discussing the handover ceremony with Chinese officials. In my view there should not be any problem provided it is absolutely clear that everything that happens in the handover is within the terms of the Joint Declaration and the Basic Law. Provided that can be achieved then we should not have any trouble with a ceremony that is solemn and dignified and suitable to the occasion. That is what people would like to see. They don't want to see triumphalism on either side and I don't think they want to see a breakdown over the issue. They would like to see us getting on with things in a sensible and grown up way.

End

Transcript of the Governor's media session on ACAN report

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Following is the transcript of the media session given by the Governor, the Rt Hon Christopher Patten, after receiving the ACAN report today (Wednesday):

As you will remember, we had a second summit on drugs on our Campaign to Beat Drugs last May which was as successful, I think, as the first. We announced at it a \$30 million action plan for continuing our fight against drugs. And at the summit as well, the participants, in the vigorous discussions that took place, made about 60 new suggestions about additional ways in which we could attack drugs more comprehensively.

As happened after the first summit, I asked the Chairman of ACAN, Professor Chen, and I asked Raymond Wong, the Commissioner for Narcotics, to set up a working group which would examine the 60 proposals and put forward suggestions as to how we could implement them - which ones should have priority, which ones were slightly less important.

I am very pleased that the committee has managed to put forward its recommendations so rapidly and we will be responding to them. We will, for example, be stepping up our preventive education to deter people from the use of so-called soft drugs; we will be speeding up the outreaching Social Services work with young people who may be abusing drugs; and we will be trying to strengthen the liaison between the Police and the Housing Department to deal with the problem of drug-abuse on public housing estates.

At the summit we discussed, of course, the decision that we had made to set up a \$350 million Beat Drugs Fund. I am delighted that we are now in a position to announce the first successful applications for funds from that fund. The decisions have been made by ACAN and the working group set up for the Beat Drugs Fund Association. In all, I think they had to consider about 44 applications. Twenty-four have been successful at this stage and they have successfully applied for about \$8.7 million of support. \$5.3 million of that will be going to projects in the rehabilitation and treatment area and about \$3.2 million will be going to preventive education projects.

I am sure the successful applicants will be pleased by that and will be able to join the whole community - the Fight Crime Committees, the Non-Government Organisations, every aspect of the Public Service, our schools and community leaders - the whole community, in carrying forward this campaign.

We have seen some success in the figures. Looking, for example, at the second quarter figures for this year, they showed again a fall in the number of young people involved in drug-abuse and that is of course in sharp contrast to what is happening in other countries, in other communities. But there are no grounds for complacency, we have got to go on driving the figures down and that is why I want to underline once again the Government's commitment to give a strong lead to the whole community's campaign to beat drugs. I am sure that working together we can beat drugs and we are determined to do everything that is necessary in order to try to accomplish that objective.

Question: Governor, I understand that only the (inaudible)

Governor: It is worth remembering that the Beat Drugs Fund is only one of the ways in which we finance work to accomplish that objective - law enforcement, preventive education, rehabilitation and treatment and research. And of course it is also the case, as in other areas, that sometimes applications do not make it because we don't actually think that the projects are terribly valuable, we don't necessarily think they are worth supporting. Sometimes a project will fall by the wayside because there just is not enough money to go round but sometimes it is because the project is not up to it.

I am determined to ensure that we put behind the Beat Drugs Campaign all the resources that are necessary and I am sure that if there are any good applications which have not made it this time, they will have a good chance of making it in the future. But what we want to ensure with this Beat Drugs Fund is, we have got a steady source of income coming through every year and I think it should be enough - given the other things we are doing like the \$30 million Action Fund that I announced in May - I think it should be enough to fund most of the worthwhile NGO projects which come forward.

Question: Governor, (inaudible) so do you think that (inaudible)?

Governor: I think that it is a difficult problem in some areas. As you know, as well as my publicised district visits I fairly regularly go to some of the problem areas in Hong Kong, that aren't being announced, and one of the things that I am urged by District Officers to do fairly regularly is to visit estates which have, unfortunately, become a centre for drug-dealing and for drug-abuse. It is exceptionally difficult for the local tenants when that happens. It is of course a particular worry for parents concerned that their children will not only see drug-abuse but perhaps have temptation put in their way.

I don't want to suggest that it is wholly a problem on public housing estates, that is not true, and those who are involved in the management of public housing estates work very hard to keep them clean, but there is a problem in some areas. It is a problem which our District Officers and District Commanders and the Police are aware of, and we want to try to work very closely with the Police and the Housing Department to deal with it.

Question: But will the Government (inaudible) want to improve the laws with the Housing Department to (inaudible)

Governor: I don't think it is a question of needing to change the law. We have, as you know, toughened up penalties and strengthened enforcement. I think it is a question of better co-ordination. We know the sort of thing that happens: on a particular housing estate one old block, or even in some cases a block of toilets, starts being used regularly by those who are selling drugs and by those who are using drugs.

I have seen, myself, on stairways in some housing blocks, where money is slipped in order to acquire the drugs and where the drugs are subsequently put by the dealers. Now we have got to stamp out that sort of thing and it is going to require even more co-operation between Housing Management and the Police in order to do so.

One last question and then you can ask Raymond and Professor Chen a few questions.

Question: (inaudible) perhaps you could have given a larger slice (inaudible)

Governor: Yes, but don't forget, what we have set up the fund for is to generate a steady flow of revenue. I don't think that people in the future would thank us if we spend all the money now. I want to ensure that there are good projects being supported. I will be delighted if there are more good projects coming forward but I think at the moment, if you take not only what we are doing through the Beat Drugs Fund but what we are doing in other ways, we are actually supporting a huge range of activities in this field.

One point I should add is, there is very often interest and concern expressed about the position of some of the Christian groups. I think I am right in saying that they have put forward that seven out of the nine of those groups applied for funds at this time; ten out of eleven of those applications are being partially or wholly funded, so they have been successful, and I think that about 79% of what was proposed by the Christian organisations is -- sorry, about 79% of our \$5.3 million going to rehabilitation and treatment is going to projects put forward by those Christian organisations.

So in addition to what they are getting in the form of rate relief and other support, I think they are doing reasonably well. But we are very serious still about evaluating their role and seeing if they can do more.

Perhaps I can now leave you with the Commissioner and with Professor Chen.

Question: Last one. In the ACAN Report it says that it will take about a year for across-the-board (inaudible) Christian (inaudible)

Governor: Yes, the ones I have been talking about.

Question: And they question about the government authorities helping them, they said that the Government is now already useless --

Governor: We have heard those criticisms before. I am only sorry that they didn't all come to the summit and talk to us last May, but we are very sincere in wanting to do a proper evaluation of their contribution. It is not a question of trying to delay providing support, it is a question of trying to ensure that your money, that the taxpayers' money, is spent as effectively and efficiently as possible.

I have no doubt at all that they have a contribution to make, that they have an important role to play in the area of rehabilitation and treatment, but the precise scale of that role has obviously got to depend to some extent on how effective an objective evaluation deems it to be.

End

Twelfth meeting of the JLG expert group on transitional Budget

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The Sino-British Joint Liaison Group will hold their twelfth round of Expert Talks on September 26 and 27 in Hong Kong to discuss the preparation of Hong Kong's transitional Budget and related matters.

The British team will be led by Mr K C Kwong, Secretary for the Treasury of the Hong Kong Government. The Chinese team will be led by Mr Chen Zuo'er, Chinese Representative on the Sino-British Joint Liaison Group. They will be assisted by experts.

End

Taxation agreements on airline income with New Zealand and Canada

Hong Kong has reached agreements separately with New Zealand and Canada on the arrangements to provide double taxation relief for airline income.

"Amendments have been made to the respective Air Services Agreements of Hong Kong with New Zealand and Canada to incorporate the relief arrangements. The first such arrangements Hong Kong made were with the Republic of Korea earlier this year," a Government spokesman said.

Under the arrangements, Hong Kong will tax the income generated from international traffic of Hong Kong airlines derived from New Zealand and Canada and which has been granted full tax relief by the two countries respectively. In return, Hong Kong will forgo the right to tax the income of New Zealand and Canadian airlines derived from Hong Kong if such income is subject to tax in their respective countries.

"The Governor in Council has made orders under the Inland Revenue Ordinance to declare that the respective double taxation relief arrangements for airline income with New Zealand and Canada should take effect. The orders will be gazetted on September 27 and tabled in the Legislative Council on October 2," the spokesman added

"It is our policy to include provisions on double taxation relief for airline income into Air Services Agreements negotiated between Hong Kong and our bilateral aviation partners on a case by case basis," the spokesman explained.

End

FS on tour to strengthen ties with USA & Europe

The Financial Secretary, Mr Donald Tsang will leave Hong Kong tomorrow (Thursday) to attend the 1996 Annual Meetings of the Boards of Governors of the International Monetary Fund (IMF) and the World Bank (WB) Group in Washington.

During his stay in the United States, he will participate in a conference on Hong Kong organised by the University of California in Los Angeles, visit his Alma Mater, the John F Kennedy School of Government of the Harvard University, where he will speak at a dinner hosted by the Dean, and call on a few leading bankers in New York.

Leaving the United States, the Financial Secretary will travel to Europe to sign three Investment Promotion and Protection Agreements and one Air Services Agreement with four countries before returning to Hong Kong.

During the first leg of his visit to the United States, Mr Tsang will stop at Los Angeles where he will meet the State Treasurer of California, Mr Matt Fong and deliver a speech at the Global Partners Forum at the University of California - Los Angeles on September 27.

He will also meet the Hong Kong Association of Southern California and the Hong Kong Schools Alumni Federation in Los Angeles.

Upon his arrival in Washington on September 29, Mr Tsang will meet the Deputy Secretary of European Bank for Reconstruction and Development, Mr Marcus Fedder, and China's Minister of Finance, Mr Liu Zhongli.

On the following day, Mr Tsang will attend an international banking seminar organised by the Board of Governor of Federal Reserve System before meeting the Governor of the People's Bank of China, Mr Dai Xianglong.

Mr Tsang will be hosting a luncheon for senior staff of the IMF and World Bank and leading figures in the international financial community as part of the programme to promote the Annual Meetings of the Boards of Governors of the World Bank Group and the IMF to be held in Hong Kong in September 1997. The Hong Kong Monetary Authority will also be staging an exhibition on the 1997 Annual Meetings to provide delegates with information they will require to prepare for their trip to the territory next year.

On October 1, Mr Tsang will attend the opening ceremony of the 1996 IMF/WB Annual Meetings. He will then meet with Dr Stanley Fischer, First Deputy Managing Director of the IMF and attend a dinner hosted by the Hong Kong Economic and Trade Office, Washington with local think-tankers.

Mr Tsang will then travel to Boston where he will visit the Harvard University John F Kennedy School of Government on October 2. He will attend a dinner hosted by the Dean of the School and speak to the staff of the school and the other guests from the Boston business and finance community.

He will arrive in New York on October 3 to officiate at the opening of the Hong Kong Monetary Authority's newly established representative office there. He will make use of the opportunity to call on a few leading bankers while in New York.

After concluding his visit to the United States, Mr Tsang will continue his journey to Europe. He will meet senior government officials and bankers during his stay in Brussels, Luxembourg, Rome and Vienna.

In Brussels, he will sign an Investment Promotion and Protection Agreement with Belgium and another with Luxembourg at Palais d'Egmont on October 7.

He will call on the Deputy Prime Minister and Finance Minister of Belgium, Mr Philippe Maystadt and attend a dinner hosted by Minister of Budget of Luxembourg, Mr Marc Fischbach.

Mr Tsang will also meet the Prime Minister of Luxembourg, Mr Jean-Claude Juncker and have lunch with Board of Luxembourg Bankers Association before his departure for Rome on October 8.

In Rome, Mr Tsang will sign the Hong Kong/Italy Air Services Agreement at a ceremony at the Italian Ministry of Transport on October 9.

Later on that day, he will call on the Finance Minister, Professor Vincenzo Visco and the Governor of Bank of Italy, Mr Antonio Fazio.

On October 11, Mr Tsang will arrive in Vienna where he will sign an Investment Promotion and Protection Agreement with the State Secretary of Austria, Mrs Benita Ferrero-Waldner. He will also meet the Austrian Minister of Finance and Governor of Bank of Austria, Mr Viktor Klima.

Mr Tsang will return to Hong Kong on October 15.

End

Govt committed to press freedom: CS

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The Government is committed to maintaining an environment in which a free and robust press can operate under the minimum of regulation which does not fetter freedom of expression or editorial independence.

Speaking at a luncheon hosted by the National Press Club in Canberra today (Wednesday), the Chief Secretary, Mrs Anson Chan, said if Hong Kong had to enjoy its pre-eminent position as an international, financial and trading centre in the Asian region, freedom of the media must continue.

"The free flow of information and ideas is fundamental to the function of a free market.

"That must continue if we are to enjoy our pre-eminence as an international, financial, trading and telecommunications hub in the region.

"The very presence of the world's media and its requirements to operate in an unfettered way is one important way of underwriting those guarantees," she stressed.

Hong Kong has a free and prolific press, one of the freest in Asia, with 59 daily newspapers and all of the great international news organisations having a presence in the territory.

On legislation, Mrs Chan noted that the Bill of Rights Ordinance protects the freedom of opinion and expression in Hong Kong.

Since its implementation of the ordinance in June 1991, the Government had comprehensively reviewed all existing laws and had repealed or amended those that inhibited press freedom or freedom of expression, Mrs Chan told the audience.

"Our objective is to ensure all our laws are fully compatible with the Bill of Rights Ordinance and the International Covenant on Civil and Political rights which will continue to apply to Hong Kong after 1997," she added.

However, Mrs Chan was quick to point out that a proper balance had to be struck between guaranteeing press and personal freedom on the one hand and protecting privacy, national security, public order, public health and morals on the other.

"We remain committed to tackling the remaining issues through legislative reform.

"But bringing the law up to date and ridding it of bogeymen, as important as that is, cannot on its own solve the problem."

The Chief Secretary called upon all Hong Kong people, especially proprietors, publishers, editors and journalists, to have the courage and belief in themselves to stand up for the freedoms which had been promised to them.

In her speech, Mrs Chan also highlighted the crucial and close links between Hong Kong and Australia and the importance of Hong Kong's successful transition to Australia.

Last year alone, two-way trade between Hong Kong and Australia was worth A\$5.6 billion, Mrs Chan said.

"There are more than 350 Australian companies established in Hong Kong, taking advantage of our unrivalled location as the gateway to China and as the springboard to the rest of Asia, not to mention our sophisticated financial and services sector, our level playing field for local and international businessmen and our tried and trusted legal and arbitration system."

Mrs Chan said Hong Kong and Australia were partners in the international forums such as the World Trade Organisation and APEC, working closely with similar aims and objectives on strategic global and regional economic and trade issues.

The Chief Secretary concluded her speech by re-affirming Hong Kong's vital role in the development of China and the region.

"Hong Kong has a life and identity of its own - albeit as a special and proud part of China - for 50 years after 1997.

"That's spelled out in the 1984 international treaty on Hong Kong's future in which the whole world - not just Britain and China - has a vested interest, because a successful Hong Kong is good for everyone who shares in our success," she said.

End

Australia urged to continue to support Hong Kong

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The Chief Secretary, Mrs Anson Chan, today (Wednesday) urged Australia to continue to show goodwill and support by continuing to treat Hong Kong as a separate entity and as an important Australian interest in its own right.

At a luncheon hosted by the National Press Club, Mrs Chan briefed leading journalists in Canberra on the transitional arrangements and recent developments in Hong Kong. Specifically, she spoke about the future of Hong Kong's legislature; the protection of human rights after 1997; and freedom of the media.

She arrived at the capital this morning for the second stop of her three-city visit in Australia.

She reached Capital Hill in the afternoon and began her round of political calls with a meeting with the Joint Standing Committee on Foreign Affairs, Defence and Trade chaired by its Deputy Chairman, Mr Laurie Brereton.

She then called on the acting Speakers of the House of Representatives, Mr Garry Nehl; and acting President of the Senate, Mr Mal Colston before attending a reception hosted by the Parliament in her honour.

Tomorrow (Thursday), Mrs Chan will leave Canberra for Melbourne where she will deliver two keynote speeches, first at a business luncheon organised by the Hong Kong Trade Development Council and later at a dinner hosted by the Asialink Centre, Melbourne University.

She will call on senior government officials including Deputy Leader of the Opposition and Shadow Treasurer, Mr Gareth Evans; Governor of Victoria, Mr Richard Elgin McGarrie; and Premier of Victoria, Mr Jeff Kennett. She will also have an editorial board meeting with the Melbourne Age.

End

Governor tours rehabilitation facilities provided by NGOs

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The Governor, the Rt Hon Christopher Patten, visited two rehabilitation centres today (Wednesday) to familiarise himself with services provided by non-governmental organisations.

He first visited the Hong Kong Regional Office of the Community Rehabilitation Network in North Point where he met a group of asthmatic children and their family members who were taking part in an educational and psycho-social programme designed to promote the understanding of the disease and the self management plan. He also observed members of two self-help groups formed by cardiac and stroke patients practising blood pressure measurement, body and weight measurement and cholesterol testing, as well as discussing the importance of healthy diet.

From there, the Governor went to the New Jade Manufacturing Centre of the Richmond Fellowship of Hong Kong in Chai Wan where he was briefed on the job training and sheltered employment programmes provided for disabled persons.

He later toured the sheltered workshop where more than 100 workers were engaged in book-packing, file-folding and paper-box folding; and the activity area where supported employment trainees were given social skill and computer data entry skill trainings.

The Governor was accompanied on the tour by the Commissioner for Rehabilitation, Mr Augustine Choi and the Regional Social Welfare Officer (Hong Kong), Mrs Cecilia Tong.

End

Report on anti-drugs proposals submitted

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The Governor, the Rt Hon Christopher Patten, today (Wednesday) received a report with recommendations on the proposals put forward at the Summit on Drugs held on May 23.

The report was prepared by a special action group led by the Chairman of Action Committee Against Narcotics (ACAN), Professor Chen Char-nie, and the Commissioner for Narcotics, Mr Raymond Wong.

The special action group has spent the last three months studying a total of 60 proposals by participants present at the summit meeting.

The proposals comprise 12 on law enforcement, 25 on preventive education, 16 on treatment and rehabilitation, and seven on research.

These proposals are made in addition to the \$30 million action plan announced by the Governor at the end of the meeting to combat the problem of drug abuse by young people.

"Members of the Special Action Group would like to express our appreciation for the valuable opinions and proposals put forward by the participants at the Summit meeting," Professor Chen Char-nie said in the report.

"Their views have enabled us to deepen our understanding of the problems of drug abusers and the concerns of the community."

After receiving the report in person from Professor Chen and Mr Wong, the Governor commented: "I am very grateful to ACAN for their very sensible and thorough report.

"The Government will be taking the proposals forward vigorously."

Examples given by the Governor of action to be taken by the Government were:

- * Strengthening outreaching social work service to help young people experimenting with drugs.
- * Stepping up preventive education and publicity against the abuse of "soft drugs".
- * Strengthening liaison between the Police and Housing Department in tackling the drug abuse problem in public housing estates.

Mr Patten also announced the results of the first tranche of application to the \$350 million Beat Drugs Fund, which was established in March this year to finance worthwhile anti-drugs projects.

A total of 24 anti-drug projects costing some \$8.7 million have been selected for funding support by the Fund. More than \$5.3 million will go to 14 drug treatment and rehabilitation projects while \$3.2 million will be allocated to eight projects on preventive education and publicity.

These projects include:

- * Setting up of a pilot project for high-risk youth in Tseung Kwan O;
- * Funding support for non-subvented voluntary residential drug treatment and rehabilitation agencies to strengthen their counselling service;
- * Improvement works for treatment facilities run by a number of Christian therapeutic agencies.

The Governor said: "I am very pleased with the results of the second Summit. We will now concentrate our efforts in following up vigorously the action plans and recommendations arising from the Summit."

"Together, we can beat drugs."

End

Consultancy study on textile and clothing published

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The report of a techno-economic and market research study on Hong Kong's textile and clothing industries is published today (Wednesday).

The study was commissioned by the Industry Department and undertaken by Kurt Salmon Associates (KSA), a US-based management consultancy firm. It is the third of its kind, the first one being conducted in 1986.

The present study covers textile manufacturing, clothing manufacturing, footwear manufacturing, trading and retailing, which are collectively known as softgoods industry.

Altogether, these sectors accounted for 38 per cent of domestic exports, 21.9 per cent of re-exports and 36.4 per cent of manufacturing employment in Hong Kong in 1995.

In its report, KSA analysed the major strengths and weaknesses of the industry and provided up-to-date information on market trends and global competitions.

The Chairman of the Textiles and Clothing Committee (TCC) of the Industry and Technology Department Council (ITDC), Dr Harry Lee, announced the publication of the report at a press conference today (Wednesday). A Steering Committee formed under the TCC was responsible for monitoring the progress of the study.

Introducing the report, the Chairman of the Steering Committee, Mr Willie Fung said: "The consultants propose that Hong Kong companies must improve their internal capabilities, establish strong links with countries which are their major markets or sources of manufacturing and raw materials, and move towards achieving global benchmarks in every aspects of the production and operation cycle."

"To this end, KSA made a number of recommendations on improving the operating environment in Hong Kong and accelerating the development of skills and competitiveness of the industry," Mr Fung added.

Dr Lee said the TCC would carefully study the KSA report in the next few months. The TCC would formulate its own views and recommendations for the ITDC and the Government to consider.

The report comprises two volumes. Volume I, "Strategy for Continued Leadership", contains the key findings and recommendations of the study. Volume II, "Hong Kong's Softgoods Industry in the Global Supply Chain", provides additional data and justifications to support the conclusion and recommendations.

Copies of the techno-economic and market research study report are now available from the Government Publications Centre, Queensway Government Offices, Low Block, Ground Floor, 66 Queensway at \$84 for Volumes I and II.

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Transfer of VMs from Tai A Chau to Whitehead completed

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The exercise to transfer all the Vietnamese migrants (VMs) on Tai A Chau to the Whitehead Detention Centre had been completed, the Government announced today (Wednesday).

A party of workers and their families, totalling 405 VMs, were transferred on September 12 in an advance exercise. This was followed by a 10-day transfer operation from September 16 to 25 during which 5,465 VMs were transferred.

This operation was observed each day by independent monitors.

"We are very pleased that the transfer has been a smooth and uneventful one," a government spokesman said.

"This is to the credit of all parties concerned, including the Hong Kong Housing Services for Refugees, the Police, the Correctional Services Department and other supporting departments such as the Department of Health, the Auxiliary Medical Services, Civil Aid Services, Fire Services Department, the Government Flying Service and the Royal Navy."

During the 10-day period, about 500 to 550 VMs were transferred each day by three ferries to HMS Tamar at Stonecutters, from where they were trucked to Whitehead.

The Police provided escort throughout the trip, and the monitors observed the whole process. More than 12,200 pieces of luggage were moved together with the VMs.

End

Monitors' report submitted to CS

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The monitors appointed to observe the Tai A Chau Detention Centre decantation operation this (Wednesday) morning have submitted their report to the Chief Secretary today.

The three monitors comprised one non-official Justice of the Peace, Mr Peter Wong Man-kong; and representatives from two non-governmental organisations, Mr Thierry Taveaux of Medecins Sans Frontieres and Mr Tai Kie-ying of Christian Action.

End

New manpower-saving mail sorters introduced

* * * * *

The Postmaster General, Mr Robert Footman, officiated a commissioning ceremony today (Wednesday) at the General Post Office on the introduction of the culler-facer-cancellers in the Post Office.

"In the face of ever growing postal traffic and high accommodation and labour costs in Hong Kong, the Post Office has always looked for productivity improvements through introduction of new technology, computerisation and mechanisation.

"The introduction of culler-facer-cancellers is one of our recent efforts in this direction," he said at the ceremony.

Since 1976, the Post Office has been using facer canceller tables to process mail items posted at posting boxes. These machines require some 13 to 15 staff to manually sort, face and segregate letters into local and foreign mail.

"With the introduction of culler-facer-cancellers, the whole process is done automatically. Only five to six staff are required to man a machine which achieves a similar throughput as a facer canceller table.

"The use of culler-facer-canceller machines will result in significant savings in manpower which can be redeployed to cope with postal developments in other areas," Mr Footman said.

The two culler-facer-canceller machines which the Post Office recently procured were to replace two old facer canceller tables - one at the General Post Office and the other at the International Mail Centre. The two new machines have successfully passed a two-month confidence trial.

The culler-facer-cancellers segregate letters into local and foreign mail by detecting the phosphor-tagged stamps affixed on them. Stamps tagged with two phosphor bars are used on local letters and those with one bar on air letters to overseas countries. The machines can also automatically segregate Business Reply mail items which bear two vertical black ink bars.

The Post Office is developing plans to replace the remaining facer canceller tables in phases.

The commissioning ceremony held at the General Post Office was attended by members of the Post Office Customer Liaison Group, members of the Central and Western District Board and members of the Post Office Bulk Mailer Group.

End

New Guidelines on school outdoor activities

* * * * *

School heads and teachers are advised to follow new Education Department Guidelines on school outdoor activities, which are being issued to all schools in Hong Kong.

The 57-page Guidelines, which are an expanded version of previous Guidelines, cover a wide range of outdoor activities including excursions, camping, swimming, canoeing, sailing and fieldwork, with the insertion of new topics including expedition, orienteering, rowing, windsurfing and cycling.

An Education Department spokesman said that the comprehensive Guidelines, which are issued in English and Chinese versions, focus on safety precautions and how to respond to accidents.

The Guidelines are the work of a special task force, the Working Group on Guidelines on Outdoor Activities, which was set up in April 1996 under the chairmanship of an Assistant Director of Education to compile updated guidelines on safety aspects for school outdoor activities.

The working group comprised members with various expertise, including personnel in the sports professions, schools councils and government departments.

"The Guidelines have taken into account the suggestions made in the Coroner's report arising from the Pat Sin Leng Hill Fire in February 1996," the spokesman said.

"Suggested measures on how to respond to accidents, getting lost, hill fires and heavy rain have been incorporated into the new Guidelines."

The spokesman noted, nevertheless, that the new Guidelines are by no means exhaustive.

"In view of the circumstances which may vary from one school to another, schools will also need to exercise their judgement. A list of relevant professional associations is given at the end of the Guidelines so schools can approach them direct for further information on more specialised outdoor activities."

The spokesman added that another set of Guidelines, Guidelines on Extra-curricular Activities in Schools, will be issued in October 1996, giving a broad outlook on issues related to the planning and implementation of extra-curricular activities in schools.

A series of seminars connected with the two sets of Guidelines will be held in November 1996 for teachers to raise their awareness in the planning and implementation of extra-curricular activities as a whole.

Enquiries on the Guidelines should be directed to the Education Department's School Activities Section on 2892 6693.

End

Respect our Teacher Activity Design Competition

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Secondary and primary students are encouraged to take part in the respect our teacher activity design competition.

Organised jointly by the Committee on Respect Our Teachers Campaign and the Education Department, the competition aims at providing students with opportunities to develop their creative potential in activity design.

Participants can also express their gratitude to teachers by carrying out specially-designed activities in schools.

Secondary students may enter group A of the contest while primary four to six pupils participate in group B.

Proposals including budget should be submitted to the organising bodies through their schools before November 8.

Each school can only send in one entry.

Selection will be based on creativity, feasibility, presentation, appropriateness, students' participation and allocation of resources.

Ten selected entries from each group will be given subvention to carry out activities in their schools.

Written reports on implementation of proposals by students should be submitted in early January and adjudicators may also visit the schools if necessary.

Winners of the contest will be invited to attend a prize-giving ceremony in late January.

End

Long service insignia awarded to immigration officers

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In a presentation ceremony held at the Immigration Headquarters today (Wednesday), 54 members of the Immigration Service were awarded the long and meritorious service insignia.

Two chief immigration officers were awarded the second clasps to their medals for their 30 years of dedicated service.

First clasp, signifying 25 years of service, was presented to Principal Immigration Officer, Mr Choi Ping-lun and 19 others. Another 32 officers received the Hong Kong disciplined services medals which marked their 18 years of service.

The ceremony was officiated by the acting Director of Immigration, Mr Christopher Lee Ka-keung, who said the award of the Hong Kong Disciplined Services Medal was to honour those who had rendered long and meritorious service as members of the Immigration Service.

He also congratulated all recipients and thanked them for their many years of loyalty and dedication to the Immigration Service.

End

Mid-autumn Festival holiday reminder

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The Labour Department today (Wednesday) reminded employers that Saturday (September 28), the day following Mid-autumn Festival, is one of the 11 statutory holidays for employees.

Under the Employment Ordinance, all employees, irrespectively of their wage levels, are entitled to statutory holidays and must be paid for the day off if they have worked continuously for the same employer for three months or longer before the statutory holiday.

Holiday pay should be equivalent to an employee's earnings on a full working day and should include basic wages as well as allowances that can be expressed in money terms such as meals and cost of living allowances.

Where the earnings vary from day to day, holiday pay should be the average daily earnings during every complete wage period, which could be between 28 and 31 days, preceding the holiday.

If an employee is required to work on a statutory holiday, he must be given an alternative day off within 60 days before or after the holiday.

Enquiries about statutory holidays can be made at the Labour Department's general enquiry telephone service on 2717 1771.

End

Military rickshaw finds new home

* * * * *

A rickshaw which has graced the front patio of the Officers' Mess of the Hong Kong Military Service Corps (HKMSC) for the past 12 years is to be given a new home this week.

Originally donated by the Furama Hotel in 1984 when the Mess first opened on Stonecutters Island, the red rickshaw will be returned to its rightful owners tomorrow (Thursday).

There to receive it from Inspector HKMSC, Lieutenant Colonel Nick Southward, will be the hotel's General Manager, Mr Bruno Dedual, and its Public Relations Manager, Ms Elizabeth Irons.

Also on hand to mark the occasion will be HKMSC's lion dancers and drum team.

The rickshaw is one of many items, including paintings and furniture which has been donated to the Mess by local business and organisations over the years.

With the Mess due to close in a few months time when HKMSC disbands, some items had already been reclaimed by their original owners while many others had offered their gifts for auction, raising \$195,000 last month for the Hong Kong Locally Enlisted Personnel Trust.

Although old and somewhat fragile, the rickshaw has been used by HKMSC on several ceremonial occasions. After returning to the Furama Hotel, it will be used for display purposes by the hotel's food and beverages department.

End

Government land to let

* * * * *

The Lands Department is inviting tenders for the short-term tenancy of a piece of government land at West Kowloon Reclamation Area.

The lot, with an area of about 4,570 square metres, is earmarked for use as a fee-paying public carpark. The tenancy is for three years, renewable quarterly.

The closing date for submission of tenders is noon on October 11, 1996 (Friday).

Tender form, tender notice and conditions can be obtained from the Lands Department, 14th floor, Murray Building, Garden Road and the District Lands Office, Kowloon West, 10th floor, Yau Ma Tei Car Park Building, 250 Shanghai Street, Kowloon.

Tender plans can also be inspected at these offices.

End

Residential Mortgage Survey results for August released

* * * * *

The growth of residential mortgage loans for the purchase of properties in Hong Kong slowed in August, according to the results of the latest monthly survey conducted by the Hong Kong Monetary Authority (HKMA).

The latest figures show that the total amount of outstanding mortgage lending by the 33 institutions in the survey increased by 0.6% in August (1.5% in July) to \$304.8 billion. The growth rate is substantially below the monthly average of 1.4% over the last twelve months.

"Loan growth eased in August, reflecting the reduced activity in the primary property market in the preceding month," said Deputy Chief Executive of HKMA, Mr David Carse.

The annualised rate of growth in lending over the last three months decreased to 14.3% from 17.7% in the three-month period to July. The 12-month average of outstanding loans showed an annualised growth rate of 16.2%, compared with 16.6% in July.

The amount of new loans approved but not yet drawn further reduced by \$2.6 billion (24.3%) to \$8.1 billion in August.

"The decrease in new loans approved partly reflects a reduction in mortgage refinancing during the month.

"However, given signs of increased activity in both the primary and secondary market in August, the growth of outstanding loans may pick up again in September," said Mr Carse.

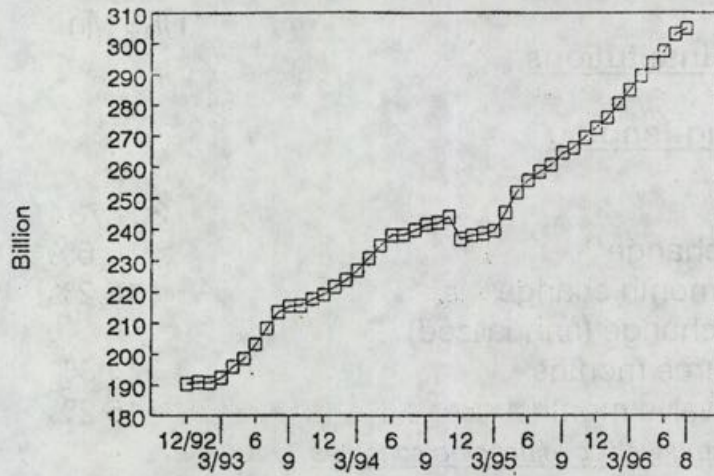
The amount of residential mortgage loans associated with co-financing schemes accounted for 3.1% of total mortgage lending of the 33 surveyed institutions at end-August. Of the \$11.9 billion new loans approved during August, about 84% were accounted for by properties aged 15 years or below.

Lending for the purchase of properties in China increased by 1.1% to \$5.8 billion in August. Gross loans made in August increased in number (to 346 from 344) but decreased in amount (to \$165 million from \$235 million). New loans approved in August decreased in number (to 338 from 370) and in amount (to \$238 million from \$269 million).

Chart A

RESIDENTIAL MORTGAGE LOANS IN HONG KONG
(33 institutions)

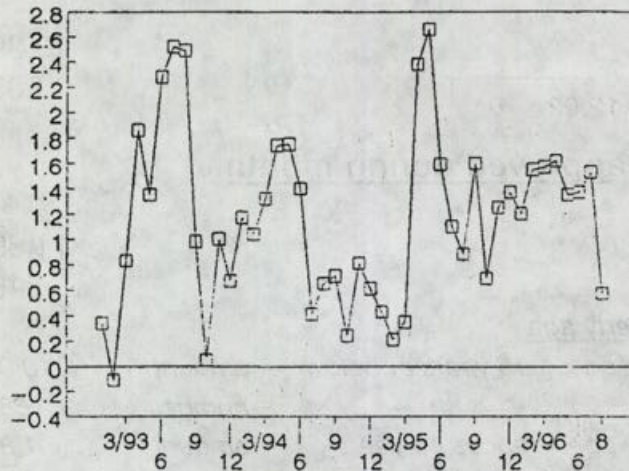
Outstanding balance at end of month



A1

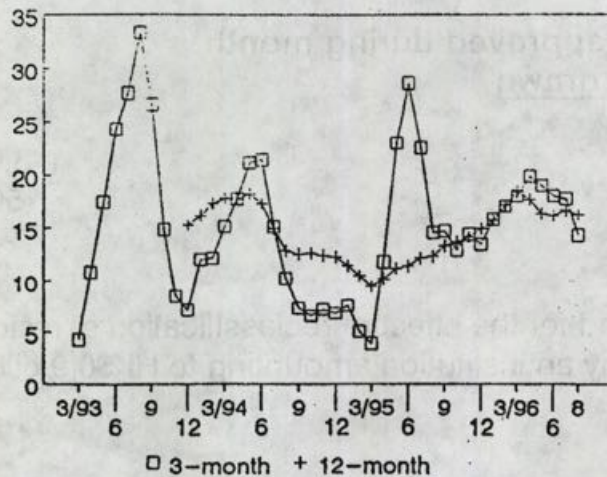
Remarks : The significant fall of outstanding balance in December 1994 was due to the effect of reclassification, securitization and sale of loans by some institutions.

Monthly growth rate



A2

3-month and 12-month moving average growth rate on annualised basis



A3

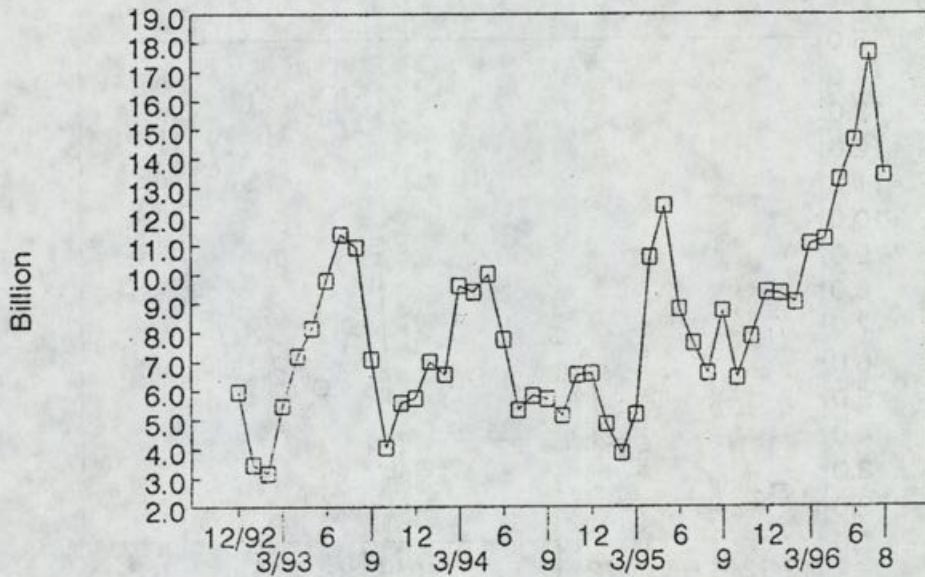
□ 3-month + 12-month

Chart B

RESIDENTIAL MORTGAGE LOANS IN HONG KONG
(33 institutions)

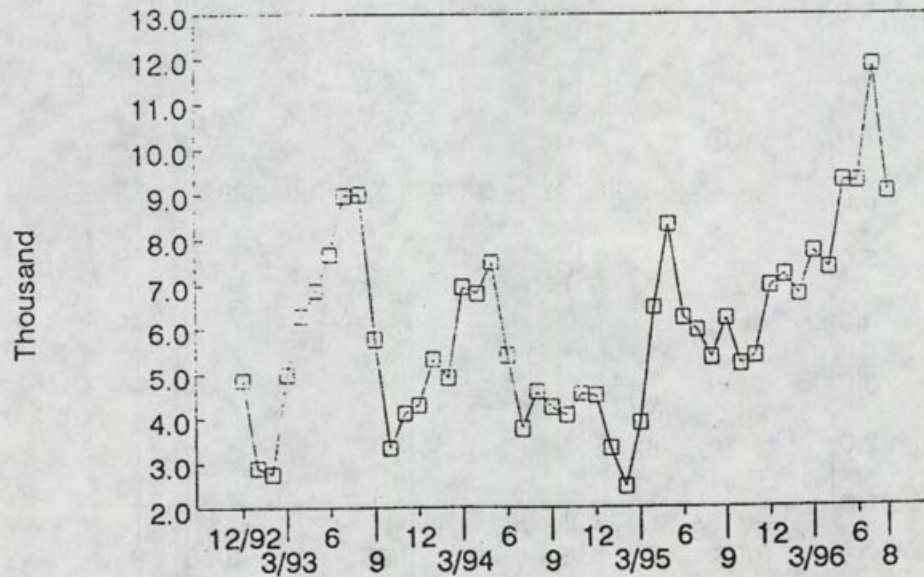
GROSS LOANS MADE DURING THE MONTH

Amount



B1

Number of accounts



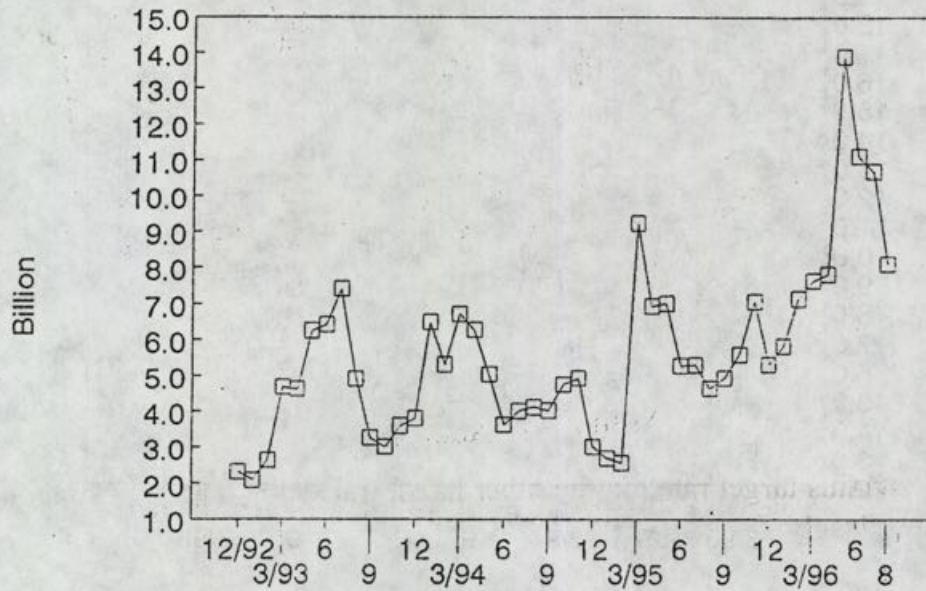
B2

Chart C

RESIDENTIAL MORTGAGE LOANS IN HONG KONG
(33 institutions)

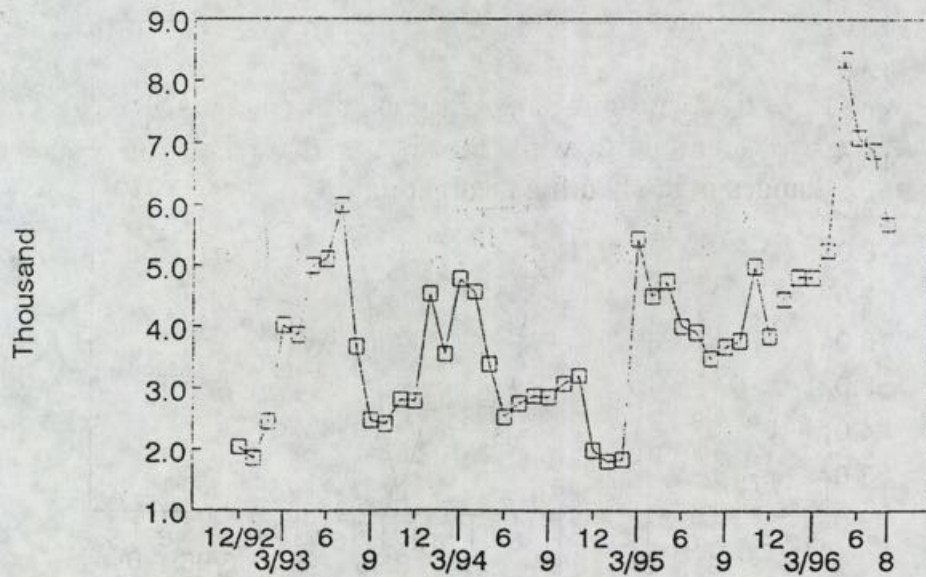
NEW LOANS APPROVED BUT NOT YET DRAWN

Amount



C1

Number of accounts



C2

Reference rate for setting LAF rates

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With a view to aligning the bid and offer rates under the liquidity adjustment facility (LAF) more closely in line with the US dollar market interest rates, the Hong Kong Monetary Authority (HKMA) has decided, following consultation with the Exchange Fund Advisory Committee, to change the reference rate for setting the LAF rates from the US discount rate to the US Fed funds target rate.

As the US Federal Open Market Committee (FOMC) decided not to alter the Fed funds target rate at its meeting held yesterday (Tuesday), there is no need for any adjustment to the current LAF rates.

Since the inception of LAF in June 1992, HKMA has been using the US discount rate as the reference rate for LAF rates. A recent review conducted by HKMA has concluded that the Fed funds target rate will be a more suitable reference rate for the LAF rates for the following reasons:

- (i) there is an increased tendency for the adjustments in US discount rate to lag behind the movements in US dollar market interest rates. The Fed funds target rate, on the other hand, tracks the market interest rates more closely;
- (ii) the Fed funds target rate is now as transparent as the US discount rate because FOMC has made timely announcement of adjustments in the target rate since February 1994; and
- (iii) it is a more timely indicator of US monetary policy compared with the US discount rate.

The adoption of the Fed funds target rate as the reference rate is subject to the US Federal Reserve continuing with the present practice of making timely announcement of changes in the Fed funds target rate.

End

Hong Kong Monetary Authority money market operations

	<u>\$ million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	2,313	0930	-153
Closing balance in the account	2,253	1000	-153
Change attributable to :		1100	-153
Money market activity	- 160	1200	-153
LAF today	+100	1500	-151
		1600	-160

LAF rate 4.00% bid/6.00% offer TWI 124.3 *-0.1* 25.9.96

Hong Kong Monetary Authority

EF bills		EF notes/MTRC				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	5.07	2 years	2808	6.00	99.78	6.21
1 month	5.06	3 years	3907	6.80	100.77	6.60
3 months	5.18	5 years	5109	7.32	100.75	7.26
6 months	5.29	7 years	7308	7.24	98.81	7.60
12 months	5.59	5 years	M503	7.35	99.77	7.54

Total turnover of EF bills and notes - \$22,555 million

Closed September 25, 1996

End