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Transcript of Governor's media session

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Following is the transcript of the media session by the Governor, the Rt Hon Christopher Patten, after the Exco meeting this (Tuesday) morning:

Governor: Good morning. Save you going out to Kai Tak this afternoon. I'm leaving as you know this afternoon for Canada and the United States. I'm speaking in Vancouver and Toronto, and in Ottawa having meetings with the Prime Minister Mr Chretien, with the Foreign Minister and with other Canadian ministers. And I'll of course in Vancouver and Toronto be meeting many members of the Hong Kong community in Canada. I'll obviously be discussing matters of mutual interests, trade, right of abode, visa free access and so on. I'm then going on to the United States where my principal purpose will be to lobby for unconditional renewal of MFN for China, speaking as I said last week not on behalf of China, but on behalf of Hong Kong. First of all, however, I'll be stopping over in New York where I'm speaking to the Council on Foreign Relations and to the US-China Committee. And I'm also visiting a number of newspapers and magazines. I'm then going on to Washington where we're still in the process of setting up meetings with congressional and senate committees, senators and congressmen and members of the administration. I'm speaking at the National Press Club and I'm speaking at the Heritage Foundation. Then I'm going on to Seattle and coming back to Hong Kong arriving on the 11th of May on the inaugural flight of Cathay's 777. So I'll be away for about 11 days with a pretty full programme.

Question: Are you satisfied with the remarks by Chinese Vice Premier Qian Qichen that the provisional legislature will not start its function of legislation before 1997? And also as the last Governor of Hong Kong, will you consider it a paramount duty to press the UK Government to bring the case to the world court if China insists on establishing the provisional legislature after 1997?

Governor: Let's deal with the rice one spoonful at a time. First of all, what Mr Qian said was a reconfirmation of what he had said to Mr Rifkind and what I've said. There is only one Legislative Council in Hong Kong until the 30th June 1997. If China is then going to dismantle that Legislative Council, it's for China to explain the reasons why. Secondly, as for own position after 1997, while I'm sure that people would think it was right that I should maintain a period of reflective silence for a short time after leaving Hong Kong and while it would of course be imperative that I shouldn't do anything to make the job of my successor more difficult, I shall continue to retain an interest in Hong Kong and would regard it as my duty to urge British Government, British officials and British politicians to take very seriously indeed any breaches that there might be of the Joint Declaration. But I hope that there won't be any.

Question: Besides the MFN, when you visit the United States, will you also lobby the US Government or the congressmen to support the Hong Kong Government's stand which is against a provisional legislature?

Governor: I'll tell them what's happening in Hong Kong and I'll express my views about our relationship with the United States in the same sort of terms that I used when I was speaking to the Chambers of Commerce last Friday. I pointed out then why the United States and indeed the world will continue to have an interest in what happens in Hong Kong.

Question: Prime Minister Qian had said two things. I wonder if you could comment on them. One is there are no serious questions anymore left between Hong Kong Government and China; problems have been solved. And when he said there won't be a second power centre, in fact, isn't there already a de facto power centre in the Preparatory Committee ...? In fact isn't there going to be a second power centre and what about the fact that all problems have been solved?

Governor: I wish it were true that all our problems had been solved. I think to say that everything is solved, everything is sorted out is to suggest that merely to state one's point of view regardless of what Hong Kong thinks, regardless of what the United Kingdom and indeed international opinion thinks is to settle the problem, is to settle the issue. That simply isn't the case. We know perfectly well that in Hong Kong people are extremely concerned about decisions that have been taken by the Preparatory Committee, by Chinese officials that is, about the Legislative Council and about the Bill of Rights. You can't simply settle issues in an open and plural society by closing the book and saying I've made my mind up. I think that people in Hong Kong who are after all promised that they will run Hong Kong in the future, I think people in Hong Kong will make it perfectly clear over the coming years that they want to have a say about how the rice is cooked. Your second question?

Question: It's true that they won't be a de jure second power centre, but in fact from the way the Chinese officials speak and from the way that members of the Preparatory Committee speak and in future when ... in fact isn't there already a more powerful de facto power centre here before 1997? Doesn't it already exist?

Governor: I've been told ever since I arrived that there were second stoves, second power centres. All I can tell you is that we've managed to continue to administer Hong Kong decisively, and I think effectively and we'll continue to do so. Let me just qualify that remark however. When there is a Chief Executive (designate), inevitably a lot of people are going to see him or her as reflecting their aspirations for post-97 and they're going to see him or her as having some of the answers to the challenges that Hong Kong will face in the future. That's natural; that's inevitable. It happens I guess to a more limited degree when you have a change of administration in a democratic society, but where there is an overlap as it's happened recently in Spain for example, that's an inevitable part of the process. I think myself that it's not sensible to talk about power as it was entirely divorced from the hearts and minds of the population in a free and open society like Hong Kong is. And I think the sort of power that everybody in an open society should seek is that which comes from having convinced people that you're doing the right thing rather than told people what you're going to do.

Question: What is your view on ... seconding senior Government officials to the Chief Executive staff?

Governor: If I may say so. I think a lot of the questions about working with the Chief Executive are only going to be able to be resolved in practice when there is a Chief Executive. I think it will be much easier for us to settle the details of these issues with the Chief Executive (designate) than it is talking as it were in a vacuum today with Chinese officials who I'm sure are well disposed towards the interest of the Chief Executive (designate) but aren't quite the same thing. I've got no doubt at all that a Chief Executive (designate) will need to have a team of officials to support him or her; that's entirely proper. I would think it was right that the Chief Executive (designate) should have office accommodation, should have transport and should have some people to help him or her plan his or her engagements and to plan for the future. But I don't honestly think that we can get into very considerable detail until the Chief Executive (designate) exists because he or her will have their own ideas, he or she sorry. It's getting complicated.

Question: Governor, do you welcome what the Vice Premier of China Qian Qichen told Reuters that it is easy to reach an agreement on handover ceremony ...?

Governor: We are still politely puzzled. The expression that what we wanted for the handover was a ceremony which was solemn, grand and dignified was a Chinese expression. It came from the Chinese side during the meeting that Mr Hurd had with Mr Qian Qichen last spring. It was then used again at the later meeting in the year between the Foreign Ministers when Mr Rifkind had his first meeting with Mr Qian. It's an expression that came from the Chinese side. So, if the Chinese side want to move away from that, well, whatever other formula they have, what Mr Rifkind had said and I've said it as well, is we think it's incomparably better to have a ceremony between the departing and the incoming sovereign which can show the world that despite the problems from time to time, we've brought to a successful conclusion an issue left over from the 19th century, that two members of the Security Council have dealt with this in a reasonably rational and calm way and we think that that would be the best way of getting the SAR Government off to a flying start. But, we also think that there are more important issues to tackle that we can't spend the next year arguing about that and if it proves impossible to agree on mutually satisfactory arrangements, if we can't find a formula for that handover ceremony together, then we obviously have to settle for second best and arrange things ourselves and see the Chinese arrange things themselves. What is absolutely clear is we are going in a sense of sovereignty to the past and the Chinese in a sense of sovereignty that are going to arrive. Everywhere else, I don't think you have an argument about how to handle that and I hope we can avoid one too.

Question: Do you encourage senior Hong Kong officials to attend Preparatory Committee ...?

Governor: Well. We have been helping Preparatory Committee members. We've been giving them information. I think sometimes people should consider what Preparatory Committee members could do to help Hong Kong. I think that it would be helpful if they were conspicuous by their fortitude and consistency in standing up for Hong Kong. Their own credibility is in their own hands. It's a matter of how they behave. We've been very polite and very courteous and comprehensive in the response that we have given to Director Lu about co-operation with the Preparatory Committee. But just think about the way that's been expressed. People have talked about demands for co-operation which strike me like a contradiction in terms. So I think that co-operation is a two-way street and I hope that the Preparatory Committee will co-operate with us as we are sensibly trying to co-operate with them within the parameters which I've made absolutely clear and from which we will not budge, including of course our views on the Legislative Council and any attempt to dismantle it.

Question: Are you any closer to finalising your position on the 10 demands, and will your position be made public?

Governor: We've told Director Lu what our position is on, let's call them from now on the 10 polite requests for co-operation. I am just trying to remember. It certainly... I think it's true to say that one or two Chinese officials have given the impression that we either co-operate on everything or we don't. I mean, there has been a certain amount of that sort of rather unattractive ... speak. But it won't stop us being unfailingly courteous and helpful.

Question: What is your position on the ...?

Governor: Mrs Chan is answering questions in the Legislative Council tomorrow afternoon and she'll say what we are proposing.

Question: Governor, the Times has a second question about the Vietnamese. You often say that Hong Kong is a society of law. Now we've heard Mr Bresnihan say the Privy Council is very far away and doesn't really understand the situation in Hong Kong. And yesterday Gladys Li of the Law Society said the Government position...Can you comment on that?

Governor: Well, I don't think that Gladys Li, the distinguished lawyer or anybody else has suggested for one moment that the legislative proposals which are at present being discussed by the Legislative Council are in any way contrary to the common law or to the international covenants which we've signed up to. What we are attempting to do is to clarify the situation at a time of some difficulty and to clarify what it actually means when the Vietnamese reject a returning migrant rather than are thought to be rejecting a returning migrant. That seems to me to be a perfectly sensible response of us to the Privy Council ruling. It's not a blanket attempt to extend people in the camps regardless of habeas corpus; it's an attempt to clarify the position between us and the government in Vietnam.

Question: Why should they stay in detention while Hanoi is making ...?

Governor: But you could say that about everyone and you could say how do we know which of the seven, eight, ten, eighteen thousand are going to be accepted back or not. I mean that is a way if you don't mind me saying so in which you drive a complete coach and horses through the system that we are trying decently and fairly to put in place for returning the Vietnamese migrants to Vietnam, which is the only possible, civilised end to this very difficult problem.

End

Tung Chung New Town taking shape

* * * * *

The Tung Chung New Town, designed as an airport supporting community and the ninth new town in Hong Kong, is taking shape, the Director of Territory Development, Mr Lee Shing-see said today (Tuesday).

"The airport-related facilities such as the Tung Chung Station, road links to the airport, public housing development and sewage treatment facilities are all well under way on the newly formed Phase 1 area, while the Phase 2 reclamation is in progress.

"All the essential infrastructures will be completed on time for the public housing intake by mid-1997," he said.

Mr Lee was speaking at the Department's annual meet-the-media session held this afternoon at the works site of the Tung Chung New Town Development Phase 1 on Lantau Island.

On other new town developments, Mr Lee said that some 80 hectares of land in the Tseung Kwan O town centre area was produced for residential, commercial and community facilities uses.

"Land formation in Tsuen Wan and Tai Po also produced about 20 hectares of land for park/recreation facilities and village improvement," he added.

Construction of infrastructure works in other new towns are also continuing to cope with population intake and new demands arising from development changes.

"These include the major road improvement works in the Tsuen Wan/Tsing Yi areas, one of which is the Duplicate Tsing Yi South Bridge which provide adequate capacity to meet future traffic demand from housing development and container terminal facilities on Tsing Yi Island.

"In the northern New Territories, my Department is working with the Drainage Services Department on several major river training contracts, and river training works are expected to continue in the flood-prone northern NT area in the coming years," he added.

Turning to works in the urban area, Mr Lee said that reclamation in West Kowloon producing some 340 hectares of land was substantially completed.

"The construction of infrastructure works are now at full swing to provide roads and services to match public and private building development programmes.

"Reclamation and infrastructure works for Central Reclamation Phase I & II and Wan Chai Reclamation Phase I are also progressing in full swing. Key areas have been handed over to other parties concerned, such as the Mass Transit Railway Corporation and the Trade Development Council, to enable the construction of superstructure to proceed as early as possible. Detailed design for Central Reclamation Phase III has also commenced in early 1995," he said.

Mr Lee pointed out that the Central and Wan Chai Reclamation project as a whole would produce about 108 hectares of land.

"They will be used for the extension of the Central business district, the construction of strategic transport link and the airport railway and Central station, and relieving the overcrowding condition of the adjoining districts," he said.

Mr Lee also said that two major feasibility studies for Kowloon, based on the Metroplan recommendations, were being carried out.

"The outcome of these studies will enable the Government to decide whether or not to proceed with a number of projects currently under planning," he said.

Looking ahead, Mr Lee said that his department would continue its work on new town development.

"We will also be putting more emphasis on the new major developments in the urban area," he said.

End

Hong Kong and Singapore sign air services agreement

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Hong Kong today (Tuesday) signed an Air Services Agreement (ASA) with Singapore, the first such agreement between Hong Kong and Singapore and the thirteenth ASA signed by Hong Kong in accordance with the terms of the Sino-British Joint Declaration. The ASA provides the legal and regulatory framework for the operation of air services.

Secretary for Economic Services, Mr Gordon Siu, signed the agreement on behalf of Hong Kong, whilst Minister for Communications, Mr Mah Bow Tan, signed on behalf of Singapore.

"This agreement will guarantee the continuation of air services links between Hong Kong and Singapore through and beyond 1997, and will be a significant boost to bilateral trade and tourism," Mr Siu said.

Mr Mah hailed the new agreement as opening a new phase in the long-standing aviation relationship between Hong Kong and Singapore.

"I am confident that the agreement will strengthen the already good bilateral ties between Hong Kong and Singapore and promote further development of air services," he said.

Singapore Airlines and Cathay Pacific together operate 63 services per week between Hong Kong and Singapore, offering a total of 22,000 seats and about 160 tonnes of cargo capacity.

End

Government awaits UGC's advice on tertiary education cost

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The Government is awaiting the University Grants Committee's (UGC) recommendations on tertiary education cost, the Secretary for Education and Manpower, Mr Joseph W P Wong, said today (Tuesday).

Mr Wong was responding to recent media speculation on the possible reduction in tertiary education funding.

He pointed out that the development of tertiary education had now entered a period of consolidation, given that the target of providing 18 per cent of students with first-year first-degree places was achieved in 1994-95.

"Our focus should now be to find ways to improve the quality of our graduates while at the same time to contain and reduce the unit cost," he said.

Mr Wong also clarified that there was no question of the Government relying on reducing funding for tertiary education as the only means of improving basic education.

"My top priority this year is to bid for more resources for basic education and to upgrade the quality of education as a whole," he said.

Mr Wong said the UGC was currently conducting a review of the salary scales of the heads of its funded institutions.

Explaining the reason for the review, Mr Wong said since November 1994 the then HK Polytechnic, the City Polytechnic and the Hong Kong Baptist College had been upgraded to university status.

"Following the upgrading of these institutions, it was felt that the salary scales of the heads of the seven UGC-funded institutions should be reviewed in terms of their relativities and in relation to comparable grades in the civil service," he said.

Mr Wong added that the Government was awaiting the UGC's recommendations on the matter.

End

Rebasing of the Consumer Price Indices

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According to the results of the 1994-95 Household Expenditure Survey (HES), the share of household expenditure on housing has increased while that on food decreased over the past five years.

The 1994-95 HES, which was conducted jointly by the Census and Statistics Department (C&SD) and the Hang Seng Bank, took place from October 1994 to September 1995.

"Up-to-date information on expenditure patterns of households is collected in the HES. The information on expenditure patterns was used together with data on price movements collected continuously by the C&SD in compiling the monthly Consumer Price Indices (CPIs)", said Mr Frederick Ho, Commissioner for Census and Statistics.

The existing series of the CPIs are based on the spending patterns obtained from a HES conducted in 1989-90. The results of the 1994-95 HES have been used in rebasing the CPIs. The expenditure ranges and weighting patterns of the CPIs were updated.

Mr Ho explained that the practice in Hong Kong was to rebase the CPIs once every five years. This has been the case for a long time and can ensure that up-to-date household expenditure patterns could be accurately reflected in the compilation of the CPIs. It conforms with international standards and practices.

"The rebased series of the CPI(A) continues to relate to about 50% of households, in the relatively low expenditure range. Their average monthly expenditure during the new base period of October 1994 to September 1995 was between \$4,000 and \$15,999," he said.

"The rebased series of CPI(B) relates to about 30% of households, in the medium expenditure range. These households spent between \$16,000 and \$29,999 a month in the same base period.

"The Hang Seng CPI, which relates to households in the relatively high expenditure range, has also been rebased. The Hang Seng CPI relates to about 10% of households, whose monthly expenditure in the base period was between \$30,000 and \$59,999."

There are a few notable changes in the expenditure weights used in the 1994-95-based series of CPI(A), CPI(B) and Hang Seng CPI, as compared with those for the 1989-90-based series.

"The expenditure share of food declined significantly by 4 to 6 percentage points. For the relatively low expenditure households, the share decreased from 41% to 37%; for the medium expenditure households, from 35% to 29%; for the relatively high expenditure households, from 26% to 20%.

"Another distinct change is the significant rise in the expenditure share of housing by 4 to 5 percentage points. For the relatively low expenditure households, the share increased from 21% to 25%; for the medium expenditure households, from 24% to 28%; and for the relatively high expenditure households, from 29% to 34%.

"The increase in expenditure share of housing was mainly due to a relatively fast increase in rentals over the past few years. Upgrading in the quality of housing also contributed," Mr Ho said.

The expenditure share of alcoholic drinks and tobacco section dropped, partly due to a decrease in the proportion of smokers in the community.

For the other sections, the expenditure shares for households in different expenditure groups did not change in the same direction.

The expenditure shares of fuel and light as well as clothing and footwear increased for the lower expenditure households but decreased for the medium and higher expenditure households.

On the other hand, the expenditure shares of durable goods, transport, and miscellaneous services decreased for the lower expenditure households but increased generally for the medium and higher expenditure households.

The expenditure weights of the 1989-90 and 1994-95-based CPIs are compared in detail in Table 1.

The 1994-95 HES covered all domestic households living in Hong Kong. A stratified random sampling method was adopted. From a sample of about 7,300 households, about 5,600 households participated, representing a response rate of 76%. This is an improvement over the 71% response rate achieved in the previous round of the survey.

Mr Ho added: "The HES has been conducted very smoothly. The retail outlets which supply price information regularly are also very co-operative. I am very grateful to all concerned. With such co-operation, the quality of the CPIs can be guaranteed."

The rebased CPI series, for the reference months from October 1995 to March 1996 are presented in Table 2.

The rebased CPI series for subsequent months will be published in the press releases and the CPI monthly reports for the corresponding months. But the consumer price inflation rate, as measured by the year-on-year rates of increase in the CPIs, will continue to be based on the old series, until the new series is sufficiently long for such purpose.

Concurrent with the newly based CPI series, the 1989-90-based CPI series will be published until March 1997. A detailed report of the 1994-95 HES will be available by the end of May this year.

Table 2 : The 1994/95-Based Consumer Price Indices
 表二 : 以一九九四至九五年為基期的消費物價指數

(Oct 94 to Sep 95 = 100)
 (九四年十月至九五年九月 = 100)

Commodity/service Section	商品 / 服務類別	Consumer Price Index (A) 甲類消費物價指數						Consumer Price Index (B) 乙類消費物價指數						Hang Seng Consumer Price Index 恒生消費物價指數						Composite Consumer Price Index 綜合消費物價指數					
		1995			1996			1995			1996			1995			1996			1995			1996		
		Oct. 十月	Nov. 十一月	Dec. 十二月	Jan. 一月	Feb. 二月	Mar. 三月	Oct. 十月	Nov. 十一月	Dec. 十二月	Jan. 一月	Feb. 二月	Mar. 三月	Oct. 十月	Nov. 十一月	Dec. 十二月	Jan. 一月	Feb. 二月	Mar. 三月	Oct. 十月	Nov. 十一月	Dec. 十二月	Jan. 一月	Feb. 二月	Mar. 三月
All items	總指數	104.3	104.3	103.9	104.1	105.4	106.1	104.5	104.7	104.6	104.8	105.9	106.4	104.7	105.4	104.9	105.1	105.7	106.3	104.5	104.7	104.5	104.7	105.7	106.3
Food	食品	103.2	102.5	102.2	102.2	104.7	105.7	103.2	102.8	102.7	102.8	104.6	105.5	102.5	102.4	102.3	102.4	103.7	104.4	103.1	102.7	102.4	102.5	104.5	105.4
Meals bought away from home	外出用膳	103.2	103.3	103.5	103.8	104.1	105.4	103.2	103.3	103.5	103.7	104.0	105.1	102.1	102.6	102.6	102.8	102.9	103.5	103.0	103.2	103.4	103.6	103.9	105.0
Food (excluding meals bought away from home)	食品(不包括外出用膳)	103.2	101.6	100.6	100.2	105.5	106.0	103.2	102.0	101.2	101.0	105.6	106.3	103.3	102.1	101.4	101.3	105.5	106.4	103.2	101.8	100.9	100.7	105.6	106.2
Housing	住屋	106.2	106.6	107.2	108.0	108.9	109.4	106.6	107.0	107.9	108.8	110.1	110.6	107.5	108.3	109.0	110.3	110.9	112.0	106.8	107.3	108.1	109.0	110.0	110.7
Fuel & Light	燃料及電力	101.7	101.6	102.6	104.2	104.1	105.7	101.5	101.4	102.4	104.0	103.9	105.5	101.6	101.4	102.4	103.8	103.7	106.3	101.6	101.5	102.5	104.1	103.9	105.7
Alcoholic drinks & Tobacco	煙酒	103.0	103.3	102.7	103.3	102.9	105.8	103.2	103.6	102.7	103.7	103.2	105.8	103.2	103.5	102.0	103.3	102.6	105.3	103.1	103.4	102.6	103.5	102.9	105.7
Clothing & Footwear	衣履	107.3	107.9	106.3	105.7	103.7	103.7	107.8	108.4	106.6	105.8	103.6	103.3	106.7	110.8	102.8	99.9	97.0	95.7	107.3	109.0	105.2	103.9	101.5	101.0
Durable goods	耐用物品	102.6	102.6	102.1	101.6	101.2	101.9	102.5	102.4	101.8	101.2	100.7	101.9	103.2	103.2	102.4	101.7	101.3	102.3	102.7	102.7	102.1	101.4	101.0	102.0
Miscellaneous goods	雜項物品	103.6	104.2	99.0	96.7	98.1	99.2	103.0	103.5	100.4	99.0	100.3	101.0	102.7	103.5	101.4	100.1	101.4	101.9	103.1	103.7	100.1	98.5	99.8	100.6
Transport	交通	103.5	103.6	103.8	104.0	105.2	106.0	103.4	103.5	103.9	104.3	105.7	106.6	102.8	102.9	103.1	104.4	105.9	106.8	103.2	103.3	103.6	104.2	105.6	106.5
Miscellaneous services	雜項服務	105.4	105.5	105.8	106.0	107.8	106.7	104.4	104.7	105.1	105.2	107.3	105.9	103.2	103.2	103.9	103.8	104.9	104.6	104.3	104.4	104.9	105.0	106.6	105.7

HIV/AIDS situation in first quarter

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A total of 22 persons were found to be positive for the HIV Antibody Test in the first quarter of 1996, the Department of Health announced today (Tuesday). This brings the number of HIV infected persons in Hong Kong to 664.

Thirteen new AIDS cases were reported during the same period.

The total number of confirmed AIDS cases is 188.

Of the 664 HIV-infected, 311 acquired the infection through heterosexual sex and 221 through homosexual or bisexual sex; 14 were injecting drug users; three were mother-to-child transmissions around the time of birth; and 66 acquired the infection through contaminated blood or blood products before 1985 when HIV Antibody Test and safe heat treated clotting concentrates were not available.

As for the remaining 49, the information available was inadequate for classification.

End

Revocation of banking licence after merger

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A Monetary Authority spokesman said today (Tuesday) that the banking licence of NBD Bank has been revoked.

The spokesman said that the revocation was at NBD Bank's request, and resulted from the merger of its holding company, NBD Bancorp, Inc with First Chicago Corporation in the United States. The operations of the branch have been merged with those of the Hong Kong branch of The First National Bank of Chicago.

There are now 185 licensed banks in Hong Kong, of which 154 are incorporated outside Hong Kong.

End

Licence of Mera Travel Services revoked

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The Registrar of Travel Agents has, with effect from today (Tuesday), revoked the travel agents licence (licence number 350102) issued to the Mera Travel Services Ltd which has been suspended since April 23, 1996.

Mera Travel Services Ltd informed the Registrar of Travel Agents yesterday that it had decided not to carry on business as a travel agent.

A spokesman for Registrar of Travel Agents said the decision was made in accordance with the relevant provisions of the Travel Agents Ordinance (Cap 218).

He said : "Aggrieved outbound travellers with franked receipts showing payment of levies should get in touch with the Travel Industry Council of Hong Kong for assistance in completing the necessary legal procedures to obtain and enforce a judgement or proof of debt against the company regarding their losses.

"Should they be unable to recover their losses from the company, they will be entitled to claim an ex gratia payment of 80% of the outbound fares paid from the Travel Industry Compensation Fund."

The Travel Industry Council is situated at Rooms 1706-1709, Fortress Tower, 250 King's Road, North Point, Hong Kong and its telephone enquiry hotline is 2969 8188.

End

Monetary Statistics for March

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According to statistics published today (Tuesday) by the Hong Kong Monetary Authority, total deposits rose in March 1996, while total loans and advances declined. Table 1 summarises figures for March 1996 and comparisons with earlier months. Table 2 provides an analysis of loans and advances for use in Hong Kong by major economic sector in the March quarter.

Deposits

Total deposits increased by 1.3% in March, following the 1.4% increase in February. This was attributable to increases of 1.5% and 1.1% in HK\$ deposits and foreign currency deposits respectively.

Within HK\$ deposits, demand deposits fell by 2.1% in March, after a 2.5% drop in February. On the other hand, savings and time deposits grew by 1% and 2.2% respectively, continuing the growth of 5.2% and 0.5% in February.

The rise in foreign currency deposits was mainly accounted for by a 1.9% increase in non-US\$ foreign currency deposits during the month. US\$ deposits grew by a modest 0.3%.

Foreign currency swap deposits abated by a further 3.2% in March. Since it peaked in November 1994, foreign currency swap deposits fell for 16 months running, leading to a cumulative decrease of 56.8%.

Loans and Advances

Total outstanding loans and advances receded by 1.6% in March, reversing the 2% growth in February. The decline was the result of a 3.2% decline in loans for use outside Hong Kong, which outweighed a 0.6% rise in loans for use in Hong Kong. Analysed by currency, HK\$ loans rose by 1.2% in the month, while foreign currency loans dropped by 2.9%. As HK\$ deposits grew faster than HK\$ loans, the HK\$ loan-to-deposit ratio slid to 105.9% in March from 106.3% in February.

Quarterly Analysis of Loans for Use in Hong Kong by Major Economic Sector

Loans for use in Hong Kong rose by 3.4% in the March quarter. The rise was broadly based, led by loans for residential mortgages and by loans for building and construction, which rose by 4.2% and 6.5% respectively.

Money Supply

Currency held by the public declined by 7.2% in March, as the level in February was boosted by Chinese New Year. Coupled with the drop in HK\$ demand deposits, HK\$M1 decreased by 4.3%. HK\$M2 and HK\$M3 increased by 1.2% and 1.1% in the month, having risen by 2.2% and 2.1% respectively in February.

TABLE 1 : MONETARY STATISTICS - MARCH 1996

	Mar 1996	Earlier months (% change to Mar 1996)			(HK\$mn)
		Feb 1996	Dec 1995	Mar 1995	
Money Supply					
M1 - HK\$	175,267	183,223 (-4.3)	171,608 (2.1)	173,333 (1.1)	
Foreign currency	20,360	20,280 (0.4)	18,830 (8.1)	15,980 (27.4)	
Total	195,627	203,503 (-3.9)	190,437 (2.7)	189,313 (3.3)	
M2 - HK\$@	1,314,739	1,299,565 (1.2)	1,260,392 (4.3)	1,135,137 (15.8)	
Foreign currency*	1,022,961	1,014,694 (0.8)	1,005,673 (1.7)	949,137 (7.8)	
Total	2,337,700	2,314,259 (1.0)	2,266,065 (3.2)	2,084,275 (12.2)	
M3 - HK\$@	1,330,061	1,315,340 (1.1)	1,278,253 (4.1)	1,152,903 (15.4)	
Foreign currency*	1,086,534	1,075,095 (1.1)	1,068,926 (1.6)	1,011,567 (7.4)	
Total	2,416,595	2,390,435 (1.1)	2,347,179 (3.0)	2,164,470 (11.6)	
Notes and coins in circulation	84,454	90,248 (-6.4)	81,667 (3.4)	79,421 (6.3)	
of which held by public	74,476	80,279 (-7.2)	71,335 (4.4)	69,926 (6.5)	
Total Deposits					
Total Demand deposits	121,151	123,224 (-1.7)	119,102 (1.7)	119,387 (1.5)	
Total Savings deposits	457,356	456,340 (0.2)	439,397 (4.1)	382,614 (19.5)	
Total Time deposits	1,694,071	1,663,279 (1.9)	1,650,955 (2.6)	1,533,796 (10.4)	
With licensed banks	1,637,055	1,609,445 (1.7)	1,594,474 (2.7)	1,475,321 (11.0)	
With restricted licence banks	40,338	36,647 (10.1)	38,125 (5.8)	38,146 (5.7)	
With deposit-taking companies	16,678	17,187 (-3.0)	18,356 (-9.1)	20,329 (-18.0)	
HK\$ deposits@	1,215,932	1,197,707 (1.5)	1,171,592 (3.8)	1,053,789 (15.4)	
Demand deposits	100,791	102,944 (-2.1)	100,273 (0.5)	103,407 (-2.5)	
Savings deposits	320,018	316,882 (1.0)	300,697 (6.4)	263,834 (21.3)	
Time deposits@	795,123	777,881 (2.2)	770,621 (3.2)	686,548 (15.8)	
US\$ deposits*	526,159	524,347 (0.3)	524,334 (0.3)	514,630 (2.2)	
Other foreign currency deposits*	530,487	520,789 (1.9)	513,529 (3.3)	467,379 (13.5)	
Foreign currency deposits*	1,056,646	1,045,136 (1.1)	1,037,863 (1.8)	982,009 (7.6)	
All deposits	2,272,578	2,242,843 (1.3)	2,209,454 (2.9)	2,035,797 (11.6)	
Foreign currency swap deposits	44,948	46,423 (-3.2)	49,808 (-9.8)	71,198 (-36.9)	
Total Loans and advances					
Loans for use in H.K.	1,624,573	1,614,293 (0.6)	1,571,679 (3.4)	1,451,033 (12.0)	
To finance H.K.'s visible trade	159,612	157,918 (1.1)	155,737 (2.5)	141,370 (12.9)	
To finance merchandising trade not touching H.K.	19,552	19,508 (0.2)	17,732 (10.3)	15,787 (23.8)	
Other loans for use in H.K.	1,445,409	1,436,867 (0.6)	1,398,210 (3.4)	1,293,876 (11.7)	
Loans for use outside H.K.#	2,076,279	2,144,967 (-3.2)	2,166,746 (-4.2)	2,059,933 (0.8)	
Other loans for use outside H.K.	2,036,707	2,105,539 (-3.3)	2,128,641 (-4.3)	2,018,031 (0.9)	
Other loans where the place of use is not known	39,572	39,428 (0.4)	38,106 (3.8)	41,903 (-5.6)	
Loans in HK\$	1,287,820	1,273,094 (1.2)	1,237,304 (4.1)	1,146,268 (12.3)	
Loans in foreign currencies	2,413,032	2,486,166 (-2.9)	2,501,122 (-3.5)	2,364,698 (2.0)	
Total loans and advances	3,700,852	3,759,260 (-1.6)	3,738,426 (-1.0)	3,510,966 (5.4)	

* 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.

TABLE 2 : QUARTERLY ANALYSIS OF LOANS FOR USE IN HONG KONG BY SECTOR - MARCH 1996

<u>Sectors</u>	<u>Mar 1996</u> (HK\$ Mn)	<u>Adjusted# % change from earlier quarters to Mar 1996</u>		
		<u>Dec 1995</u>	<u>Sep 1995</u>	<u>Mar 1995</u>
Trade Financing	179,164	3.3	4.2	14.0
Manufacturing	102,074	1.9	4.3	11.7
Transport and transport equipment	70,577	2.3	1.1	-0.6
Building, construction, property development and investment	278,785	6.5	6.3	8.9
Wholesale and retail trade	167,380	0.7	4.3	16.0
Financial concerns *	178,136	1.0	5.0	8.5
Individuals:				
to purchase flats in the Home Ownership Scheme and Private Sector Participation Scheme	48,429	2.0	10.8	19.7
to purchase other residential property	314,225	4.6	8.1	19.7
other purposes	115,760	1.9	3.8	6.1
Others	170,042	4.1	7.8	9.9
Total	1,624,573	3.4	5.8	12.0

With the introduction of the new Return on Loans and Advances and Provisions (as revised from the Return on Loans and Advances for Use in Hong Kong) as from December 1994, a number of AIs have reclassified certain components. As a result, the figures are not strictly comparable with those of previous quarters. The percentage changes given above have been adjusted, so far as possible, to remove the reclassification effect and therefore cannot be calculated directly from the published figures.

* This excludes funds advanced to authorized institutions.

End

Beat Drugs Fund invites applications

* * * * *

Interested organisations and individuals are being invited to apply for grants under the \$350 million Beat Drugs Fund. The deadline for applications is June 1.

A government spokesman said today (Tuesday): "The Beat Drugs Fund is established to provide funding support to worthwhile projects which can help reduce the drug abuse problem.

"It is among the proposals put forward by participants at the Governor's Summit Meeting on Drugs in March last year.

"The actual amount of funds to be allocated each year depends on the level of income generated from the Fund."

The ambit of the fund includes the furtherance of drug abuse preventive education and publicity, research, training, law enforcement, treatment and rehabilitation.

Projects to be funded should be non profit-making. They may be of a capital or short-term recurrent nature.

The fund is administered by the Beat Drugs Fund Association, incorporated under the Companies Ordinance, on the advice of the Action Committee Against Narcotics. Narcotics Division of the Security Branch provides the secretariat support for the administration and management of the Fund.

In processing the applications, due consideration will be given to:

- * the benefit that it will bring to combat the drug problem;
- * the need for the proposed project;
- * the technical and project management capability of the applicant;
- * the implementation plan;
- * the budget; and

- * whether there is or likely to involve unnecessary duplication of the work currently carried out.

Application forms are available from the Beat Drugs Fund Association care of Narcotics Division, 23rd floor, High Block, Queensway Government Offices, 66 Queensway; district offices and the Hong Kong Council of Social Service.

End

Schools invited to join management initiative scheme

* * * * *

All aided schools, including special schools, practical schools and skills opportunity schools, are invited to join the sixth phase of the School Management Initiative (SMI) scheme which provides a management framework to help raise the standards of learning and teaching in schools.

A Senior Education Officer, Mr Andrew Poon, said today (Tuesday): "The SMI scheme enables schools to manage their administration and finances more flexibly and to encourage the participation of teachers, parents, students and alumni in the management of their own school.

"It was first introduced in 1991 and so far 222 schools have joined the scheme."

Mr Poon said the Block Grant provided under the SMI scheme gives schools more flexibility in the use of funds to purchase furniture and equipment to meet their own needs.

SMI schools are also given priority in joining the School Administration and Management System project. It provides schools with a networked computer system to assist in administration. The system also facilitates the electronic transmission of information between schools and the Education Department.

Other advantages included the application for an additional non-recurrent furniture and equipment grant and the discretion in setting aside not more than three days in a school year for teachers to take part in school-based staff development programmes and school planning work, Mr Poon said.

SMI schools are allowed to collect charges from students for specific purposes such as air-conditioning in the school hall or instructors' fees for various cultural activities. They can also act on their own in staffing, funding and school operation.

Mr Poon said: "Schools joining the SMI scheme are expected to start in the first year drafting a formal constitution for the School Management Committee, formulate mission and school goals; and introduce formal procedures for planning, budgeting and evaluating school activities leading to the production of the annual School Plan for the next school year.

"In the second year, schools are given greater flexibility in managing resources under the Block Grant. They have to distribute a summary of the School Plan to parents, start developing a School Policy and Procedure Manual and compile data and information for the preparation of a School Profile and prepare the next School Plan.

"Furthermore, they are expected to start developing a staff appraisal system according to individual circumstances."

Mr Poon reminded those interested in participating in the sixth phase of the SMI to return their reply forms to the Education Department on or before June 25.

Further enquiries can be made at the SMI office on 2892 6656.

End

Placement service for teachers

* * * * *

The Education Department will start a placement service tomorrow (Wednesday) to assist redundant teachers in aided primary schools in obtaining new teaching posts.

"These teachers were usually made redundant by the drop in enrolment in their schools, or reduction of classes due to redevelopment of housing estates and people moving from urban areas to new towns," a Senior Education Officer, Mr Lo Ying-choi, explained.

Over the past years, the Placement Service Unit had helped some 7,300 redundant teachers in securing new teaching posts.

"We will continue to give these teachers full assistance again this year.

"A hundred per cent success rate over the past years owes much to the support and co-operation of school heads and school management committees," Mr Lo said.

The department is most grateful to them, he added.

End

Post Office to participate in stamp exhibition

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The Postmaster General, Mr Robert Footman, announced today (Tuesday) that Hong Kong Post Office will participate in the China Stamp Exhibition-Hong Kong which is organised by the China National Philatelic Corporation.

The exhibition will be held at the Hong Kong Exhibition Centre at China Resources Building in Wan Chai from May 10 to 13.

To commemorate the Hong Kong Post Office's participation in the exhibition, a specially designed souvenir cover will be placed on sale at all post offices at \$2 each from May 3.

A souvenir pack containing stamps of Chinese Pagodas issued by China and Hong Kong Rural Heritage issued by Hong Kong will also be placed on sale at \$25 each at the Hong Kong Post Office booth (No 21 and 22) at the exhibition and at the following eight philatelic offices from May 10:

- Airport Post Office
- Beaconsfield House Post Office
- General Post Office
- Granville Road Post Office
- Peak Post Office
- Sha Tin Central Post Office
- Tsim Sha Tsui Post Office
- Tsuen Wan Post Office

On May 10, a restriction of five souvenir packs per customer queuing will be imposed. A special postmark and cachet will be introduced for cancellation purpose at all post offices.

Hand-back service will be provided at all post offices to official and privately-made covers bearing an indication of the event. The cachet will also be available for cancellation at the exhibition venue during the four exhibition days.

End

Hong Kong Monetary Authority tender results

* * * * *

Tender date	30 Apr 96
Paper on offer	EF bills
Issue number	Q618
Issue date	1 May 96
Maturity date	31 Jul 96
Coupon	-
Amount applied	HK\$6,960 MN
Amount allotted	HK\$1,500 MN
Average yield accepted	5.12 PCT
Highest yield accepted	5.13 PCT
Pro rata ratio	About 86 PCT
Average tender yield	5.15 PCT

Hong Kong Monetary Authority

Tenders to be held in the week beginning May 6, 1996 -

Tender date	7 May 96	7 May 96
Paper on offer	EF bills	EF bills
Issue number	Q619	H664
Issue date	8 May 96	8 May 96
Maturity date	7 Aug 96	6 Nov 96
Tenor	91 days	182 days
Amount on offer	HK\$1,500+300 MN	HK\$800+160 MN

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	2,560	0930	-160
Closing balance in the account	2,513	1000	-161
Change attributable to :		1100	-163
Money market activity	-172	1200	-173
LAF today	+125	1500	-173
		1600	-172

LAF rate 4.00% bid/6.00% offer TWI 123.5 *-0.1* 30.4.96

Hong Kong Monetary Authority

EF bills		EF notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	4.98	2 years	2802	5.16	98.64	6.06
1 month	5.02	3 years	3904	6.30	99.73	6.50
3 months	5.14	5 years	5103	6.75	98.94	7.13
6 months	5.23	7 years	7302	6.02	92.68	7.54
12 months	5.52	5 years	M502	7.30	100.18	7.38

Total turnover of EF bills and notes - \$14,049 million

Closed April 30, 1996

End