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# DAILY INFORMATION BULLETIN

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ISSUED BY GOVERNMENT INFORMATION SERVICES  
BEACONSFIELD HOUSE, HONG KONG. TEL.: 842 8777

WEDNESDAY, APRIL 27, 1994

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WEDNESDAY, APRIL 27, 1994

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TRANSCRIPT OF GOVERNOR'S MEDIA SESSION

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THE FOLLOWING IS THE TRANSCRIPT OF THE MEDIA SESSION BY THE GOVERNOR, THE RT HON CHRISTOPHER PATTEN, AFTER HIS VISIT TO FACTORIES IN KOWLOON THIS (WEDNESDAY) AFTERNOON:-

GOVERNOR: I AM DELIGHTED THAT I HAVE HAD THE OPPORTUNITY THIS AFTERNOON OF VISITING TWO OF OUR MOST IMPORTANT AND SUCCESSFUL MANUFACTURING COMPANIES IN HONG KONG. I FIRST OF ALL VISITED ONE OF OUR FOREMOST WATCH MANUFACTURERS, SUNCITI. AND THEY DO AN EXCELLENT JOB, TRYING TO REDUCE THE QUANTITY OF POLLUTION WHICH THE MANUFACTURING PROCESS RESULTS IN. I AM DELIGHTED TO HAVE MET MAXTER AGAIN THIS AFTERNOON, NOT FOR THE FIRST TIME BECAUSE I PRESENTED AWARDS TO THEM IN THE PAST. THEY ARE AN OUTSTANDING PCB PRINTED CIRCUIT BOARD MANUFACTURER, ONE OF THE MOST PROMINENT ELECTRONIC FIRMS IN HONG KONG. AND THEY REPRESENT, WHICH IS AN ASTONISHING FIGURE, 1.2 PERCENT OF OUR EXPORTS IN HONG KONG. I THINK IT'S A REMINDER TO EVERYONE THAT THE MANUFACTURING SECTOR REMAINS PARTICULARLY IMPORTANT TO OUR ECONOMY WHILE, OF COURSE, SERVICES HAVE BECOME INCREASINGLY IMPORTANT OVER THE YEARS, WE STILL DEPEND A GOOD DEAL ON ELECTRONICS, ON WATCH MANUFACTURE, ON TEXTILES, AND ON OTHER MANUFACTURING PROCESSES FOR OUR WELL BEING. SO, I AM DELIGHTED TO HAVE HAD THIS OPPORTUNITY OF CONTINUING MY VISITS TO THE WEALTH CREATORS, THE WEALTH PRODUCERS OF HONG KONG.

QUESTION: MR PATTEN, ARE YOU DISAPPOINTED THAT LU PING WOULDN'T BE MEETING YOU NEXT WEEK WHEN HE COMES TO HONG KONG?

GOVERNOR: I WANT TO SAY, FIRST OF ALL, THAT I THINK IT'S ALWAYS WELCOMED WHEN DIRECTOR LU PING COMES TO HONG KONG. I AM SORRY THAT HE HASN'T BEEN HERE FOR SOME TIME. BUT I THINK HIS VISIT WILL BE WELCOMED. I THINK HE WILL GET A VERY CORDIAL RECEPTION FROM PEOPLE IN HONG KONG BECAUSE PEOPLE HERE RECOGNISE THAT IT IS IMPORTANT, GIVEN HIS RESPONSIBILITIES THAT HE COMES DOWN FROM TIME TO TIME TO SEE THE SPECTACULAR PROGRESS THAT WE ARE MAKING. I THINK PEOPLE WILL ALSO HOPE THAT THEY HAVE THE OPPORTUNITY OF SHARING SOME OF THEIR CONCERNS WITH HIM, SOME OF THEIR CONCERNS ABOUT THE PRESENT DAY AND SOME OF THEIR CONCERNS ABOUT THE FUTURE. AND I THINK EVERYBODY WILL BE HOPING THAT DIRECTOR LU COMES WITH SOME GOOD NEWS FOR HONG KONG IN HIS POCKETS, GOOD NEWS ABOUT LIVELIHOOD ISSUES, GOOD NEWS ABOUT SOME OF THE ISSUES THAT HAVE BEEN GRID LOCKED IN THE JOINT LIAISON GROUP, GOOD NEWS ABOUT THE AIRPORT AND OTHER MATTERS.

/I'VE MADE .....

I'VE MADE IT CLEAR TO DIRECTOR LU PING ON A NUMBER OF OCCASIONS AND TO OTHER SENIOR CHINESE OFFICIALS THAT I WOULD BE HAPPY TO MEET THEM AND TALK TO THEM AT ANY TIME IN THE INTEREST OF HONG KONG. I THINK THAT IS WHAT PEOPLE IN HONG KONG WOULD EXPECT OF BOTH SIDES, BOTH OF THE HONG KONG GOVERNMENT AND OF CHINESE OFFICIALS. I'VE SAID TO DIRECTOR LU PING A NUMBER OF TIMES OVER THE LAST TWO YEARS THAT I WOULD LIKE TO CONTINUE THE DIALOGUE WITH HIM. I WROTE TO HIM MOST RECENTLY BEFORE WE KNEW OF HIS IMPENDING VISIT ON APRIL 13 AND I SAID ON THAT OCCASION THAT THERE WERE TWO ISSUES IN PARTICULAR WHICH I WOULD WELCOME THE OPPORTUNITY OF TALKING TO HIM ABOUT, EITHER IN PRIVATE OR WITH PEOPLE KNOWING THAT THE CONVERSATIONS WERE GOING ON. THE FIRST IS THE WHOLE QUESTION OF PROPERTY PRICES BECAUSE I WANTED TO PUT HIM IN THE PICTURE ABOUT HOW WE SAW THE SITUATION AND WHAT WE THOUGHT WAS THE RIGHT WAY FORWARD IN TACKLING IT. AND THE SECOND ISSUE WHICH I SAID I WOULD LIKE TO TALK TO HIM ABOUT, WAS THE TRANSITION OF THE CIVIL SERVICE WHICH IS ANOTHER ISSUE WHICH IS IMPORTANT TO US BOTH. WELL, WE READ A GOOD DEAL OF SPECULATION IN THE PRESS BUT WE DIDN'T GET A REPLY UNTIL TODAY. AND TODAY, DIRECTOR LU PING HAS WRITTEN TO SAY THAT HIS SCHEDULE IS SO BUSY IN HONG KONG THAT HE WON'T ON THIS OCCASION BE ABLE TO VISIT AND TO HAVE A DISCUSSION THOUGH I THINK, HE SUGGESTED THAT THERE MAY BE OPPORTUNITIES IN THE FUTURE WHICH IS INDEED I VERY MUCH HOPE THE CASE. I'D JUST LIKE TO ADD THIS THAT I AM PREPARED TO CROSS ANY STREET, OPEN ANY DOOR, SHAKE ANY HAND, TALK TO ANYONE IF IT IS IN THE INTEREST OF HONG KONG. AND I THINK THAT IS WHAT PEOPLE IN HONG KONG WOULD EXPECT. I THINK PEOPLE IN HONG KONG WANT US TO TALK TOGETHER. I THINK PEOPLE IN HONG KONG WANT US TO CO-OPERATE IN THE INTEREST OF HONG KONG. I AM SURE THAT DIRECTOR LU PING WILL NEED TO MAKE AND WANT TO MAKE MANY FUTURE VISITS TO HONG KONG BETWEEN NOW AND JUNE 30, 1997 AND I AM SURE THAT HE'LL HAVE THE OPPORTUNITY DURING THOSE VISITS OF DOING WHAT I AM SURE, EVERYONE IN HONG KONG WOULD LIKE AND THAT IS TO TALK TO THE HONG KONG GOVERNMENT.

QUESTION: DO YOU THINK HE WOULD INFRINGE WITH THE MOU IF HE IS NOT GOING TO SEE YOU?

GOVERNOR: I THINK THAT'S A QUESTION YOU'D BETTER ASK HIM.

QUESTION: SIR, WILL YOU STILL LET THE SENIOR CIVIL SERVANTS TO MEET DIRECTOR LU PING TO SHOW THAT YOU WANT TO CO-OPERATE WITH THEM?

GOVERNOR: IF HIS SCHEDULE'S TOO BUSY TO MEET THE GOVERNOR, I IMAGINE IT MUST BE TOO BUSY TO MEET ANY SENIOR CIVIL SERVANTS. AND AS YOU KNOW, THE CHIEF SECRETARY IS AWAY AT THE MOMENT.

QUESTION: HAVE YOU ANY PLAN TO INTERVENE ON THE CANING OF THE BOY IN SINGAPORE?

GOVERNOR: I THINK I AM RIGHT IN SAYING THAT THE FAMILY OF THE YOUNG MAN IN QUESTION ARE AT PRESENT STILL GOING THROUGH THE LEGAL PROCESSES. THEY HAVEN'T APPROACHED US AND I THINK THE SENSIBLE THING AT THE MOMENT TO DO IS TO ALLOW THE LEGAL PROCESSES TO GO FORWARD. THERE IS JUST ONE POINT THAT I WOULD ADD AND SINCE THERE HAS BEEN SO MUCH SPECULATION ABOUT CRIME AND PUNISHMENT IN THE REGION IN RECENT WEEKS, PERHAPS, BECAUSE OF THIS AFFAIR, IT IS WORTH US ALL REMEMBERING IN HONG KONG THAT THE CRIME RATES IN HONG KONG ARE LESS BAD THAN THE CRIME RATES IN SINGAPORE.

QUESTION: SIR, DO YOU THINK DIRECTOR LU PING'S REFUSAL TO MEET YOU IS SHOWING THAT THE CHINESE SIDE IS UNWILLING TO CO-OPERATE WITH THE BRITISH AND THE HONG KONG GOVERNMENTS?

GOVERNOR: I THINK YOU'D BETTER ASK THEM THAT. I AM PRETTY CERTAIN THAT THE PEOPLE OF HONG KONG WOULD LIKE DIRECTOR LU PING AND ME AS GOVERNOR AND OTHER SENIOR OFFICIALS IN THE ADMINISTRATION TO TALK ABOUT ISSUES WHICH'RE VERY IMPORTANT TO THE LIVELIHOOD OF THE PEOPLE OF HONG KONG. ON THIS OCCASION, DIRECTOR LU PING SAYS IT'S, ALAS, NOT POSSIBLE FOR US TO SCHEDULE A MEETING. I HOPE THAT ON FUTURE OCCASIONS, IT WILL BE. I AM SURE ON FUTURE OCCASIONS, IT WILL BE. BUT, ON THIS OCCASION, I AM AFRAID PEOPLE IN HONG KONG ARE GOING TO BE DISAPPOINTED.

QUESTION: MR PATTEN, ON THE NEW TERRITORIES, DO YOU THINK THE RECENT DISCONTENT OF THE NEW TERRITORIES RESIDENTS ARE RESULT OF NEGLIGENCE BY THE BRITISH ADMINISTRATION OVER THE NEW TERRITORIES POLICIES?

GOVERNOR: NO.

QUESTION: WHY NOT?

GOVERNOR: THEY ARE PLAINLY NOTHING TO DO WITH NEGLIGENCE. IN SOME CASES, THEY RESULT, I AM AFRAID, IN PEOPLE BEING GIVEN THE WRONG INFORMATION ABOUT LEGISLATIVE PROPOSALS WHICH ARE BEING DISCUSSED BY THE LEGISLATIVE COUNCIL. BUT I HAVE TO SAY THIS TO THE PEOPLE OF HONG KONG: DO WE ACTUALLY WANT OUR WATERWAYS TO BE POLLUTED? DO WE ACTUALLY WANT OUR GREEN SPACES TO BE COVERED WITH CONTAINERS AND OLD CARS? DO WE ACTUALLY THINK THAT MEN AND WOMEN SHOULD BE TREATED EQUALLY IN HONG KONG, EVEN WHILE TACKLING ALL THOSE ISSUES, WE RESPECT THE TRADITIONAL POSITIONS AND THE TRADITIONAL RIGHTS OF VILLAGERS IN THE NEW TERRITORIES. I THINK THAT SENSIBLY, WE HAVE TO STRIKE A BALANCE IN THE INTEREST OF THE WHOLE COMMUNITY AND THAT IS WHAT WE ARE TRYING TO DO. WE WILL BEST PROCEED ON THE BASIS OF DISCUSSION AND CO-OPERATION, NOT CONFRONTATION. THAT IS TRUE ABOUT THE NEW TERRITORIES JUST AS IT IS TRUE ABOUT OTHER THINGS AS WELL. LAST QUESTION.

QUESTION: SIR, CAN YOU COMMENT ON THE DEMONSTRATION OUTSIDE LEGCO CONCERNING THE WASTE DISPOSAL AMENDMENT....?

GOVERNOR: YOU HAD TWO. WHILE PEOPLE HAVE BEEN DEMONSTRATING OUTSIDE LEGCO, I HOPE, PEACEFULLY, I HAVE BEEN VISITING FACTORIES. ONE OTHER QUESTION.

QUESTION: ISN'T IT IN BREACH OF THE MOU THAT DIRECTOR LU PING ....MEET....?

GOVERNOR: THAT'S A QUESTION FOR HIM AND I AM SURE YOU HAVE MANY OPPORTUNITIES NEXT WEEK IN BETWEEN HIS BUSY SCHEDULE TO ASK.

QUESTION: GOVERNOR, IF YOU COULD MEET WITH LU PING, WHAT WOULD YOU TELL HIM ABOUT THE SOARING PROPERTY PRICES?

/GOVERNOR: .....

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GOVERNOR: WHAT I SAID IN MY LETTER, IT WAS WHOLLY WELL-INTENTIONED, AS I SAID, CAME BEFORE THERE WAS ANY SPECULATION ABOUT HIS VISIT, I WROTE ON APRIL 13. WHAT I SAID WAS THAT WE WERE CONSIDERING A RANGE OF OPTIONS AND WHAT WE WANTED TO DO WAS TO DAMPEN DOWN THE PROPERTY MARKET AND THE INCREASE IN PRICES IN THE PROPERTY MARKET WITHOUT DOING ANY, AS IT WERE, STRUCTURAL DAMAGE TO THE MARKET. I THINK MOST OF THE ANALYSTS AND MOST OF THE COMMENTATORS ON THE PROPERTY INDUSTRY RECOGNISE THAT ONE HAS TO STRIKE RATHER A DIFFICULT BALANCE. THAT IS WHAT WE ARE LOOKING AT DOING AT THE MOMENT. I THINK YOU WILL KNOW THAT WE ARE LOOKING AT A RANGE OF ISSUES PRINCIPALLY ON THE SUPPLY SIDE, ON THE LAND SUPPLY SIDE BUT THERE ARE OTHER THINGS WE MAY HAVE TO CONSIDER AS WELL. AND WHAT I WOULD HAVE WANTED TO DO WAS TO GO THROUGH THE SORT OF MEASURES THAT WE WERE THINKING ABOUT TOTALLY FRANKLY WITH DIRECTOR LU PING BECAUSE HE HAS UNDERSTANDABLE INTEREST IN THE IMPACT OF ANYTHING WE DO, NOT ONLY ON THE ECONOMY TODAY BUT ON THE ECONOMY IN THE FUTURE. IT'S A BIG LIVELIHOOD ISSUE IN HONG KONG. I HAVE SAID BEFORE THAT I THINK IT'S PRETTY WELL TOP OF EVERYBODY'S PERSONAL DOMESTIC AGENDA. SO I WANTED TO SPEAK VERY FRANKLY TO HIM ABOUT THAT. I ALSO WANTED TO TALK TO HIM ABOUT THE TRANSITION OF THE CIVIL SERVICE. WE KNOW VERY WELL THAT THAT IS CRUCIAL TO HONG KONG'S WELL-BEING AND WE KNOW VERY WELL THAT I THINK SENIOR CHINESE OFFICIALS HAVE BEEN CONCERNED ABOUT A RECENT SURVEY WHICH SUGGESTED THAT A LOT OF CIVIL SERVANTS IN HONG KONG WERE THINKING ABOUT LEAVING IN 1997 BECAUSE OF THEIR WORRY ABOUT THE FUTURE. THAT WAS SOMETHING ELSE I WANTED TO TALK TO HIM ABOUT. BUT, IF WE HAVEN'T HAD THE CHANCE THIS TIME, I AM SURE WE'LL HAVE THE CHANCE IN THE FUTURE. LAST ONE.

QUESTION: GOVERNOR, ARE YOU DISAPPOINTED OR ANGRY THAT YOU WON'T GET TO MEET HIM?

GOVERNOR: I THINK HONG KONG WILL BE DISAPPOINTED BUT I'VE GOT A VERY BUSY SCHEDULE OF ENGAGEMENTS NEXT WEEK. I WOULD HAVE CHANGED ANY OF MY ENGAGEMENTS IN ORDER TO BE THERE ROLLING OUT THE RED CARPET. I WOULD HAVE BEEN HAPPY TO INVITE DIRECTOR LU PING TO AN EARLY CELEBRATION OF MY 50TH BIRTHDAY WHICH COMES THE FOLLOWING WEEK. BUT I MUST WANT TO REPEAT WHAT I SAID EARLIER. I DON'T THINK THAT PEOPLE IN HONG KONG EXPECT US TO BE OTHER THAN VERY OPEN-MINDED, VERY BROAD-MINDED, RATHER GENEROUS IN OUR APPROACH TO THIS SORT OF ISSUES. THERE ARE SERIOUS QUESTIONS THAT WE NEED TO DISCUSS AND I REPEAT WHAT I SAID EARLIER, I AM PREPARED TO OPEN ANY DOOR; I AM PREPARED TO GO UP ANY STREET IN ORDER TO HAVE AS GOOD AND OPEN A DIALOGUE WITH CHINESE OFFICIALS AS POSSIBLE AND MY PREDICTION, I AM NOT A MAN WHO GOES IN PROPHECY VERY MUCH, MY PREDICTION IS BEFORE VERY LONG AND THOSE MEETINGS YOU WILL SEE TAKING PLACE. THANK YOU VERY MUCH INDEED.

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GOVERNOR TALKS ABOUT LU PING'S VISIT

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THE GOVERNOR, THE RT HON CHRISTOPHER PATTEN, SAID THIS (WEDNESDAY) AFTERNOON HE WAS SURE THAT DIRECTOR LU PING WOULD NEED AND WANT TO MAKE MANY FUTURE VISITS TO HONG KONG DURING WHICH TO TALK TO THE HONG KONG GOVERNMENT AS EVERYONE IN HONG KONG WOULD LIKE.

RESPONDING TO MEDIA QUESTIONS AFTER VISITING TWO KOWLOON FACTORIES ABOUT DIRECTOR LU PING'S VISIT TO HONG KONG NEXT WEEK; MR PATTEN SAID:

"TODAY, DIRECTOR LU PING HAS WRITTEN TO SAY THAT HIS SCHEDULE IS SO BUSY IN HONG KONG THAT HE WON'T ON THIS OCCASION BE ABLE TO VISIT AND TO HAVE A DISCUSSION THOUGH I THINK, HE SUGGESTED THAT THERE MAY BE OPPORTUNITIES IN THE FUTURE WHICH IS INDEED, I VERY MUCH HOPE, THE CASE.

"I AM PREPARED TO CROSS ANY STREET, OPEN ANY DOOR, SHAKE ANY HAND, TALK TO ANYONE IF IT IS IN THE INTEREST OF HONG KONG.

"I THINK THAT IS WHAT PEOPLE IN HONG KONG WOULD EXPECT. I THINK PEOPLE IN HONG KONG WANT US TO TALK TOGETHER. I THINK PEOPLE IN HONG KONG WANT US TO CO-OPERATE IN THE INTEREST OF HONG KONG."

THE GOVERNOR SAID HE HAD MADE IT CLEAR TO DIRECTOR LU PING AND OTHER SENIOR CHINESE OFFICIALS ON A NUMBER OF OCCASIONS THAT HE WOULD BE HAPPY TO MEET THEM AND TALK TO THEM AT ANY TIME IN THE INTEREST OF HONG KONG.

"I THINK THAT IS WHAT PEOPLE IN HONG KONG WOULD EXPECT OF BOTH SIDES, BOTH OF THE HONG KONG GOVERNMENT AND OF CHINESE OFFICIALS," HE SAID.

"I'VE SAID TO DIRECTOR LU PING A NUMBER OF TIMES OVER THE LAST TWO YEARS THAT I WOULD LIKE TO CONTINUE THE DIALOGUE WITH HIM.

"I WROTE TO HIM MOST RECENTLY BEFORE WE KNEW OF HIS IMPENDING VISIT ON APRIL 13 AND I SAID ON THAT OCCASION THAT THERE WERE TWO ISSUES IN PARTICULAR WHICH I WOULD WELCOME THE OPPORTUNITY OF TALKING TO HIM ABOUT, EITHER IN PRIVATE OR WITH PEOPLE KNOWING THAT THE CONVERSATIONS WERE GOING ON.

"THE FIRST IS THE WHOLE QUESTION OF PROPERTY PRICES BECAUSE I WANTED TO PUT HIM IN THE PICTURE ABOUT HOW WE SAW THE SITUATION AND WHAT WE THOUGHT WAS THE RIGHT WAY FORWARD IN TACKLING IT.

"THE SECOND ISSUE WHICH I SAID I WOULD LIKE TO TALK TO HIM ABOUT, WAS THE TRANSITION OF THE CIVIL SERVICE WHICH IS ANOTHER ISSUE WHICH IS IMPORTANT TO US BOTH," HE SAID.

CS DISCUSSES HK'S POSITION ON MFN DURING USA VISIT

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THE CHIEF SECRETARY, MRS ANSON CHAN, ON TUESDAY (APRIL 26) HAD ANOTHER BUSY ROUND OF MEETINGS IN WASHINGTON DC WITH SENIOR LEADERS IN THE ADMINISTRATION, CONGRESS AND THE SENATE.

THESE INCLUDED CONGRESSWOMAN NANCY PELOSI, SPEAKER TOM FOLEY, SENATOR GEORGE MITCHELL, CONGRESSMAN DAVE MCCURDY, SENATOR MAX BAUCUS, AND CHAIRMAN OF PRESIDENT CLINTON'S INTERNATIONAL TRADE SUB-COMMITTEE AND ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS WINSTON LORD.

MRS CHAN HAS NOW SEEN MOST OF THE KEY PLAYERS ON THE MOST FAVOURED NATION (MFN) ISSUE.

SHE SAID SHE HAD VERY GOOD DISCUSSIONS AND HAD BEEN ABLE TO PUT ACROSS HONG KONG'S CASE.

"I THINK, AND I VERY MUCH HOPE, THAT WHEN PRESIDENT CLINTON COMES TO MAKE HIS FINAL DECISION THAT HE WILL HAVE REGARD TO HONG KONG'S POSITION ON THE MFN ISSUE."

FOLLOWING HER MEETING WITH MRS CHAN, DEMOCRATIC REPRESENTATIVE NANCY PELOSI SAID WHILE SHE AND MRS CHAN HAD A DIFFERENCE OF OPINION, SHE FELT THE CHIEF SECRETARY'S VISIT WAS VERY SUCCESSFUL.

THEY HAD SHARED "A VERY CANDID CONVERSATION", CONGRESSWOMAN PELOSI SAID, ADDING THAT SHE BELIEVED MRS CHAN HAD CONTRIBUTED GREATLY TO THE DISCUSSION ON THIS ISSUE.

SHE ALSO GAVE A LUNCHEON SPEECH TO A GROUP OF INFLUENTIAL OPINION-FORMERS, COMPRISING ACADEMICS, THINK-TANK ANALYSTS, SENIOR U.S. ADMINISTRATION OFFICIALS AND CONGRESSIONAL STAFFERS.

ON WEDNESDAY, A NATIONAL DAY OF MOURNING IN MEMORY OF THE LATE PRESIDENT NIXON AND A FEDERAL HOLIDAY, MRS CHAN WILL GIVE A NUMBER OF MEDIA INTERVIEWS. SHE WILL ALSO ADDRESS A LUNCHEON MEETING OF THE U.S. - CHINA BUSINESS COUNCIL.

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TRANSCRIPT OF CHIEF SECRETARY'S DOOR-STEP INTERVIEW

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FOLLOWING IS THE TRANSCRIPT OF THE DOOR-STEP INTERVIEW BY THE CHIEF SECRETARY, MRS ANSON CHAN, WITH THE MEDIA. AFTER CALLING ON ACTING U.S. SECRETARY OF STATE, MR STROBE TALBOTT, IN WASHINGTON DC ON APRIL 25:

CHIEF SECRETARY: I HAVE COME FROM A VERY USEFUL AND CONSTRUCTIVE MEETING WITH THE ACTING SECRETARY OF STATE, MR STROBE TALBOTT, AND MR WINSTON LORD. I OBVIOUSLY PUT FORWARD THE HONG KONG CASE FOR THE UNCONDITIONAL EXTENSION OF MFN TO CHINA. BOTH MR TALBOTT AND MR LORD LISTENED VERY ATTENTIVELY, AND THEY ASSURED ME THAT THE HONG KONG CASE IS WELL UNDERSTOOD AND WILL BE FULLY TAKEN INTO ACCOUNT WHEN THEY MAKE A FINAL DECISION ABOUT WHETHER MFN SHOULD BE EXTENDED OR NOT.

/QUESTION: .....

QUESTION: ARE THEY GOING TO GIVE A SELECTIVE MFN TO CHINA?

CHIEF SECRETARY: WELL, I WAS ASSURED THAT NO DECISION HAS BEEN MADE. OBVIOUSLY, THEY WILL TAKE INTO ACCOUNT VARIOUS FACTORS AND THEY WILL PARTICULARLY TAKE INTO ACCOUNT HONG KONG'S SITUATION.

QUESTION: DID YOU DISCUSS ANYTHING ABOUT LATER DEMOCRATIC PROPOSALS, BESIDES MFN?

QUESTION: HOW ABOUT HUMAN RIGHTS?

CHIEF SECRETARY: WELL, WE OBVIOUSLY TOUCHED ON THE SITUATION IN HONG KONG, THE SITUATION IN CHINA, BOTH THE ECONOMIC SITUATION, THE HUMAN RIGHTS IN CHINA.

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INTER-DEPARTMENTAL INVESTIGATION TEAM  
SUBMITS REPORT ON SHEK KIP MEI BANK FIRE

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THE SPECIAL INTER-DEPARTMENTAL INVESTIGATION TEAM, COMMISSIONED TO LOOK INTO THE FIRE INCIDENT OCCURRED AT THE HONG KONG BANK SHEK KIP MEI BRANCH ON JANUARY 10 THIS YEAR, HAS SUBMITTED ITS REPORT TO THE SECRETARY FOR SECURITY.

"IN VIEW OF THE ON-GOING MURDER TRIAL AND SUBSEQUENT DEATH INQUEST, DETAILS OF THE REPORT CANNOT BE DISCLOSED PRIOR TO THE DISPOSITION OF JUDICIAL PROCEEDINGS," A GOVERNMENT SPOKESMAN SAID TODAY (WEDNESDAY).

HOWEVER, THE SPOKESMAN POINTED OUT THAT THE INVESTIGATION TEAM HAD PUT FORWARD A NUMBER OF RECOMMENDATIONS TO UPGRADE FIRE SAFETY STANDARDS AND MEANS OF ESCAPE IN COMMERCIAL PREMISES OF SIMILAR LAYOUT.

THEY INCLUDE OFF-COURSE BETTING CENTRES, JEWELLERY AND GOLDSMITHS SHOPS, PAWN SHOPS, MONEY CHANGERS, PAYMENT OFFICES AND SHROFFS, AND MEDICAL CLINICS.

"WE BELIEVE THAT MANY OF THE RECOMMENDATIONS CAN ALSO BE USEFULLY APPLIED TO OTHER COMMERCIAL PREMISES, SUCH AS SUPERMARKETS, DEPARTMENT STORES AND SHOPPING ARCADES," THE SPOKESMAN ADDED.

HE SAID THE ADMINISTRATION APPRECIATED THAT THE RECOMMENDATIONS MIGHT ENTAIL SIGNIFICANT IMPROVEMENT WORKS AND MIGHT HAVE AN IMPACT ON THE MAJOR USERS OF THOSE PREMISES.

"WE ARE, THEREFORE, SEEKING VIEWS AND COMMENTS FROM AFFECTED ORGANISATIONS AND BODIES ON THE RECOMMENDATIONS AND THE FEASIBILITY OF IMPLEMENTING THEM," HE SAID.

A CONSULTATION REPORT WILL BE SENT TO THE FOLLOWING INTERESTED PARTIES FOR COMMENTS BY JUNE 24:-

- HONG KONG ASSOCIATION OF BANKS
- ROYAL HONG KONG JOCKEY CLUB
- THE HONG KONG SOCIETY OF BUILDERS
- THE HONG KONG CONSTRUCTION ASSOCIATION LTD
- THE HONG KONG E & M CONTRACTORS' ASSOCIATION LTD
- THE HONG KONG ELECTRICAL CONTRACTORS' ASSOCIATION LTD
- HONG KONG INSTITUTE OF ENGINEERS
- HONG KONG INSTITUTE OF HOUSING
- THE HONG KONG JEWELLERS' AND GOLDSMITHS' ASSOCIATION LTD
- THE KOWLOON PEARLS, PRECIOUS STONES, GOLD AND SILVER ORNAMENT MERCHANTS ASSOCIATION
- THE REAL ESTATE DEVELOPERS ASSOCIATION OF HONG KONG
- RETAIL MANAGEMENT ASSOCIATION
- HONG KONG MEDICAL ASSOCIATION
- HONG KONG DENTAL ASSOCIATION
- OCCUPATIONAL SAFETY AND HEALTH COUNCIL
- CHINA LIGHT & POWER CO LTD
- THE HONG KONG ELECTRIC CO LTD
- THE HONG KONG AND CHINA GAS LTD
- HONG KONG TELECOM LTD
- GOVERNMENT PROPERTY AGENCY
- ARCHITECTURAL SERVICES DEPARTMENT
- WATER AUTHORITY
- DISTRICT BOARDS
- ASSOCIATION OF REGISTERED FIRE SERVICE INSTALLATION CONTRACTORS OF HONG KONG LTD
- MAJOR PAWN BROKERS & MONEY CHANGERS

COPIES OF THE CONSULTATION REPORT WILL ALSO BE AVAILABLE FROM DISTRICT OFFICES.

VIEWS AND COMMENTS SHOULD BE SENT IN WRITING TO THE FIRE PROTECTION BUREAU, FIRE SERVICES DEPARTMENT, 1 HONG CHONG ROAD, TSIM SHA TSUI, KOWLOON, BEFORE THE CLOSING OF THE TWO-MONTH CONSULTATION PERIOD.

EDUCATION COUNCIL HOLDS FIRST MEETING

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THE DIRECTOR OF EDUCATION, MR DOMINIC S W WONG, TODAY (WEDNESDAY) SAID HE HOPED THAT THE NEWLY ESTABLISHED COUNCIL ON PROFESSIONAL CONDUCT IN EDUCATION WOULD ACCELERATE WORK TOWARDS THE FORMULATION OF A CODE OF CONDUCT FOR EDUCATORS, FURTHER ENHANCE THE IMAGE OF THE TEACHING PROFESSION, AND IMPROVE ITS PROFESSIONAL STATUS.

SPEAKING AT THE FIRST MEETING OF THE NEW COUNCIL, MR WONG SAID: "I HOPE THAT THE NEW COUNCIL WILL ALSO ATTRACT MORE HIGH-CALIBRE YOUNG PEOPLE TO JOIN THE TEACHING PROFESSION, THEREBY IMPROVING THE QUALITY OF EDUCATION IN HONG KONG."

HE POINTED OUT THAT THE COUNCIL WAS NOT A FORUM TO FIGHT FOR TEACHERS' WELFARE OR RIGHTS.

THE COUNCIL WOULD BE A NON-STATUTORY BODY TO ADVISE THE GOVERNMENT ON MEASURES TO PROMOTE PROFESSIONAL CONDUCT IN EDUCATION, INCLUDING THE DRAFTING OF OPERATIONAL CRITERIA DEFINING THE CONDUCT EXPECTED OF AN EDUCATOR, AND TO ADVISE THE DIRECTOR OF EDUCATION IN CASES OF DISPUTE OR ALLEGED PROFESSIONAL MISCONDUCT.

MR WONG ADDED: "THE GOVERNMENT WILL REVIEW THE COUNCIL'S WORK AND ITS PROGRESS IN DRAFTING THE PROFESSIONAL CODE OF CONDUCT IN THREE YEARS' TIME. A DECISION WILL THEN BE TAKEN ON THE FUTURE DIRECTION.

"THE FACT THAT YOU HAVE WON THE ELECTIONS CONFIRMS THE SUPPORT YOU ENJOY AMONG EDUCATORS," MR WONG TOLD COUNCIL MEMBERS.

"YOUR FIRST TASK WILL BE TO DRAW UP A CODE OF CONDUCT AND TO CANVASS THE SUPPORT OF THE TEACHING PROFESSION FOR ITS ACCEPTANCE.

"WIDE CONSULTATIONS WILL NEED TO BE HELD IN DUE COURSE. THIS IS AN IMPORTANT AND DIFFICULT TASK. I AM SURE YOU WILL GO ABOUT IT IN THE MOST PROFESSIONAL MANNER.

"WE MUST ALL REMEMBER THAT THE CODE OF CONDUCT WILL BE WORKED OUT BY EDUCATORS RATHER THAN BEING IMPOSED ON THEM FROM THE TOP.

"IT WILL SERVE AS A MODEL OF PROFESSIONAL CONDUCT AND USED AS THE CRITERIA FOR SETTLING CASES OF ALLEGED PROFESSIONAL MISCONDUCT."

MR WONG ALSO UNDERLINED THE IMPORTANT ROLE OF LAY MEMBERS WHOSE EXPERIENCE AND PROFESSIONAL EXPERTISE IN OTHER SECTORS WOULD BE HELPFUL TO THE WORK OF THE COUNCIL.

THE DIRECTOR CONGRATULATED THE NEW MEMBERS AND WISHED THEM SUCCESS IN THEIR WORK.

MEMBERS WILL SERVE UNTIL APRIL 30, 1996.

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WEDNESDAY, APRIL 27, 1994

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CONFERENCE ON CURRICULUM CHANGES IN HK

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A TWO-DAY CONFERENCE ENTITLED "CURRICULUM CHANGES IN HONG KONG AND THE NEEDS OF THE NEW ERA" WILL BE HELD IN THE CHINESE UNIVERSITY OF HONG KONG (CUHK) STARTING AT 9 AM ON FRIDAY (APRIL 29).

THE CONFERENCE, WITH A VIEW TO DISCUSSING VARIOUS ISSUES ON CURRICULUM CHANGES IN HONG KONG, WILL BE HELD IN THE FACULTY OF EDUCATION, ROOM B6, HO TIM BUILDING.

IT IS ORGANISED BY THE EDUCATION DEPARTMENT'S CURRICULUM DEVELOPMENT INSTITUTE AND THE DEPARTMENT OF CURRICULUM AND INSTRUCTION OF THE FACULTY OF EDUCATION OF THE UNIVERSITY.

ABOUT 300 LOCAL AND OVERSEAS SCHOLARS FROM BRITAIN, AUSTRALIA, CHINA, TAIWAN AND SINGAPORE WILL PARTICIPATE IN THE CONFERENCE.

ABOUT 40 RESEARCH PAPERS WITH REPORTS ON FINDINGS ON CURRICULUM, TEACHING AND OTHER EDUCATIONAL ASPECTS WILL BE PRESENTED BY LOCAL SCHOLARS. A NUMBER OF WORKSHOPS ARE ALSO ORGANISED TO INTRODUCE THE RESEARCH WORK.

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ATTENTION NEWS EDITORS:

MEDIA REPRESENTATIVES ARE INVITED TO COVER THE OPENING OF THE CONFERENCE WHICH WILL START AT 9 AM ON FRIDAY (APRIL 29) IN ROOM B6, HO TIM BUILDING, CHINESE UNIVERSITY OF HONG KONG, SHA TIN, NEW TERRITORIES.

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JOHN DENVER PLANTS WAN CHAI'S 623RD TREE

\* \* \* \* \*

AMERICAN COUNTRY SINGER, MR JOHN DENVER, TODAY (WEDNESDAY) PLANTED A LARGE CHINESE BANYAN TREE IN WAN CHAI.

NOW PROVIDING SHADE AT THE JUNCTION OF JOHNSTON ROAD AND WAN CHAI ROAD, IT WAS THE 623RD TREE PLANTED UNDER THE "GREEN WAN CHAI" PROJECT INITIATED BY THE WAN CHAI DISTRICT BOARD.

MR DENVER WAS JOINED BY WAN CHAI DISTRICT OFFICER, MR PETER MANN; WAN CHAI DISTRICT BOARD CHAIRMAN, MRS PEGGY LAM; CHAIRMAN OF THE BOARD'S ENVIRONMENTAL IMPROVEMENT COMMITTEE, MR STEPHEN WONG AND THE GENERAL MANAGER OF UNITED AIRLINES, MR DAVID SOLLOWAY.

A GROUP OF SCHOOL CHILDREN FROM THE WAN CHAI SCHOOL ALSO TOOK PART IN THE TREE-PLANTING CEREMONY.

COMING TO HONG KONG AS PART OF HIS ASIAN TOUR, MR DENVER IS KNOWN TO BE PASSIONATE ABOUT ENVIRONMENTAL ISSUES, IN PARTICULAR WITH TREE PLANTING.

HE WILL BE MEETING A NUMBER OF ENVIRONMENTAL OFFICIALS DURING HIS VISIT WHICH IS SPONSORED BY UNITED AIRLINES.

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/11 .....

WEDNESDAY, APRIL 27, 1994

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HONG KONG MONETARY AUTHORITY  
MONEY MARKET OPERATIONS  
\* \* \* \* \*

	\$ MILLION	TIME (HOURS)	CUMULATIVE CHANGE (\$ MILLION)
	-----	-----	-----
OPENING BALANCE IN THE ACCOUNT	2,839	0930	-213
CLOSING BALANCE IN THE ACCOUNT	2,643	1000	-105
CHANGE ATTRIBUTABLE TO :		1100	-5
MONEY MARKET ACTIVITY	-6	1200	-4
LAF TODAY	-190	1500	-4
		1600	-6
LAF RATE 2.00 BID/4.00 OFFER	TWI 124.8	*-0.1*	27.4.94

HONG KONG MONETARY AUTHORITY

EF BILLS

EF NOTES/HONG KONG GOVERNMENT BONDS

TERMS	YIELD	TERM	ISSUE	COUPON	PRICE	YIELD
1 WEEK	2.70	19 MONTHS	2511	4.15	98.36	5.32
1 MONTH	3.19	22 MONTHS	2602	4.40	98.13	5.58
3 MONTHS	3.78	30 MONTHS	3610	4.20	95.99	6.04
6 MONTHS	4.25	33 MONTHS	3701	4.60	96.27	6.18
12 MONTHS	4.80	36 MONTHS	3704	4.15	99.96	6.26

TOTAL TURNOVER OF BILLS AND BONDS - 20,970 MN

CLOSED 27 APRIL 1994

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# DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES  
BEACONSFIELD HOUSE, HONG KONG. TEL.: 842 8777

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REVENUE-RELATED BILLS INTRODUCED TO LEGCO

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THE FINANCIAL SECRETARY, THE HON SIR HAMISH MACLEOD, AND THE ACTING SECRETARY FOR THE TREASURY, MR KWONG KI-CHI, INTRODUCED SIX BILLS INTO THE LEGISLATIVE COUNCIL THIS (WEDNESDAY) AFTERNOON TO GIVE EFFECT TO SOME OF THE REVENUE-RELATED PROPOSALS IN THE 1994/95 BUDGET.

MOVING THE SECOND READING OF THE INLAND REVENUE (AMENDMENT) BILL 1994, SIR HAMISH SAID IT WOULD MAKE SOME MAJOR CONCESSIONS IN RESPECT OF SALARIES TAX AND CORPORATE PROFITS TAX WITH EFFECT FROM THE 1994/95 YEAR OF ASSESSMENT.

FIRST, IT WOULD INCREASE SUBSTANTIALLY VARIOUS SALARIES TAX ALLOWANCES.

SPECIFICALLY, THE BASIC ALLOWANCE AND THE MARRIED PERSON'S ALLOWANCE WOULD GO UP BY ABOUT 28 PER CENT TO \$72,000 AND \$144,000 RESPECTIVELY, WHILE ALLOWANCES FOR DEPENDENT CHILDREN, DEPENDENT PARENTS AND SINGLE PARENTS WOULD BE INCREASED BY ABOUT 18 PER CENT.

SECONDLY, THE BILL WOULD INTRODUCE A NEW ALLOWANCE, SET AT \$20,000, IN RESPECT OF DEPENDENT GRANDPARENTS RESIDENT IN HONG KONG FOR WHOM NO DEPENDENT PARENT ALLOWANCE IS CLAIMED.

THIRDLY, IT WOULD REDUCE THE TOP MARGINAL TAX RATE FROM 25 PER CENT TO 20 PER CENT.

FINALLY, THE BILL WOULD REDUCE THE CORPORATE PROFITS TAX RATE FROM 17.5 PER CENT TO 16.5 PER CENT, THUS RESTORING IT TO THE PRE-1992 LEVEL. THE ESTIMATED TOTAL COST TO GENERAL REVENUE OF THESE CONCESSIONS WOULD BE \$4.8 BILLION IN 1994/95 AND ABOUT \$30.7 BILLION UP TO 1997/98.

REGARDING THE DUTIABLE COMMODITIES (AMENDMENT) BILL 1994, SIR HAMISH SAID IT HAD TWO PURPOSES.

FIRST, IT WOULD SIMPLIFY THE OLD ALCOHOL DUTY SYSTEM BY INTRODUCING A FULL AD VALOREM DUTY SYSTEM.

THE NEW SYSTEM WOULD ALSO BE FAIRER, HE SAID.

UNDER THE PROPOSAL, ALL ALCOHOLIC BEVERAGES AND OTHER ETHYL ALCOHOL PRODUCTS WOULD BE CLASSIFIED INTO THREE BROAD CATEGORIES FOR DUTY PURPOSES BY REFERENCE TO THEIR ALCOHOLIC STRENGTH AND INGREDIENTS.

THE DUTY CHARGED, BEING AD VALOREM IN NATURE, WOULD BE COMMENSURATE WITH THE VALUE OF A PRODUCT.

AS A RESULT OF THIS, A BROAD RANGE OF ALCOHOLIC BEVERAGES AT THE CHEAPER END OF THE MARKET WOULD ENJOY A DUTY REDUCTION, HE SAID.

PRODUCTS AT THE HIGHER END OF THE MARKET WOULD BE REQUIRED TO PAY MORE IN DUTY, HE ADDED.

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"THE NEW SYSTEM IS ALSO MORE CLEARLY NON-DISCRIMINATORY AND COMPATIBLE WITH THE GATT PRINCIPLES OF NON-DISCRIMINATION AND NATIONAL TREATMENT," SIR HAMISH SAID.

"THE PROPOSAL TO CALCULATE AD VALOREM DUTY ON THE EXPORT PRICE OF AN IMPORTED PRODUCT AND THE EX-MANUFACTURER PRICE OF A LOCAL ONE WILL HAVE THE EFFECT OF CREATING AN EVEN MORE LEVEL PLAYING FIELD FOR THESE TWO TYPES OF PRODUCTS," HE SAID.

THE BILL WOULD ALSO INCREASE THE SPECIFIC DUTY ON HYDROCARBON OILS BY 8.5 PER CENT IN LINE WITH INFLATION. THIS WAS INTENDED MERELY TO MAINTAIN THE REAL VALUE OF THE DUTY.

MOVING THE SECOND READING OF THE ESTATE DUTY (AMENDMENT) BILL 1994, MR KWONG SAID IT WOULD ADJUST THE LEVEL AT WHICH ESTATE DUTY WAS LEVIED SO AS TO REDUCE THE IMPACT OF THE TAX ON RELATIVELY SMALL ESTATES.

THE LEVEL BELOW WHICH NO DUTY IS PAYABLE WOULD BE INCREASED FROM \$5 MILLION TO \$5.5 MILLION.

ABOVE THAT LEVEL, THE BILL WOULD REDUCE THE RATES OF DUTY PAYABLE ON ESTATES VALUED BETWEEN \$5.5 MILLION AND \$7.5 MILLION.

IN ADDITION, THE BILL WOULD INTRODUCE THREE OTHER CONCESSIONS, HE SAID.

FIRST, IT WOULD INCREASE THE EXEMPTION LIMIT FOR GIFTS MADE BY A DECEASED PERSON WITHIN THREE YEARS BEFORE THE DATE OF DEATH FROM \$100,000 TO \$200,000.

SECONDLY, IT WOULD EXCLUDE THE VALUE OF THE MATRIMONIAL HOME WHEN DETERMINING THE AGGREGATE VALUE OF AN ESTATE FOR DUTY PURPOSES.

LASTLY, IT WOULD INCREASE THE ALLOWANCE FOR FUNERAL EXPENSES INCURRED IN HONG KONG FROM \$10,000 TO \$50,000.

THE ESTIMATED COST OF THESE MEASURES TO GENERAL REVENUE WOULD BE \$85 MILLION IN 1994/95 AND ABOUT \$425 MILLION UP TO 1997/98.

ON THE STAMP DUTY (AMENDMENT) BILL 1994, MR KWONG SAID IT WOULD ADJUST THE RATES OF STAMP DUTY PAYABLE ON LOWER AND MEDIUM-VALUE FLATS.

FOR PROPERTIES WITH A VALUE NOT EXCEEDING \$500,000, A FEE OF \$100 WOULD BE PAYABLE. ABOVE THIS LEVEL, STAMP DUTY WOULD BE CHARGED ACCORDING TO A SLIDING SCALE, SUBJECT TO MARGINAL RELIEF.

THE THRESHOLD AT WHICH THE 2.75 PER CENT RATE BEGINS TO APPLY WOULD BE RAISED FROM \$1.5 MILLION TO \$3 MILLION.

SOME 100,000 PROPERTIES WOULD BENEFIT FROM THIS TAX CONCESSION, HE SAID.

THE COST OF THIS CONCESSION TO GENERAL REVENUE WOULD AMOUNT TO ABOUT \$810 MILLION IN 1994/95 AND \$3.9 BILLION UP TO 1997/98.

/THE BILL .....

THE BILL WOULD ALSO MAKE A TECHNICAL AMENDMENT TO EMPOWER THE COMMISSONER OF INLAND REVENUE TO ISSUE NOTICES UNDER THE STAMP DUTY ORDINANCE BY ORDINARY MAIL OTHER THAN REGISTERED MAIL.

CONCERNING THE BUSINESS REGISTRATION (AMENDMENT) BILL 1994, MR KWONG SAID IT SOUGHT TO DOUBLE THE BUSINESS REGISTRATION FEE FROM \$1,000 TO \$2,000.

TO PROVIDE RELIEF TO BUSINESSES WITH A SMALL TURNOVER, THE BILL WOULD INCREASE THE LEVELS BELOW WHICH PAYMENT OF BUSINESS REGISTRATION FEE IS EXEMPT.

A BUSINESS WOULD BE EXEMPT FROM THE FEE IF ITS AVERAGE MONTHLY SALES DO NOT EXCEED \$15,000; OR WHERE THE BUSINESS CONSISTS OF RENDERING SERVICES, IF ITS AVERAGE MONTHLY RECEIPTS DO NOT EXCEED \$4,000.

THE INCREASE IN BUSINESS REGISTRATION FEE WOULD GENERATE ABOUT \$700 MILLION IN 1994/95 AND \$3.4 BILLION UP TO 1997/98.

MR KWONG SAID THE BILL WOULD ALSO EMPOWER THE COMMISSIONER OF INLAND REVENUE TO ISSUE NOTICES UNDER THE BUSINESS REGISTRATION ORDINANCE BY ORDINARY MAIL OTHER THAN REGISTERED MAIL.

TURNING TO THE MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 1994, MR KWONG SAID IT WOULD EXEMPT ELECTRIC VEHICLES REGISTERED WITHIN THREE YEARS FROM APRIL 1 THIS YEAR FROM FIRST REGISTRATION TAX.

THE PROPOSAL WOULD MAKE ELECTRIC VEHICLES MORE ATTRACTIVE BY REDUCING THEIR INITIAL PURCHASE COST, THUS PROVIDING AN IMPETUS FOR MORE WIDE-SPREAD USE OF THESE ENVIRONMENTALLY-FRIENDLY VEHICLES ON OUR ROADS, HE SAID.

GOVERNMENT WOULD ASSESS THE BENEFITS OF THIS CONCESSION TOWARDS THE END OF THE THREE-YEAR PERIOD TO SEE WHETHER IT SHOULD BE EXTENDED.

DEBATES ON THE SIX BILLS WERE ADJOURNED.

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#### SFS ON INTEREST RATE RULES

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FOLLOWING IS THE SPEECH BY THE SECRETARY FOR FINANCIAL SERVICES, MR MICHAEL CARTLAND, IN THE LEGISLATIVE COUNCIL MOTION DEBATE ON INTEREST RATE RULES TONIGHT (WEDNESDAY):

MR PRESIDENT,

THE MOTION CALLS FOR THE REPEAL OF EXISTING PROVISIONS UNDER THE HONG KONG ASSOCIATION OF BANKS ORDINANCE REGARDING THE SPECIFICATION OF INTEREST RATES FOR CURRENT, SAVINGS AND FIXED DEPOSITS.

/I INTEND .....

I INTEND TO BEGIN MY TREATMENT TO THIS SUBJECT BY BRIEFLY DESCRIBING THE LEGAL POSITION AS WELL AS THE HISTORICAL BACKGROUND OF WHAT ARE COMMONLY KNOWN AS THE "INTEREST RATE RULES". I DO THIS IN THE HOPE OF DISPELLING CERTAIN MISCONCEPTIONS THAT MIGHT BE IN THE MINDS OF SOME MEMBERS. I ALSO THINK IT IS IMPORTANT TO IDENTIFY CLEARLY WHAT IT IS WE ARE TALKING ABOUT.

#### LEGAL POSITION

-----

IN JANUARY 1981, THE HONG KONG ASSOCIATION OF BANKS ORDINANCE WAS ENACTED TO PROVIDE FOR THE INCORPORATION OF THE HONG KONG ASSOCIATION OF BANKS WHICH ASSUMED THE FUNCTION OF ITS PREDECESSOR, THE EXCHANGE BANKS' ASSOCIATION.

SECTION 12 OF THE ORDINANCE PROVIDES THAT THE COMMITTEE OF THE ASSOCIATION MAY, AFTER CONSULTATION WITH THE FINANCIAL SECRETARY, MAKE CERTAIN RULES RELATING TO THE CONDUCT OF THE BUSINESS OF BANKING. THESE INCLUDE, AMONGST OTHERS, RULES AS TO THE MAXIMUM RATES OF INTEREST, RETURN, DISCOUNT OR OTHER BENEFIT WHICH MAY BE PAID OR GRANTED BY MEMBERS OF THE ASSOCIATION TO SPECIFIED HONG KONG DOLLAR DEPOSITS OF THEIR CUSTOMERS, AND THE IMPOSITION OF DEPOSIT AND INTEREST CHARGES.

PURSUANT TO SUCH PROVISIONS, THE HONG KONG ASSOCIATION OF BANKS ISSUED TO ITS MEMBERS A SET OF RULES, ENTITLED RULES ON "INTEREST RATES AND DEPOSIT CHARGES". THAT PART OF THE RULES WHICH CONCERNS INTEREST RATES APPLIES TO INTEREST RATES PAID BY LICENSED BANKS TO CUSTOMERS ON HONG KONG DOLLAR DEPOSITS OF LESS THAN \$500,000 AND WITH A MATURITY OF LESS THAN 15 MONTHS, AND UNDER THE RULES, NO INTEREST SHALL BE PAID ON CURRENT ACCOUNTS; THAT PART OF THE RULES CONCERNING DEPOSIT CHARGES IS MORE READILY UNDERSTOOD AS THE MECHANISM FOR IMPOSING NEGATIVE INTEREST RATES WHICH HAS NOT SINCE ITS INTRODUCTION IN 1988 BEEN INVOKED.

#### HISTORY

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ALTHOUGH LEGISLATIVE BACKING FOR THE RULES DOES NOT SEEM TO HAVE A LONG HISTORY, THE ORIGINS OF THE RULES THEMSELVES CAN BE TRACED BACK TO THE YEAR 1964 WHEN THEY WERE INTRODUCED AFTER PROTRACTED NEGOTIATIONS UNDER THE AUSPICES OF THE THEN EXCHANGE BANKS' ASSOCIATION. THE BACKGROUND WAS NOT WELL DOCUMENTED, BUT THE PURPOSE OF INSTIGATING THE RULES APPEARS IN REALITY TO HAVE BEEN TO PUT A STOP TO CUT-THROAT COMPETITION IN THE FORM OF AN "INTEREST-RATE WAR" WHICH HAD PREVAILED DURING THE EARLY SIXTIES, AND THEREBY TO PROTECT THE SMALLER LOCAL BANKS. IT MAY BE RELEVANT TO TODAY'S DEBATE TO NOTE THAT THE EARLY 1960'S HAD SEEN THE COLLAPSE OF A NUMBER OF LOCAL BANKS.

/IN FACT, .....

IN FACT, 1964 WAS A VINTAGE YEAR FOR BANKING REFORM IN HONG KONG. INDEED BEFORE THE 1964 BANKING ORDINANCE, BANKING REGULATION WAS ALMOST NON-EXISTENT. THE PREVIOUS 1948 ORDINANCE PROVIDED ONLY THE VAGUEST DEFINITION OF BANKING, BUT THE 1964 LEGISLATION DRAMATICALLY CHANGED THE SCENE AND LAID THE FOUNDATIONS FOR THE CURRENT SYSTEM OF BANKING REGULATION. AMONG OTHER THINGS IT ESTABLISHED THE OFFICE OF THE COMMISSIONER OF BANKING WITH POWERS TO GRANT LICENCES AND TO INSPECT BANK ACCOUNTS; IT INTRODUCED A MINIMUM CAPITAL REQUIREMENT OF \$5 MILLION AND A MINIMUM LIQUIDITY RATIO OF 25%. IT ALSO REQUIRED ALL LOCALLY INCORPORATED BANKS TO PUBLISH THEIR ANNUAL REPORTS.

IT WAS IN THIS ATMOSPHERE OF REGULATORY REFORM THAT GOVERNMENT SANCTIONED THE MAKING OF INTEREST RATE RULES, THEN CALLED THE "INTEREST RATE AGREEMENT", WHICH WERE DESIGNED TO REDUCE EXCESSIVE COMPETITION AMONG BANKS. THE BELIEF OF THE AUTHORITIES AT THE TIME APPEARED TO BE THAT PRICE COMPETITION WAS DAMAGING BANKS' INTEREST RATE MARGINS AND THUS INDUCING THEM TO INVEST IN HIGH YIELD AND HIGH RISK ASSETS.

HOWEVER, OVER THE SUBSEQUENT YEARS THERE HAVE BEEN DOUBTERS WHO CLAIMED THAT, IN REALITY, PRICE CONTROLS IN THE FORM OF THE INTEREST RATE RULES WERE ACTUALLY FORCING BANKS TO PRACTISE NON-PRICE COMPETITION BY OPENING MORE BRANCHES AND OFFERING FREE SERVICES. THIS WOULD INCREASE THE COST OF OPERATIONS AND HENCE LOWER THE PROFIT MARGIN AND WOULD THUS MAKE BANKS INVEST MORE IN HIGH RISK ASSETS. THUS, THE ARGUMENT RAN, PRICE CONTROL COULD BE JUST AS DESTABILISING AS FREE COMPETITION.

#### THE CONSUMER COUNCIL REPORT

-----

THE DEBATE ON WHETHER THE INTEREST RATE RULES SHOULD REMAIN HAS BEEN FUELLED BY THE PUBLICATION IN FEBRUARY THIS YEAR OF THE REPORT ON THE CONSUMER COUNCIL'S INDUSTRY STUDY ON THE BANKING SECTOR.

THIS REPORT - WHICH HAVE BEEN REFERRED TO BY MANY MEMBERS IN THIS DEBATE - REJOICES IN THE TITLE OF "ARE HONG KONG DEPOSITORS FAIRLY TREATED?". IT RECOMMENDS THAT THE RULES SHOULD BE ABOLISHED BY STAGES OVER THREE YEARS, STARTING WITH ABOLISHING THE INTEREST RATE CAP FOR TIME DEPOSITS IN 1995, GOING ON TO ALLOW BANKS TO PAY INTEREST ON DEMAND DEPOSITS IN 1996 AND CONCLUDING IN 1997 BY ABOLISHING THE INTEREST RATE CAP FOR SAVING DEPOSITS.

ON ONE SIDE OF THE ARGUMENT IS THE VIEW REPRESENTED BY THE CONSUMER COUNCIL WHICH HAS ARGUED IN ITS REPORT THAT THE BANKS HAVE PROFITED UNREASONABLY AT THE EXPENSE OF THE CONSUMERS TO THE EXTENT OF OVER HK\$5 BILLION PER ANNUM BY VIRTUE OF THE SHELTERED POSITION PROVIDED BY THE RULES. SUCH RENTS, THE REPORT SUGGESTS, REPRESENT ABOUT 0.8% OF THE GDP. THE COUNCIL REFERS TO THIS WINDFALL PROFIT AS MONOPSONISTIC RENT.

ON THE OTHER SIDE OF THE ARGUMENT, THE HONG KONG ASSOCIATION OF BANKS CONTENDS THAT THE INTEREST RATE RULES HAVE CREATED A STABLE ENVIRONMENT IN WHICH BANKS SUBSIDISE BANKING SERVICES FOR MANY, GENERALLY LESS WELL OFF, CONSUMERS TO THE TUNE OF ALMOST \$4 BILLION EACH YEAR. THE MASS OF SMALLER DEPOSITORS WOULD BE THE ONES TO LOSE OUT IF THE INTEREST RATE RULES WERE TO BE ABOLISHED; AND THE STABILITY OF THE FINANCIAL SYSTEM WOULD BE ADVERSELY AFFECTED.

IT IS REMARKABLY DIFFICULT TO JUDGE THE RIGHTS AND WRONGS OF THIS DISPUTE, AND TO PICK ONE'S WAY THROUGH THE STATISTICAL MINEFIELDS LAID BY BOTH SIDES. I DO NOT INTEND TODAY TO GET EMBROILED TOO MUCH IN THE TECHNICALITIES OF THIS DEBATE SINCE WE ARE STILL DOING OUR OWN RESEARCH ON THE MATTER. WHAT I CAN DO HOWEVER IS TO INDICATE THE MAIN AREAS THAT ARE BEING ADDRESSED BY THE HONG KONG MONETARY AUTHORITY (MA) WHOSE CONCLUSIONS WILL FORM THE BASIS FOR THE GOVERNMENT'S RESPONSE TO THE CONSUMER COUNCIL'S REPORT. THREE FUNDAMENTAL ISSUES ARE BEING ADDRESSED BY THE MA:

- (I) HAVE THE INTEREST RATE RULES BEEN ABUSED FOR PROFITEERING BY THE BANKS? AND WHAT WOULD BE THE LIKELY IMPACT OF DE-REGULATION ON SMALL DEPOSITORS?
- (II) HOW VITAL ARE THE INTEREST RATE RULES TO MAINTAINING THE STABILITY OF THE BANKING INDUSTRY?
- (III) HOW VITAL ARE THE RULES TO MAINTAINING THE STABILITY OF THE EXCHANGE RATE OF THE HONG KONG DOLLAR?

THE MA IS UNDERTAKING THIS TASK BY CONDUCTING ITS OWN STATISTICAL ANALYSIS AS WELL AS BY TALKING TO INDIVIDUAL BANKS TO ENSURE THAT A FULL SPECTRUM OF OPINION IS HEARD. THIS PROCESS INEVITABLY TAKES TIME. SOME COMMENTATORS HAVE FOUND IT VERY EASY TO MAKE UP THEIR MINDS ON THIS ISSUE - IN SOME CASES APPARENTLY EVEN BEFORE THE REPORT WAS PUBLISHED! BUT I HOPE THAT YOU WILL APPRECIATE THAT THE REPORT, OVER WHICH THE CONSUMER COUNCIL TEAM LABOURED FOR NEARLY A YEAR, DESERVES AN OPEN-MINDED AND ABOVE ALL CONSIDERED RESPONSE. WE ARE AFTER ALL DEALING WITH STRUCTURES THAT HAVE BEEN IN PLACE FOR 30 YEARS, THE ALTERATION OF WHICH SHOULD NOT BE CONSIDERED LIGHTLY.

IN HIS ADDRESS TO THIS COUNCIL LAST OCTOBER, THE GOVERNOR COMMITTED THE ADMINISTRATION TO RESPOND TO THE CONSUMER COUNCIL'S INDUSTRY STUDY REPORTS WITHIN SIX MONTHS OF THEIR APPEARANCE. WE HAVE NO WISH TO DELAY OUR RESPONSE TO THE END OF THAT PERIOD, THAT IS END AUGUST THIS YEAR, BUT IT IS OUR INTENTION TO HEAR BOTH SIDES OF THE STORY, TO LET THE DEBATE RUN ITS COURSE AND TO REVIEW THE ISSUES THOROUGHLY IN THE LIGHT OF OUR OWN RESEARCH BEFORE COMING TO ANY CONCLUSION AND PUBLISHING A FULL RESPONSE. WE SHALL ALSO BEAR IN MIND THE VIEWS EXPRESSED BY MEMBERS IN THIS DEBATE.

ON ONE ASPECT, HOWEVER, THE MA HAS ALREADY INDICATED ITS VIEWS IN A RECENT LETTER BY THE CHIEF EXECUTIVE OF THE MA TO THE HON FRED LI WAH MING. THIS LETTER HAS BEEN REFERRED TO BY A NUMBER OF MEMBERS, INCLUDING THE PROPOSAL OF THIS MOTION. SO LET ME CLARIFY ITS CONTENTS. THE LETTER ADDRESSES THE QUESTION OF WHETHER THERE WILL BE ANY SIGNIFICANT IMPACT ON THE LINKED EXCHANGE RATE SYSTEM SHOULD THE INTEREST RATE RULES BE ABOLISHED.

THE LETTER NOTES THAT THE OBJECTIVE OF OUR MACRO MONETARY POLICY IS EXCHANGE RATE STABILITY; AND THAT THE MECHANISM FOR ACHIEVING THIS CENTRES AROUND THE LINKED EXCHANGE RATE SYSTEM ESTABLISHED IN OCTOBER 1983.

SINCE THAT TIME A SERIES OF MONETARY REFORM MEASURES HAS BEEN INTRODUCED TO STRENGTHEN THE SYSTEM AND OUR ABILITY TO ENSURE EXCHANGE RATE STABILITY. THAT THESE MEASURES HAVE BEEN SUCCESSFUL IS ILLUSTRATED BY THE FACT THAT THE EXCHANGE RATE HAS REMAINED UNSHAKEN DESPITE AN ABUNDANCE OF EVENTS IN THE PAST FEW YEARS, INCLUDING THE STOCK MARKET CRASH IN 1987, THE EVENTS IN CHINA IN JUNE 1989, THE GULF WAR IN 1990, THE BCCI AFFAIR IN 1991 AND SO ON.

WITHIN ITS MONETARY ARMOURY, THE MA NEEDS TO HAVE THE MEANS OF INFLUENCING THE INTEREST RATES OF THE HONG KONG DOLLAR, RELATIVE TO THOSE OF THE U.S. DOLLAR, IN A WAY THAT IS HELPFUL TO THE MAINTENANCE OF EXCHANGE RATE STABILITY. IT IS TRUE, AS THE CONSUMER COUNCIL HAS ARGUED, THAT THE ABILITY TO INFLUENCE WHOLESALE INTERBANK RATES, RATHER THAN RETAIL DEPOSIT RATES, IS MORE DIRECTLY RELEVANT TO THE PURPOSE OF EXCHANGE RATE STABILITY. HOWEVER, THE DIFFERENT TYPES OF INTEREST RATES ARE IN PRACTICE INTER-RELATED. IN MONETARY OPERATIONS, THEREFORE, IT IS PRUDENT FOR THE MONETARY AUTHORITY TO BE IN A POSITION TO EXERCISE EFFECTIVE INFLUENCE OVER A WIDE, IF NOT THE WHOLE, SPECTRUM OF INTEREST RATES INCLUDING THOSE ON RETAIL DEPOSITS. IN SHORT, AN EXTENSIVE RANGE OF MONETARY WEAPONS IS ALWAYS PREFERABLE TO A RESTRICTIVE ONE.

THE INTEREST RATE RULES ARE PART OF THE MONETARY ARMOURY AT PRESENT. THEY PROVIDE AN EFFECTIVE MECHANISM FOR SETTING INTEREST RATES FOR THE RETAIL DEPOSITS THEY ARE DESIGNED TO COVER. SUCH RATES MAY IN TURN INFLUENCE WHOLESALE INTEREST RATES OR MAY DIRECTLY AFFECT THE DESIRE TO HOLD HONG KONG DOLLAR BALANCES. THIS LED THE MA TO CONCLUDE THAT WHILE THE INTEREST RATE RULES ARE NOT CRUCIAL FOR THE PURPOSE OF MAINTAINING EXCHANGE RATE STABILITY, THEY ARE UNDOUBTEDLY RELEVANT AND HELPFUL FOR THAT PURPOSE.

THUS, THE MA HAS EXPRESSED A PREFERENCE FOR THAT HELPFUL ELEMENT IN ITS MONETARY ARMOURY TO BE RETAINED IN THE INTEREST OF MAINTAINING EXCHANGE RATE STABILITY.

SOME HAVE SAID THAT THE MA IS BEING OVERLY CONSERVATIVE, AND PERHAPS EVEN UNDULY MODEST IN ITS ABILITY TO DEFEND THE EXCHANGE RATE. BUT EVEN IF THE GOVERNMENT WERE, IN THE FINAL ANALYSIS, TO CONCLUDE THAT THE MA COULD STILL DO A RELIABLE JOB WITHOUT THE INTEREST RATE RULES AS PART OF ITS MONETARY ARMOURY - A CONCLUSION WHICH I SHOULD STRESS THAT IT HAS NOT YET REACHED AND MIGHT NOT REACH - IT WOULD STILL BE NECESSARY TO FORM A VIEW ON THE OTHER STABILITY ISSUE WHICH I MENTIONED EARLIER - NAMELY, WHETHER THE SOUNDNESS OF THE BANKING SYSTEM COULD BE UNDERMINED IF THE INTEREST RATE RULES WERE TO BE ABOLISHED.

THIS IS SOMETHING TO WHICH THE MA, IN ITS ROLE AS BANKING SUPERVISOR, IS PAYING SERIOUS ATTENTION. AGAIN, I MUST STRESS THAT IT HAS NOT YET MADE UP ITS MIND, BUT CERTAIN OBSERVATIONS CAN BE MADE AT THIS STAGE.

THE EFFECT OF DEREGULATION HAS BEEN COMPARED TO THE BREAKING OF A DAM, UNLEASHING A FLOOD OF PENT-UP CHANGE. IT INDUCES CHANGES IN BEHAVIOUR BY THE PREVIOUSLY REGULATED INSTITUTIONS WHICH MAY BE MORE RAPID AND MORE FAR-REACHING THAN ORIGINALLY ANTICIPATED. IN PARTICULAR, ELSEWHERE IN OTHER ECONOMIES, DEREGULATION HAS TENDED TO LEAD TO A NARROWING OF INTEREST MARGINS AS BANKS COMPETE MORE ACTIVELY FOR DEPOSITS AND FACE INROADS TO THEIR BUSINESS FROM OTHER PARTS OF THE FINANCIAL SERVICES INDUSTRY. BANKS HAVE TENDED TO RESPOND TO THE NEW, MORE COMPETITIVE ENVIRONMENT BY INCREASING THE RISKINESS OF THEIR PORTFOLIOS AND BY EXPANDING THEIR BALANCE SHEETS - IN BOTH CASES WITH THE OBJECTIVE OF REPAIRING THE DAMAGE TO PROFITS CAUSED BY INCREASED COMPETITION. INCREASED INVOLVEMENT BY BANKS AROUND THE WORLD IN PROPERTY LENDING AND HIGHLY-LEVERAGED TRANSACTIONS DURING THE 1980S ARE ONLY TWO EXAMPLES OF THIS.

THE OVERALL IMPACT OF DEREGULATION AND INCREASED COMPETITION MAY, OF COURSE, BE TO PRODUCE LEANER AND MORE EFFICIENT BANKING SYSTEMS IN THE LONGER RUN. THAT IS WHAT DEREGULATION IS DESIGNED TO ACHIEVE. HOWEVER, THE PATH TOWARDS GREATER COMPETITION HAS TENDED TO BE A BUMPY ONE IN OTHER ECONOMIES; AND THE EXPERIENCE OF THE COUNTRIES CONCERNED DURING THE 1980'S SUGGESTS THAT THE EFFECT OF GREATER COMPETITION HAS BEEN TO PRODUCE GREATER INSTABILITY IN BANKS' EARNINGS AND TO LEAVE THEM LESS WELL PROTECTED AGAINST FLUCTUATIONS IN ECONOMIC ACTIVITY.

NOW OF COURSE IT MAY BE ARGUED THAT THE EXPERIENCE OF OTHER COUNTRIES NEED NOT BE REPEATED IN HONG KONG AND INDEED THAT HAS BEEN ARGUED TONIGHT THAT IT WOULD BE THE JOB OF THE MONETARY AUTHORITY AS BANKING SUPERVISOR TO ENSURE THAT THAT WAS THE CASE. I CAN ASSURE YOU OF COURSE THAT THE HKMA WOULD DO ITS BEST. INDEED A NUMBER OF IMPROVEMENTS TO OUR SUPERVISORY SYSTEM HAVE BEEN MADE IN RECENT YEARS TO ENABLE THE OBJECTIVE OF BANKING STABILITY TO BE ACHIEVED. HOWEVER, I WOULD UTTER A NUMBER OF CAVEATS. FIRSTLY, NO SUPERVISORY SYSTEM CAN OFFER A 100% GUARANTEE OF SUCCESS, PARTICULARLY AT A TIME OF STRUCTURAL CHANGE. IF SUCH A GUARANTEE WERE TO BE OFFERED, IN THE SENSE THAT NO BANK COULD EVER BE EXPOSED TO THE RISK OF FAILURE, IT WOULD BE NECESSARY TO SET SUCH DEMANDING REGULATORY STANDARDS THAT COMPETITION WOULD BE UNDULY CONSTRAINED.

THERE IS ALSO THE UNDENIABLE FACT THAT THE IMPENDING CHANGE OF SOVEREIGNTY MEANS THAT HONG KONG IS UNDERGOING A PERIOD OF ECONOMIC AND POLITICAL TRANSITION AND THE EFFECT OF CHANGES WHICH COULD HAVE IMPLICATIONS FOR THE STABILITY OF THE FINANCIAL SYSTEM NEEDS TO BE CAREFULLY WEIGHED.

THE LAST THREE YEARS HAVE BEEN VERY PROFITABLE ONES FOR THE HONG KONG BANKING SYSTEM. BUT THIS SHOULD NOT LULL US INTO A FALSE SENSE OF COMPLACENCY. WE HOPE THAT THE GOOD YEARS WILL CONTINUE, BUT EXPERIENCE SHOULD TEACH US THAT THIS IS NOT NECESSARILY GOING TO BE THE CASE. DEVELOPMENTS SO FAR THIS YEAR HAVE SHOWN THAT BANKS ARE OPERATING IN AN ENVIRONMENT OF RISING INTEREST RATES AND HIGHER MARKET RISKS.

/LET ME .....

LET ME BE CLEAR THAT IN UTTERING THIS WARNING NOTE, I AM NOT SEEKING TO PROTECT THE POSITION OF THE LARGER BANKS. THEY ARE QUITE CAPABLE OF LOOKING AFTER THEMSELVES AND IN A DEREGULATED INTEREST RATE ENVIRONMENT THEY WOULD NO DOUBT HAVE THE FINANCIAL MUSCLE TO ENSURE THAT THEIR PROFITABILITY WAS UNIMPAIRED. RATHER, MY CONCERN IS WITH THE SMALLER BANKS WHICH ARE LESS WELL EQUIPPED BY VIRTUE OF THEIR SIZE TO COMPETE SUCCESSFULLY IN AN INTEREST RATE WAR. THESE BANKS ADD TO THE DIVERSITY OF THE BANKING SCENE IN HONG KONG AND OFFER A VALUABLE SERVICE TO THEIR CUSTOMERS. WE MUST BE SURE THAT ANY CHANGES IN THE INTEREST RATE RULES WOULD NOT UNDERMINE THEIR POSITION.

FINALLY, LET ME REPEAT THAT WE ARE APPROACHING THIS ISSUE WITH AN OPEN MIND AND THAT NO DECISIONS HAVE BEEN MADE. THE MA HAS NOT YET COMPLETED ITS WORK. IF I HAVE TENDED TO DWELL ON THE NEED TO MAINTAIN STABILITY OF THE FINANCIAL SYSTEM IN THE FACE OF DEREGULATION, THIS IS BECAUSE THE CASE FOR DEREGULATION AND INCREASED COMPETITION HAS BEEN PUT SO ELOQUENTLY BY PROFESSOR THE HON EDWARD CHEN AND THE VICE-CHAIRMAN OF THE CONSUMER COUNCIL. HOWEVER, IT IS PART OF THE JOB OF GOVERNMENT TO CONSIDER THE COSTS AS WELL AS THE BENEFITS OF CHANGE. IN THIS CASE, THERE MAY BE A TRADE OFF BETWEEN RISK AND RETURN FOR THE DEPOSITOR. IT IS CERTAINLY NOT THE CASE THAT ABOLITION OF THE INTEREST RATE RULES WILL INEVITABLY LEAD TO INSTABILITY. EQUALLY, WE SHOULD NOT BLIND OURSELVES TO THE FACT THAT SUCH A RISK EXISTS. THE QUESTION WHICH WE NEED TO ADDRESS, AND WHICH I HOPE THAT HON MEMBERS WILL TAKE SERIOUSLY, IS WHETHER THIS IS A RISK WORTH TAKING.

SEVERAL MEMBERS HAVE REFERRED TO THE SUBJECT OF BANKING DISCLOSURE DURING THE COURSE OF THIS DEBATE, AND THIS INDEED WAS ALSO ADDRESSED BY THE CONSUMER COUNCIL REPORT, ALTHOUGH IT WAS NOT DIRECTLY THE SUBJECT TO THIS DEBATE. BUT LET ME TAKE THIS OPPORTUNITY, MR PRESIDENT, TO ASSURE MEMBERS THAT THE ADMINISTRATION ALREADY ACCEPTS IN PRINCIPLE THAT BANKING DISCLOSURE SHOULD BE IMPROVED. THE MONETARY AUTHORITY HAD ALREADY ESTABLISHED THE WORKING PARTY WITH BANKING REPRESENTATIVES AT THE BEGINNING OF THIS YEAR, PRIOR TO THE APPEARANCE OF THE CONSUMER COUNCIL REPORT, TO EXAMINE THE WHOLE QUESTION AND TO IDENTIFY THE STEPS THAT COULD BE TAKEN TO IMPROVE DISCLOSURE, AND THE TIME FRAME FOR THEIR IMPLEMENTATION. WE HOPE TO SEE RESULTS BY THE MIDDLE OF THE YEAR.

MR PRESIDENT, IN THE LIGHT OF WHAT I HAVE SAID, IT WILL BE CLEAR THAT THE ADMINISTRATION IS NOT YET IN A POSITION TO DETERMINE WHETHER ANY CHANGES SHOULD BE MADE TO THE INTEREST RATE RULES. FOR THAT REASON, WE ARE NOT IN A POSITION TO SUPPORT THIS MOTION TODAY. AND THE OFFICIAL MEMBERS WOULD ABSTAIN.

BILLS ON LIVESTOCK WASTE PASSED

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THE GOVERNMENT HAS DEVISED AN EXTENSIVE PACKAGE OF MEASURES TO HELP LIVESTOCK FARMERS ADJUST TO THE NEW REQUIREMENTS UNDER THE PROPOSED LICENSING SCHEME, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE RESUMED DEBATE ON THE SECOND READING OF THE WASTE DISPOSAL (AMENDMENT) BILL 1993 AND THE PUBLIC HEALTH (ANIMALS AND BIRDS) (AMENDMENT) BILL 1993, MR EASON SAID THE OBJECTIVES OF THE LICENSING SCHEME WAS TO ENSURE THAT LIVESTOCK WASTE WAS PROPERLY DISPOSED OF AND THAT ARRANGEMENTS TO ACHIEVE THIS COULD BEGIN AS SOON AS POSSIBLE.

HE CALLED ON MEMBERS TO SHOW THEIR SUPPORT TO YOUNG CIVIL SERVANTS WHO HAD BEEN SUBJECTED TO HUMILIATION WHILE TRYING TO PERFORM THEIR DUTIES FAITHFULLY.

"IN RECENT DAYS, MEMBERS OF THE CIVIL SERVICE HAD BEEN FACED WITH THE ULTIMATE INSULT AS A RESULT OF CARRYING OUT THEIR DUTIES FAITHFULLY AND TRYING TO FORMULATE POLICIES AND SYSTEMS WHICH WILL SERVE THE COMMUNITY IN ITS ENVIRONMENTAL ENDEAVOUR.

"I THINK IT IS TIME WE GIVE THESE PEOPLE SOME CLEAR INDICATION THAT WE DO WANT OUR ENVIRONMENT TO IMPROVE AND THAT WE ARE PREPARED TO TACKLE OUR SERIOUS ENVIRONMENTAL PROBLEM."

"THE POLLUTION OF OUR COUNTRYSIDE AND WATERCOURSES IN THE NEW TERRITORIES DUE TO OUTDATED METHODS OF DISPOSING OF LIVESTOCK WASTE IS A MAJOR PROBLEM WHICH WE HAVE WRESTLED WITH FOR A LONG TIME.

"WE NOW BELIEVE WE HAVE A FAIR AND EFFECTIVE SOLUTION TO HAND WHICH TAKES ACCOUNT OF THE COMMUNITY'S AND FARMERS' INTERESTS TO THE FULLEST EXTENT POSSIBLE.

"WE NOW ASK FOR CO-OPERATION TO HELP US START TO END THE BLIGHT," HE SAID.

MR EASON POINTED OUT THAT THE PROPOSED SCHEME WOULD ALLOW FARMERS TO CHOOSE WHATEVER TREATMENT METHOD THEY PREFER, AS LONG AS IT COULD MEET THE REQUIRED DISCHARGE STANDARD.

ONE OF THE METHODS RECOMMENDED BY THE GOVERNMENT IS "PIG-ON-LITTER" AND IT HAS BEEN OPERATED SUCCESSFULLY BY A NUMBER OF COMMERCIAL FARMS FOR SEVERAL YEARS.

THE ENVIRONMENTAL PROTECTION DEPARTMENT HAS PUBLISHED TECHNICAL GUIDELINES TO HELP FARMERS DECIDE WHICH WASTE SYSTEM TO USE BASING ON THEIR FARM CONDITIONS AND OPERATING PRACTICES.

AS REGARDS THE DISCHARGE STANDARD, MR EASON SAID, UNDER THE PROPOSED PHASED PROGRAMME, A FARMER COULD HAVE THREE YEARS TO ACHIEVE THE REQUIRED DISCHARGE STANDARD.

/HE SAID: .....

HE SAID: "WE HAVE ALSO TRIED VERY HARD TO ASSIST THE FARMERS FINANCIALLY, WHETHER OR NOT THEY WISH TO STAY IN THE LIVESTOCK BUSINESS.

"THOSE WHO DO NOT WISH TO CONTINUE BUSINESS CAN APPLY FOR AN EX-GRATIA ALLOWANCE WHILE THOSE WISHING TO CONTINUE BUSINESS IN AN ENVIRONMENTALLY ACCEPTABLE MANNER HAVE ACCESS TO CAPITAL GRANTS AND LOW INTEREST LOANS TO COVER THE COST OF INSTALLING THEIR TREATMENT SYSTEMS.

"THE LEVEL OF GRANT HAS BEEN INCREASED TO REFLECT MARKET COSTS.

"FARMERS WHO WISH TO CONTINUE ON A 'TRY-AND-SEE' BASIS CAN, WITHIN A YEAR OF RECEIVING A CAPITAL GRANT, OPT OUT AND APPLY FOR THE EX-GRATIA ALLOWANCE.

"THOSE WHO OPT OUT AND RECEIVE THE EX-GRATIA ALLOWANCE AND THEN DECIDE TO COME BACK INTO THE BUSINESS, WILL ALSO BE ALLOWED TO RE-START THE BUSINESS AS LONG AS THEY INSTALL AN ACCEPTABLE WASTE TREATMENT SYSTEM ON THEIR FARMS, OBTAIN THE REQUIRED LICENCE AND COMPLY WITH ALL THE PROVISIONS OF THE LAW.

MR EASON STRESSED THAT THIS WAS A VERY EXTENSIVE PACKAGE OF ASSISTANCE IN VARIOUS FORMS, AND IT WOULD BE VERY DIFFICULT TO IMPROVE IT, GIVEN THAT SUCH ASSISTANCE WAS NOT AVAILABLE TO OTHER INDUSTRIES WHEN THEY WERE REQUIRED TO MEET EVEN MORE STRINGENT ENVIRONMENTAL STANDARDS AND TO DO SO MORE QUICKLY.

MR EASON EMPHASISED THAT THE PROPOSED LICENSING SYSTEM HAD GONE THROUGH CAREFUL DELIBERATION AND EXTENSIVE CONSULTATION WITH A NUMBER OF GROUPS REPRESENTING THE TRADE.

"ONE OF THE OUTCOMES OF OUR CONSULTATIONS WITH FARMERS IS THAT THE EXISTING FARMS WHICH HAVE BEEN CONTINUOUSLY USED FOR LIVESTOCK-KEEPING FOR AT LEAST 12 MONTHS WILL BE ALLOWED TO CONTINUE THEIR BUSINESS IN EXTENDED PROHIBITION AREAS PROVIDED THE FARMERS MEET THE DISCHARGE STANDARDS. THESE AREAS WILL BE CALLED RESTRICTION AREAS.

A PAMPHLET IS UNDER PREPARATION FOR DISTRIBUTION TO FARMERS EXPLAINING IN DETAIL THE LICENSING SCHEME, THE APPLICATION PROCEDURES, THE APPEAL PROVISIONS, AND SO ON.

HE ADDED: "IT IS NOT UNCOMMON THAT WHEN NEW ENVIRONMENTAL REQUIREMENTS ARE IMPOSED, THOSE AFFECTED ARE PESSIMISTIC ABOUT THE IMPACT ON THEIR BUSINESS, WHICH IS VERY OFTEN OVERESTIMATED.

"EXPERIENCE SHOWS THAT ONCE THEY FACE UP TO THEM, INDUSTRIES CAN MEET THE NEW REQUIREMENTS WITHOUT TOO MUCH DIFFICULTY.

THE BILLS WERE PASSED AFTER THE DEBATE.

THREE BILLS INTRODUCED TO BETTER PROTECT CONSUMERS

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THREE BILLS SEEKING TO IMPLEMENT RECOMMENDATIONS MADE BY THE LAW REFORM COMMISSION FOR THE BETTER PROTECTION OF CONSUMERS WERE INTRODUCED INTO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

THEY ARE THE SALE OF GOODS (AMENDMENT) BILL, THE SUPPLY OF SERVICES (IMPLIED TERMS) BILL AND THE UNCONSCIONABLE CONTRACTS BILL.

MOVING THE SECOND READING OF THE FIRST BILL, THE SECRETARY FOR TRADE AND INDUSTRY, MR T H CHAU, SAID THE BILL PROPOSED FOUR ADDITIONAL CRITERIA TO BETTER DEFINE MERCHANTABLE QUALITY OF GOODS SOLD.

THEY COVER THE APPEARANCE AND FINISH OF THE GOODS, THEIR FREEDOM FROM DEFECTS, DURABILITY AND SAFETY.

MR CHAU SAID THESE ADDITIONAL CRITERIA REPRESENTED A FAIR SUMMARY OF WHAT A BUYER COULD REASONABLY EXPECT ABOUT THE QUALITY OF THE GOODS.

"ONCE INTRODUCED, THEY WILL ENHANCE THE AWARENESS OF SUPPLIERS AS TO THEIR OBLIGATION TO ENSURE THE MERCHANTABILITY OF THEIR GOODS.

"THEY WILL ALSO PROVIDE GUIDELINES TO CONSUMERS AND THE COURT IN DECIDING WHETHER ANY PARTICULAR GOODS ARE OF MERCHANTABLE QUALITY," MR CHAU SAID.

REGARDING THE SUPPLY OF SERVICES (IMPLIED TERMS) BILL, MR CHAU SAID IT SOUGHT TO CODIFY SOME COMMON LAW PRINCIPLES ABOUT CONTRACTS FOR THE SUPPLY OF SERVICES.

UNDER THE BILL, A SUPPLIER OF SERVICES IS OBLIGED TO PROVIDE THOSE SERVICES WITH REASONABLE CARE AND SKILL AND WITHIN A REASONABLE TIME. ON THE OTHER HAND, THE BUYER IS REQUIRED TO PAY A REASONABLE CHARGE.

"WE HOPE THAT WITH THE CODIFICATION OF THESE COMMON LAW PRINCIPLES, THERE WOULD BE GREATER CLARITY AND OVERALL CONSISTENCY IN THEIR APPLICATION," HE SAID.

TURNING TO THE UNCONSCIONABLE CONTRACTS BILL, MR CHAU SAID IT SOUGHT TO EMPOWER THE COURT TO REWRITE OR STRIKE DOWN UNCONSCIONABLE TERMS IN CONSUMER CONTRACTS.

IT PROVIDES JUDICIAL GUIDELINES FOR THE COURT IN DETERMINING UNCONSCIONABILITY AND IN EXERCISING ITS POWERS.

THE BILL PROPOSES THE COURTS HAVE THE POWERS TO REFUSE TO ENFORCE THE CONTRACT; TO ENFORCE THE REMAINDER OF THE CONTRACT WITHOUT THE UNCONSCIONABLE PART; AND TO REVISE, ALTER OR LIMIT THE APPLICATION OF ANY UNCONSCIONABLE PART OF THE CONTRACT.

/THERE WILL .....

THERE WILL BE A ONE-YEAR GRACE PERIOD AFTER THE BILL IS ENACTED TO ENABLE THE BUSINESS COMMUNITY TO CONSIDER THEIR USE OF CONTRACTS IN THE SALE OF GOODS AND SUPPLY OF SERVICES TO CONSUMERS AND TO MAKE ANY NECESSARY CHANGES.

MR CHAU EXPRESSED THE HOPE THAT THE ENACTMENT OF THE THREE BILLS WOULD HELP STRENGTHEN THE BARGAINING POSITION OF SMALL CONSUMERS.

DEBATES ON THE BILLS WERE ADJOURNED.

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GOVERNMENT MINUTE ON PAC INTRODUCED

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THE ACTING CHIEF SECRETARY, THE HON MICHAEL LEUNG, INTRODUCED TO THE LEGISLATIVE COUNCIL GOVERNMENT MINUTE RESPONDING TO THE 21ST REPORT OF THE PUBLIC ACCOUNTS COMMITTEE (PAC) ON THE ACCOUNTS OF THE GOVERNMENT FOR THE YEAR ENDING MARCH 31, 1993, AND ON THE RESULTS OF VALUE FOR MONEY AUDITS.

HE SAID THE GOVERNMENT APPRECIATED FULLY THE IMPORTANCE OF THE PAC'S FINDINGS AND RECOMMENDATIONS.

IT WILL CONTINUE TO WORK CLOSELY WITH THE AUDIT DEPARTMENT AND THE PAC IN THE QUEST FOR MORE EFFICIENT USE OF PUBLIC FUNDS, HE ADDED.

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KCRC ANNUAL REPORT 1993 Tabled AT LEGCO

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THE FINANCIAL SECRETARY, THE HON SIR HAMISH MACLEOD, TODAY (WEDNESDAY) Tabled THE ANNUAL REPORTS AND ACCOUNTS OF THE KOWLOON-CANTON RAILWAY CORPORATION FOR THE YEAR ENDING DECEMBER 31, 1993.

SIR HAMISH SAID OPERATING REVENUE STOOD AT \$2,417 MILLION, AN INCREASE OF 12 PER CENT OVER 1992. INCLUDING INCOME FROM PROPERTY DEVELOPMENT, THE NET PROFIT FOR THE YEAR WAS \$1,313 MILLION.

"A DIVIDEND OF \$160 MILLION WAS PAID TO THE GOVERNMENT AFTER FULLY TAKING INTO ACCOUNT THE CORPORATION'S LONG-TERM CASH FLOW REQUIREMENTS AND INVESTMENT NEEDS, AS WELL AS THE BROADER PUBLIC INTEREST," SIR HAMISH SAID.

AT THE END OF LAST YEAR, THE TOTAL ASSETS OF THE CORPORATION STOOD AT \$7.8 BILLION, AND BORROWINGS AT \$539 MILLION. THE YEAR-END DEBT TO EQUITY RATIO WAS 1:11.4.

CASH GENERATED BY THE OPERATING DIVISIONS WAS SUFFICIENT TO COVER ONGOING CAPITAL EXPENDITURE AND DEBT REPAYMENT.

/SIR HAMISH .....

SIR HAMISH ALSO NOTED THAT THE KOWLOON-CANTON RAILWAY CARRIED 206 MILLION PASSENGERS IN 1993, AN INCREASE OF ABOUT FOUR PER CENT OVER 1992. OF THESE, 37 MILLION TRAVELLED TO AND FROM LO WO, AN INCREASE OF SIX PER CENT. THROUGH TRAIN TRAFFIC BETWEEN KOWLOON AND GUANGZHOU ROSE BY SEVEN PER CENT TO 2.9 MILLION.

THE LIGHT RAIL TRANSIT (LRT) SYSTEM CARRIED 117 MILLION PASSENGERS IN 1993, AN INCREASE OF 10 PER CENT OVER 1992.

THE LRT SERVICE WAS EXTENDED TO TIN SHUI WAI IN JANUARY 1993. ALL 30 NEW LIGHT RAIL VEHICLES CAME INTO SERVICE DURING 1993, FURTHER EXPANDING CAPACITY.

SIR HAMISH SAID THE KCRC PLANNED TO INVEST \$6.4 BILLION INFRASTRUCTURE AND SERVICE IMPROVEMENT.

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BILL TO REDUCE AIRCRAFT NOISE

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THE CIVIL AVIATION (AIRCRAFT NOISE) (AMENDMENT) BILL 1994 SEEKING TO REDUCE PROGRESSIVELY NOISE DISTURBANCE CAUSED BY AIRCRAFT OPERATING AT HONG KONG INTERNATIONAL AIRPORT WAS INTRODUCED TO THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MOVING THE SECOND READING OF THE BILL, THE SECRETARY FOR ECONOMIC SERVICES, MR GORDON SIU, SAID THE BILL SPECIFIED MORE STRINGENT STANDARDS TO CONTROL EMISSION OF NOISE BY AIRCRAFT USING THE AIRPORT.

"WE INTEND TO IMPLEMENT A PROGRESSIVE PHASING OUT OF THE OLDER AND MORE NOISY MODELS OF AIRCRAFT FROM OPERATING TO OR FROM HONG KONG," MR SIU SAID.

CURRENTLY SOME 10 PER CENT OF THE AIRCRAFT OPERATING AT THE AIRPORT REGULARLY DO NOT MEET THE PROPOSED STANDARDS.

THE PROPOSED MORE STRINGENT PROVISIONS WILL BE APPLIED IMMEDIATELY TO HONG KONG REGISTERED AIRCRAFT.

IN ACCORDANCE WITH GUIDELINES ISSUED BY THE INTERNATIONAL CIVIL AVIATION ORGANISATION, SUCH STRICTER STANDARDS WILL BE EXTENDED TO ALL FOREIGN-REGISTERED SUBSONIC JET AIRCRAFT USING THE AIRPORT AFTER APRIL NEXT YEAR.

AS OTHER COUNTRIES TIGHTEN THEIR NOISE CONTROL LEGISLATION, OWNERS OF OLDER AIRCRAFT WHICH DO NOT MEET THE MORE STRINGENT STANDARDS MAY SEEK OUT TERRITORIES OR JURISDICTIONS WHERE THEY CAN CONTINUE TO REGISTER SUCH AIRCRAFT, MR SIU SAID.

"THE PROPOSED AMENDMENT WILL ENSURE THAT HONG KONG DOES NOT BECOME A POTENTIAL DUMPING GROUND FOR OLDER, NOISIER AIRCRAFT," HE SAID.

DEBATE ON THE BILL WAS ADJOURNED.

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NOISE PROBLEMS CONSIDERED FOR HK STADIUM

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THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD) HAD ADVISED THAT THE USE OF THE HONG KONG STADIUM FOR AMPLIFIED MUSIC CONCERTS WOULD BREACH THE NOISE CONTROL ORDINANCE, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

REPLYING TO A QUESTION BY THE HON FRED LI WAH-MING, MR EASON SAID THROUGHOUT THE PERIOD OF CONCEPTION, DESIGN AND CONSTRUCTION OF THE STADIUM, ITS INTENDED USE AS A MULTI-PURPOSE VENUE HAD CAUSED CONSIDERATION GIVEN TO THE NOISE PROBLEMS ASSOCIATED WITH AMPLIFIED MUSIC CONCERTS.

HE SAID THE EPD HAD BEEN ASKED FOR ADVICE ON SEVERAL OCCASIONS AND IT ADVISED THAT THE USE OF THE STADIUM FOR SUCH A PURPOSE WOULD BREACH THE NOISE CONTROL ORDINANCE.

MR EASON SAID: "FOR EXAMPLE, WHEN COMMENTING ON A 1991 ENVIRONMENTAL NOISE ASSESSMENT COMMISSIONED BY THE ROYAL HONG KONG JOCKEY CLUB, EPD ADVISED THE URBAN SERVICES DEPARTMENT, THE ARCHITECTURAL SERVICES DEPARTMENT, AND THE CONSULTANT, IN MAY 1992, THAT THE REPORT WAS OVER OPTIMISTIC ABOUT THE NOISE IMPACT.

"EPD THEREFORE OBJECTED TO THE HOLDING OF AMPLIFIED MUSIC CONCERTS IN THE STADIUM.

"THE URBAN COUNCIL DECIDED TO TAKE UP THE MANAGEMENT OF THE NEW STADIUM IN JULY 1992 AND APPOINTED WEMBLEY INTERNATIONAL TO MANAGE THE STADIUM.

"WEMBLEY INTERNATIONAL SUBSEQUENTLY HELD A SERIES OF MEETINGS WITH EPD TO DISCUSS THE NOISE PROBLEM.

"AN ACOUSTICS CONSULTANT FIRM WAS ALSO COMMISSIONED BY WEMBLEY INTERNATIONAL TO CARRY OUT A FURTHER ENVIRONMENT NOISE ASSESSMENT.

"THIS REPORT, COMPLETED IN DECEMBER 1993, IDENTIFIED THE SAME PROBLEMS AS THE PREVIOUS ONE.

"EPD AGAIN ADVISED THE STADIUM MANAGEMENT, IN EARLY FEBRUARY THIS YEAR, THAT NOISE FROM AMPLIFIED MUSIC CONCERTS WOULD CAUSE SEVERE DISTURBANCE TO NEARBY RESIDENTS AND THAT THE MANAGEMENT SHOULD THEREFORE IMPLEMENT ADDITIONAL CONTROL MEASURES TO REDUCE NOISE LEVELS TO ACCEPTABLE LEVELS.

"I UNDERSTAND THAT WEMBLEY INTERNATIONAL REPORTED THE NOISE PROBLEM TO THE URBAN COUNCIL BOARD OF GOVERNORS RESPONSIBLE FOR POLICY AND MANAGEMENT OF THE STADIUM ON FEBRUARY 22 THIS YEAR."

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BEDSPACE APARTMENTS BILL PASSED

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THE BEDSPACE APARTMENTS BILL WAS PASSED WITH AMENDMENTS IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

SPEAKING AT THE RESUMED DEBATE ON THE BILL, THE SECRETARY FOR HOME AFFAIRS, MR MICHAEL SUEN, SAID THE BILL INTRODUCED A STATUTORY LICENSING REGIME TO REGULATE THE FIRE AND BUILDING SAFETY OF BEDSPACE APARTMENTS.

MR SUEN DESCRIBED THE LIVING CONDITIONS IN THESE APARTMENTS AS OFTEN BEING OVERLOOKED AND OCCUPANTS EXPOSED TO GREATER FIRE AND BUILDING SAFETY RISKS.

BUT UPON FULL IMPLEMENTATION OF THE LICENSING SCHEME, OCCUPANTS WOULD LIVE IN VASTLY LESS OVERCROWDED CONDITIONS WHICH WOULD ALSO MEET BOTH THE FIRE AND BUILDING SAFETY STANDARDS, HE SAID.

MR SUEN POINTED OUT THAT OWING MAINLY TO GOVERNMENT EFFORTS, THE POPULATION IN BEDSPACE APARTMENTS HAD NOW DECREASED TO 3,200, COMPARED TO 4,000 IN 1990/91.

HE SAID: "GOVERNMENT HAS COMMITTED TO ASSIST ABOUT HALF OF THE EXISTING LODGERS TO BE REHOUSED EITHER IN PUBLIC HOUSING OR WELFARE INSTITUTIONS OR HOSTELS.

"AT THE END OF THE DAY, WE DO SEE THE NUMBER OF LODGERS IN BEDSPACE APARTMENTS WHICH ARE FULLY LICENSED AND RENOVATED TO CONFORM TO OUR STANDARD OF FIRE AND BUILDING SAFETY BEING REDUCED TO AROUND 1,600," HE ADDED.

STRESSING THAT NO ONE WILL BE MADE HOMELESS AS A RESULT OF THE IMPLEMENTATION OF THE SCHEME, MR SUEN SAID THE ADMINISTRATION WOULD STEP UP PUBLICITY TO MAKE SURE THAT LODGERS WERE FULLY AWARE OF THE RANGE OF ASSISTANCE OFFERED.

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AMENDMENT BILL ON MAHJONG PLAYING AND FOREIGN LOTTERIES

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AN AMENDMENT BILL TO FURTHER REGULATE THE OPERATION OF MAHJONG PLAYING IN LICENSED CLUBS AND RESTAURANTS WAS INTRODUCED INTO THE LEGISLATIVE COUNCIL THIS (WEDNESDAY) AFTERNOON.

MOVING THE SECOND READING OF THE GAMBLING (AMENDMENT) BILL 1994, THE SECRETARY FOR HOME AFFAIRS, MR MICHAEL SUEN, SAID THE BILL PROPOSED TO PROHIBIT THE MANAGEMENT OR EMPLOYEES OF SUCH ESTABLISHMENTS FROM PLAYING MAHJONG WITH THEIR CLIENTS ON THE PREMISES.

THIS WAS TO PREVENT THE OPERATORS FROM MAKING A PROFIT, MR SUEN SAID.

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ON THE SECOND ASPECT OF THE BILL WHICH COVERED FOREIGN LOTTERIES, MR SUEN SAID THE ADMINISTRATION PROPOSED TO "FINE TUNE" EXISTING ARRANGEMENTS FOR HONG KONG RESIDENTS TO PARTICIPATE IN FOREIGN LOTTERIES PROMOTED, CONDUCTED AND MANAGED OUTSIDE THE TERRITORY.

AT PRESENT, HONG KONG RESIDENTS CAN ONLY PARTICIPATE IN FOREIGN LOTTERIES SPECIFIED IN THE FOURTH SCHEDULE TO THE GAMBLING REGULATIONS.

THE SCHEDULE LISTS 10 COUNTRIES AND WAS COMPILED IN 1977.

"THE INTENTION HAS BEEN THAT MORE COUNTRIES WOULD BE ADDED ONTO THE FOURTH SCHEDULE AS AND WHEN NECESSARY.

"HOWEVER, IN PRACTICE, IT HAS NOT PROVED POSSIBLE TO DEVISE OBJECTIVE CRITERIA TO DETERMINE WHICH COUNTRIES SHOULD BE INCLUDED IN THE FOURTH SCHEDULE TO THE EXCLUSION OF OTHERS," HE SAID.

FOR THIS REASON, MR SUEN SAID, THE ADMINISTRATION PROPOSED TO REPEAL THE SCHEDULE SO THAT ALL FOREIGN LOTTERIES WOULD BE PUT ON AN EQUAL FOOTING AND WOULD BE SUBJECT TO CONTROL UNDER THE GAMBLING ORDINANCE.

DEBATE ON THE BILL WAS ADJOURNED.

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AG EXPLAINS WHY SOME COMMERCIAL CRIME PROSECUTIONS ARE TERMINATED

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THERE ARE A VARIETY OF REASONS WHY PROSECUTIONS IN RESPECT OF COMMERCIAL CRIMES ARE SOMETIMES TERMINATED, SUCH AS A WITNESS EITHER NOT APPEARING OR NOT GIVING THE SATISFACTORY EVIDENCE EXPECTED OF HIM OR HER, THE ATTORNEY GENERAL, THE HON JEREMY MATHEWS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN REPLY TO A WRITTEN QUESTION BY DR THE HON HUANG CHEN-YA, MR MATHEWS SAID THAT OTHER REASONS WERE :

- \* AN IMPORTANT ASPECT OF THE EVIDENCE (USUALLY A CONFESSION STATEMENT) BEING RULED INADMISSIBLE BY THE TRIAL JUDGE;
- \* THE COURT HALTING THE PROCEEDINGS PRIOR TO TRIAL ON THE BASIS THAT TO SUBJECT THE DEFENDANT TO TRIAL WOULD BE WRONG FOR MEDICAL REASONS; OR
- \* NEW EVIDENCE OR CIRCUMSTANCES COMING TO LIGHT WHICH MAKE THE PROSECUTION UNWARRANTED.

MR MATHEWS SAID THE MORE SERIOUS COMMERCIAL CRIME OFFENCES PROSECUTED IN THE HIGH COURT AND DISTRICT COURT WERE MAINLY OFFENCES UNDER THE THEFT ORDINANCE (THE MOST COMMON OFFENCES BEING THOSE OF THEFT, DECEPTION AND FALSE ACCOUNTING), CONSPIRACY TO DEFRAUD, AND OFFENCES OF FORGERY UNDER THE CRIMES ORDINANCE.

IN 1991, 1992 AND 1993, THE NUMBER OF PERSONS PROSECUTED IN THE HIGH COURT AND DISTRICT COURT FOR COMMERCIAL CRIME OFFENCES WAS 229, 226 AND 218 RESPECTIVELY, WHILE THE NUMBER OF DEFENDANTS CONVICTED WAS 165, 128 AND 89 RESPECTIVELY, MR MATHEWS SAID, ADDING THAT THERE WERE 83 CASES IN 1993 WHICH HAD NOT BEEN TRIED.

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DOMESTIC VIOLENCE OFFENCES WILL NOT BE TAKEN LIGHTLY

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THE LEGAL DEPARTMENT DOES NOT TAKE OFFENCES ASSOCIATED WITH DOMESTIC VIOLENCE LIGHTLY, THE ATTORNEY GENERAL, THE HON JEREMY MATHEWS, SAID IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR MATHEWS SAID THE CASE IN WHICH A MAN ORIGINALLY CHARGED WITH WOUNDING WAS BOUND OVER TURNED ON ITS OWN FACTS AND CIRCUMSTANCES AND SHOULD NOT BE REGARDED AS SETTING ANY PRECEDENT.

"THERE IS NO QUESTION OF US GOING SOFT ON DOMESTIC VIOLENCE," HE SAID WHEN REPLYING TO A QUESTION RAISED BY THE HON MRS SELINA CHOW.

THE ATTORNEY GENERAL SAID WHILE IT WAS NOT APPROPRIATE FOR HIM TO GIVE REASONS FOR DECISIONS MADE IN RELATION TO ANY PARTICULAR PROSECUTION, HE COULD NONETHELESS CONFIRM THAT IN THIS CASE THE DIRECTOR OF PUBLIC PROSECUTIONS REACHED HIS DECISION ONLY AFTER AN EXHAUSTIVE EXAMINATION OF THE CASE FILE, OF THE WITNESS STATEMENTS OF THE VICTIM, MRS ANN WILKINSON, OF THE DEFENDANT MR IAN WILKINSON, AND OF OTHERS.

"ANY SUCH DECISION IS NOT, OF COURSE, TAKEN LIGHTLY. THE DIRECTOR OF PUBLIC PROSECUTIONS, IN REACHING HIS DECISION, WAS AWARE OF ALL RELEVANT FACTORS.

"HE CONSIDERED THE EVENTS LEADING TO THE INCIDENT, THE INCIDENT ITSELF, AND THE CIRCUMSTANCES SUBSEQUENT TO THE INCIDENT.

"IN THAT EXERCISE, REGARD WAS LIKEWISE HAD TO THE INTERESTS OF THE VICTIM, TO THOSE OF THE ACCUSED, AND TO THE WIDER PUBLIC INTEREST," MR MATHEWS SAID.

HE SAID A DECISION TO APPLY FOR A BIND OVER WAS TAKEN AFTER A CAREFUL CONSIDERATION OF THE FACTS OF THE INDIVIDUAL CASE, THE CIRCUMSTANCES OF THE PARTIES, AND AFTER DUE REGARD HAS BEEN HAD TO THE PUBLIC INTEREST.

"IT MUST, PUT SIMPLY, BE APPROPRIATE TO ALL THE CIRCUMSTANCES OF THE CASE," HE STRESSED, ADDING THAT REGARD WAS ALSO HAD TO THE ELEMENT OF PREVENTIVE JUSTICE CONTAINED IN AN ORDER OF BIND OVER.

MR MATHEWS SAID THE BASIC REQUIREMENTS WHEN MAGISTRATES MADE SUCH ORDERS WERE:

- \* THERE SHOULD BE MATERIAL BEFORE THE COURT JUSTIFYING THE CONCLUSION THAT THERE IS A RISK OF A BREACH OF THE PEACE UNLESS ACTION IS TAKEN TO PREVENT IT;
- \* THEY SHOULD MAKE CLEAR TO THE ACCUSED THEIR INTENTION TO BIND HIM OVER AND THE REASONS FOR IT;
- \* THEY SHOULD OBTAIN CONSENT TO THE BIND OVER FROM THE ACCUSED;
- \* BEFORE FIXING THE AMOUNT OF THE RECOGNISANCE THEY SHOULD ENQUIRE AS TO THE ACCUSED'S MEANS; AND
- \* THE BINDING OVER SHOULD BE FOR A FIXED PERIOD.

MR MATHEWS ALSO GAVE THE NUMBER OF BINDING OVER ORDERS KNOWN TO HAVE BEEN ISSUED IN RELATION TO CASES OF DOMESTIC VIOLENCE RECORDED IN THE POLICE DATABASE BETWEEN 1991 AND 1993 AS FOLLOWS:

YEAR	PERSONS CHARGED	BIND OVERS
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1991	149	27 (18.1%)
1992	120	17 (14.2%)
1993	193	27 (14.0%)

(THESE FIGURES INCLUDE BIND OVERS IMPOSED BY A COURT IN RESPECT OF PERSONS WHO HAVE BEEN CONVICTED OF AN OFFENCE.)

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#### MEASURES TO FIGHT JUVENILE CRIME

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THE POLICE, THE EDUCATION AND THE SOCIAL WELFARE DEPARTMENTS HAVE DEVISED SPECIFIC MEASURES TO CURB JUVENILE CRIME, THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY DR THE HON TANG SIU-TONG, MR ASPREY SAID THE POLICE HAD DEDICATED SCHOOL LIAISON OFFICERS WHO VISITED SCHOOLS, DELIVERED LECTURES ON CRIME PREVENTION AND MAINTAINED CLOSE CONTACT WITH SCHOOL SOCIAL WORKERS AND TEACHERS TO DEAL WITH DELINQUENT STUDENTS.

"DISTRICT POLICE COMMANDERS ALSO DEPLOY ADDITIONAL RESOURCES TO THE VICINITY OF SCHOOLS WHENEVER NECESSARY," HE ADDED.

MR ASPREY NOTED THE AGE GROUP 16 TO 20 ACCOUNTED FOR 57 PER CENT OF THE TOTAL NUMBER OF PEOPLE AGED UNDER 21 ARRESTED FOR CRIME IN 1993.

IN BOTH 1991 AND 1992, THE SAME AGE GROUP ACCOUNTED FOR ABOUT 54 PER CENT OF TOTAL ARRESTS OF YOUNG PERSONS.

HE ADDED THAT BETWEEN 1991 AND 1993, WONG TAI SIN, KWAI TSING, AND TAI PO POLICE DISTRICTS SHOWED AN INCREASE EACH YEAR IN THE NUMBER OF CRIMINAL CASES INVOLVING PEOPLE BELOW THE AGE OF 21.

"APART FROM THE POLICE, THE SOCIAL WELFARE DEPARTMENT SUBVENTS CHILDREN AND YOUTH CENTRES TO PROVIDE SERVICES TO YOUNGSTERS. IT ALSO SUBVENTS OUTREACHING SOCIAL WORK TEAMS, HELPING YOUNG PEOPLE IN NEED TO INTEGRATE INTO THE COMMUNITY," HE SAID.

THE DEPARTMENT WILL INTRODUCE IN 1994/95 TO A NEW COMMUNITY-BASED TREATMENT PROGRAMME TO PROVIDE STRUCTURED TRAINING TO YOUNG PEOPLE AT RISK, TO STIMULATE THEIR INTEREST IN SCHOOL OR IN WORK, AND TO DEVELOP THEIR SOCIAL SKILLS, MR ASPREY ADDED.

"CONCURRENTLY, THE EDUCATION DEPARTMENT HAS ISSUED GUIDELINES TO, AND IS PROVIDING IN-SERVICE TRAINING COURSES FOR, SCHOOL DISCIPLINE TEACHERS, TO HELP THEM DEAL WITH DELINQUENT STUDENTS AND STUDENTS WHO ARE INVOLVED IN TRIAD ACTIVITIES IN SCHOOL," HE SAID.

AS FOR REHABILITATION, HE SAID THE POLICE SUPERINTENDENT'S DISCRETION SCHEME HELPED REHABILITATE OFFENDERS UNDER THE AGE OF 17 BY GIVING POLICE SUPERINTENDENTS THE DISCRETION TO CAUTION, INSTEAD OF PROSECUTING YOUNG OFFENDERS.

HE SAID AFTERCARE SERVICE TO THESE YOUNG OFFENDERS WOULD BE PROVIDED BY BOTH THE POLICE JUVENILE PROTECTION SECTION AND FAMILY SERVICES CENTRES OF THE SOCIAL WELFARE DEPARTMENT.

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VM PROBLEM TO BE RESOLVED IN TWO YEARS

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THE VIETNAMESE MIGRANT PROBLEM IS LIKELY TO BE RESOLVED IN TWO YEARS IF THE RECENT ARRIVAL AND DEPARTURE TRENDS CONTINUE, THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, SAID TODAY (WEDNESDAY).

REPLYING TO A QUESTION BY THE HON CHIM PUI-CHUNG IN THE LEGISLATIVE COUNCIL, MR ASPREY SAID THE VIETNAMESE BOAT PEOPLE WERE INFORMED OF THE LIFTING OF THE U.S. TRADE EMBARGO IMPOSED ON VIETNAM.

SUCH MESSAGE HAS BEEN WIDELY PUBLICISED IN THE CAMPS THROUGH THE DISTRIBUTION OF AN INFORMATION BULLETINS AND BY THE UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES FIELD STAFF.

MEANWHILE, THE GOVERNMENT HAS DROPPED THE IDEA OF INVITING VMS WHO HAVE GONE HOME TO COME BACK TO HONG KONG TO BRIEF THE POPULATION IN THE CAMPS ON THE DEVELOPMENTS IN VIETNAM, HE ADDED.

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MORE THAN 100 HK RESIDENTS IN THAI PRISONS

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THERE ARE AT PRESENT 117 HONG KONG RESIDENTS SERVING PRISON SENTENCES IN THAILAND, THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON MRS ELSIE TU, MR ASPREY SAID AMONG THEM, THE LONGEST-SERVING PRISONER HAD BEEN IN PRISON IN THAILAND SINCE MAY 1979.

MR ASPREY SAID 13 PRISONERS HAD BEEN TRANSFERRED TO HONG KONG PRISONS IN THE PAST FIVE YEARS.

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CRITERIA FOR ADDICTION TREATMENT CENTRES NOT LAID DOWN

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APPLICATIONS TO DECLARE A PLACE TO BE AN ADDICTION TREATMENT CENTRE ARE CONSIDERED ON INDIVIDUAL MERITS.

THIS WAS STATED BY THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, IN A WRITTEN REPLY TO A QUESTION BY DR THE HON LAM KUI-CHUN IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR ASPREY SAID THOSE INSTITUTIONS PERFORMING FUNCTIONS SIMILAR TO ADDICTION TREATMENT CENTRES BUT HAD NOT APPLIED TO THE GOVERNMENT WERE NOT OPERATING ILLEGALLY.

HE ADDED THAT THE GOVERNMENT WAS REVIEWING THE DRUG ADDICTS TREATMENT AND REHABILITATION ORDINANCE TO CONSIDER AN INSTITUTION INSTEAD OF A PARTICULAR PLACE TO BE DECLARED AN ADDICTION TREATMENT CENTRE.

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STEPPED-UP ENFORCEMENT TO PREVENT  
DRUG ABUSE BY ADOLESCENTS

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THE FREQUENCY OF TEST PURCHASES AND INSPECTIONS OF DRUG RETAIL PREMISES WILL BE INCREASED TO PREVENT ILLEGAL SALES OF CONTROLLED DRUGS, THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR ASPREY NOTED THAT FIGURES OF THE PAST THREE YEARS SHOWED AN INCREASING TREND OF YOUNG PEOPLE INVOLVED IN ABUSE OF DRUGS AND MEDICINES.

THE NUMBERS OF PERSONS AGED UNDER 21 REPORTED TO THE CENTRAL REGISTRY OF DRUG ABUSE IN 1991, 1992 AND 1993 ARE 1,405, 1,958 AND 3,028 RESPECTIVELY.

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IN HIS WRITTEN REPLY TO A QUESTION BY THE HON TIK CHI-YUEN, MR ASPREY SAID A TOTAL OF 2,866 INSPECTIONS WERE CONDUCTED AT DRUG RETAIL PREMISES LAST YEAR.

"WE WILL INCREASE THE NUMBER OF PHARMACY INSPECTORS FROM 11 TO 14 AND EMPLOY ADDITIONAL CASUAL WORKERS.

"THE FREQUENCY OF INSPECTIONS WILL BE FURTHER ENHANCED BY MORE EFFECTIVE STAFF DEPLOYMENT AND RE-PRIORITISATION OF ACTIVITIES IN THE PHARMACEUTICAL DIVISION OF THE DEPARTMENT OF HEALTH," HE SAID.

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HELP FOR TRAVEL AGENT IN PHILIPPINES DRUG CASE

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THE GOVERNMENT WILL CONTINUE TO SEEK AN EARLY HEARING AND DECISION ON AN APPEAL MADE BY LOCAL TRAVEL AGENT PAUL AU WHO WAS SENTENCED TO LIFE IMPRISONMENT FOR DRUG TRAFFICKING IN THE PHILIPPINES.

REPLYING TO A QUESTION BY THE HON EMILY LAU WAI-HING IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY), THE SECRETARY FOR SECURITY, MR ALISTAIR ASPREY, SAID THE GOVERNMENT WOULD CONTINUE TO GIVE ANY OTHER HELP IT COULD TO MR AU.

THE SENTENCE WAS GIVEN ON NOVEMBER 29, 1991 AND HE HAS APPEALED.

"THE BRITISH EMBASSY IN MANILA HAS SOUGHT AN EARLY HEARING AND DECISION ON HIS APPEAL," MR ASPREY SAID.

IN ADDITION, THE BRITISH MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS, MR ALASTAIR GOODLAD, HAS RAISED MR AU'S CASE WITH THE PHILIPPINES AMBASSADOR IN LONDON IN JUNE LAST YEAR, AND WITH THE PHILIPPINES SOLICITOR GENERAL IN MANILA IN AUGUST LAST YEAR.

THE MOTION FOR RECONSIDERATION BY THE PRESIDING JUDGE WAS CONSIDERED AND DISMISSED IN DECEMBER LAST YEAR. THE MATTER IS NOW TO GO BEFORE THE SUPREME COURT.

"DUE LEGAL PROCESS IN THIS CASE HAS NOT YET BEEN COMPLETED," HE SAID.

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PLAN ON MUSIC OFFICE'S FUTURE FOR EXCO IN TWO MONTHS

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THE GOVERNMENT PLANS TO MAKE A RECOMMENDATION TO THE EXECUTIVE COUNCIL WITHIN THE NEXT TWO MONTHS ON WHICH ORGANISATION SHOULD TAKE OVER THE ACTIVITIES OF THE MUSIC OFFICE, CURRENTLY RUN BY THE RECREATION AND CULTURE BRANCH.

A PUBLIC ANNOUNCEMENT INCLUDING SPECIFIC DETAILS OF THE SUCCESSFUL PROPOSAL WILL BE MADE ONCE A DECISION IS REACHED BY THE EXECUTIVE COUNCIL.

THIS WAS STATED BY THE SECRETARY FOR RECREATION AND CULTURE, MR JAMES SO, IN REPLY TO A QUESTION BY THE HON MAN SAI-CHEONG IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

FOLLOWING THE ARTS POLICY REVIEW CONDUCTED LAST YEAR, THE GOVERNMENT HAS DECIDED TO ACCEPT THE RECOMMENDATION TO TRANSFER THE WORK OF THE MUSIC OFFICE TO A NON-GOVERNMENT ORGANISATION AND HAS INVITED A NUMBER OF INTERESTED ORGANISATIONS TO SUBMIT PROPOSALS.

THE HONG KONG ACADEMY FOR PERFORMING ARTS, THE TUNG WAH GROUP OF HOSPITALS AND THE TWO MUNICIPAL COUNCILS SUBSEQUENTLY SUBMITTED FORMAL PROPOSALS.

"WE ARE CURRENTLY ASSESSING THESE PROPOSALS AND ARE DISCUSSING DETAILS FURTHER WITH THE ORGANISATIONS CONCERNED," MR SO SAID.

"ALL THESE PROPOSALS BROADLY MEET THE BASIC CRITERIA WE SET DOWN AS THE BASIS FOR MAKING THE TRANSFER," HE SAID.

THESE CRITERIA ARE:-

- \* THE NEED TO MAINTAIN THE EXISTING INSTRUMENTAL MUSIC TRAINING PROGRAMMES AT THE PRESENT LEVEL AND IF POSSIBLE TO EXPAND ON THEM;
- \* THE NEED TO MAINTAIN THE EXISTING MUSIC PROMOTION ACTIVITIES AT THE PRESENT LEVEL, AND IF POSSIBLE TO EXPAND ON THEM;
- \* THE NEED TO RETAIN THE EXISTING REGIONAL MUSIC CENTRES, AND TO OPEN MORE CENTRES WHEREVER POSSIBLE; AND
- \* THE NEED TO MAINTAIN A LOW AND AFFORDABLE FEE STRUCTURE FOR BOTH THE INSTRUMENTAL MUSIC TRAINING PROGRAMMES AND THE MUSIC INSTRUMENT HIRE SCHEME.

MR SO SAID ANY ORGANISATION TAKING OVER THE MUSIC OFFICE IN FUTURE WILL CONTINUE TO RUN IT ALONG THE EXISTING LINES OF THE OFFICE WHOSE AIM IS TO PROMOTE WIDER INTEREST AND APPRECIATION IN MUSIC AMONG THE YOUNG PEOPLE OF HONG KONG.

WASTE PAPER RECOVERY ENCOURAGED

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THE GOVERNMENT HAS ISSUED COMPREHENSIVE GUIDELINES ON HOW TO ORGANISE WASTE PAPER SEPARATION AND COLLECTION PROGRAMMES IN RESIDENTIAL BUILDINGS AND OFFICE PREMISES.

MOREOVER, A TELEPHONE HOTLINE SERVICE (835 1233) HAS ALSO BEEN INTRODUCED TO PROVIDE THE PUBLIC WITH ADVICE AND ASSISTANCE ON HOW TO SET UP A WASTE SEPARATION PROGRAMME AND LISTS OF WASTE PAPER COLLECTORS AND RECYCLERS.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, IN A WRITTEN REPLY TO A QUESTION FROM REV THE HON FUNG CHI-WOOD IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

MR EASON SAID: "SO FAR OVER 90 PER CENT OF GOVERNMENT DEPARTMENTS, MORE THAN 220 PUBLIC HOUSING ESTATES AND 400 PRIVATE ORGANISATIONS HAVE ORGANISED THEIR OWN COLLECTION SCHEME TO SEPARATE WASTE PAPER FROM OTHER WASTES FOR RECYCLING.

"THESE VOLUNTARY WASTE PAPER SEPARATION SCHEMES HAVE REDUCED THE COST OF WASTE PAPER RECOVERY AND ARE CONTRIBUTING TO THE COMPETITIVENESS OF THE LOCAL WASTE PAPER INDUSTRY."

HE NOTED THAT THE RECOVERY RATE OF WASTE PAPER IN HONG KONG LAST YEAR WAS AROUND 55 PER CENT, A HIGH RATE IN COMPARISON WITH THE DEVELOPED COUNTRIES.

MR EASON SAID THE EFFECTIVENESS AND APPROPRIATENESS OF USING ECONOMIC INSTRUMENTS SUCH AS FINANCIAL ASSISTANCE TO ENCOURAGE WASTE RECOVERY AND RECYCLING ACTIVITIES WOULD ALSO BE EXAMINED IN THE WASTE REDUCTION STUDY, WHICH STARTED IN FEBRUARY THIS YEAR.

IN THE MEANTIME, THE GOVERNMENT IS PLANNING TO INTRODUCE CHARGING FOR THE DISPOSAL OF PRIVATELY COLLECTED WASTE AT LANDFILLS TO ENCOURAGE WASTE PRODUCERS TO REDUCE WASTE GENERATION.

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HONG KONG HAS HIGH RECOVERY RATE OF BEVERAGE CONTAINERS

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OVER 90 PER CENT OF LOCALLY-FILLED GLASS BEVERAGE BOTTLES REPRESENTING NEARLY 50 PER CENT OF SUCH BOTTLES CIRCULATING IN THE LOCAL MARKET ARE RECOVERED FOR RE-USE BY THE BEVERAGE INDUSTRY.

THE RECOVERY RATE OF ALUMINIUM, COMMONLY USED FOR BEVERAGE CANS, IS ALSO OVER 80 PER CENT.

THIS WAS STATED BY THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, IN A WRITTEN REPLY TO A QUESTION BY DR THE HON HUANG CHEN-YA IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

/MR EASON .....

MR EASON SAID BOTH RECOVERY RATES COMPARED FAVOURABLY WITH OVERSEAS COUNTRIES SUCH AS THE UNITED KINGDOM, CANADA AND THE UNITED STATES.

THE AVERAGE COST OF DISPOSAL FOR GLASS AND METALS IS ABOUT \$70 PER TONNE AND ABOUT 146,000 TONNES OF SUCH WASTES WERE DISPOSED OF IN 1992.

THE EFFECTIVENESS AND APPROPRIATENESS OF ECONOMIC INSTRUMENTS, LEGISLATION AND VOLUNTARY ARRANGEMENTS FOR ENCOURAGING AND ENHANCING WASTE RECYCLING WILL BE EXAMINED IN THE WASTE REDUCTION STUDY, WHICH COMMENCED IN FEBRUARY THIS YEAR.

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ASSESSMENT OF CIVIL SERVANTS' CHINESE STANDARD

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INSTANCES OF CIVIL SERVANTS HAVING THEIR STANDARD OF CHINESE LANGUAGE ASSESSED BY EXPATRIATE SUPERVISORS WHO DO NOT KNOW CHINESE ARE RARE, THE ACTING SECRETARY FOR THE CIVIL SERVICE, MR STUART HARBINSON, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN HIS WRITTEN REPLY TO A QUESTION BY THE HON NGAI SHIU-KIT, MR HARBINSON SAID EVEN IN THESE RARE CASES, THE APPRAISING OFFICER WOULD NORMALLY CONSULT COLLEAGUES WHO KNEW CHINESE AND WHO HAD WORK CONTACT WITH THE APPRAISEE.

HE SAID BROAD INDICATORS ON ASSESSMENT OF LANGUAGE ABILITY WERE IN FACT INCLUDED IN STAFF APPRAISAL REPORTS FOR THE GUIDANCE OF APPRAISING OFFICERS.

THE CIVIL SERVICE BRANCH, HOWEVER, HAS NOT SUPPLIED DEPARTMENTS WITH GRADE-SPECIFIC STANDARDS FOR ASSESSING CHINESE LANGUAGE.

"THIS IS BECAUSE DEPARTMENTS AND THE RELEVANT AGENCIES ARE IN THE BEST POSITION TO SET THE ASSESSMENT CRITERIA IN ACCORDANCE WITH JOB REQUIREMENTS," MR HARBINSON SAID.

HE ADDED THAT IN ACCORDANCE WITH USUAL CIVIL SERVICE PRACTICE, THE APPRAISAL REPORT WAS COUNTERSIGNED BY ANOTHER SENIOR OFFICER AND REVIEWED BY A MORE SENIOR OFFICER DESIGNATED BY THE HEAD OF DEPARTMENT OR HEAD OF GRADE CONCERNED.

"THIS PROVIDES OPPORTUNITIES FOR FURTHER VIEWS ON THE APPRAISEE'S PERFORMANCE," HE SAID.

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STAFF RECRUITED TO SPEED UP LAND TRANSACTIONS

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THE LANDS DEPARTMENT WILL RECRUIT ADDITIONAL STAFF DURING THIS FINANCIAL YEAR, AND THE RECRUITMENT WILL START AS EARLY AS POSSIBLE TO HELP ACCELERATE THE PROCESSING OF LAND TRANSACTIONS, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

IN A WRITTEN REPLY TO A QUESTION BY THE HON ERIC LI KA-CHEUNG, MR EASON SAID: "MEANS OF SPEEDING UP TRANSACTION TIMES ARE ALWAYS BEING EXAMINED AND WE ARE CONFIDENT THAT THE ADDITIONAL STAFF WILL PRODUCE POSITIVE RESULTS."

WHILE NOTING THAT IT WAS IMPOSSIBLE TO QUANTIFY THE IMPROVEMENT EXPECTED PRECISELY AS PROCESSING TIMES VARY CONSIDERABLY DEPENDING ON THE TYPE AND COMPLEXITY OF INDIVIDUAL CASES, HE SAID THE FOLLOWING TIME LIMITS RELATING SPECIFICALLY TO LEASE MODIFICATIONS WOULD BE STIPULATED IN THE PERFORMANCE PLEDGE OF THE DEPARTMENT:

- \* A REPLY TO AN APPLICATION FOR A LEASE MODIFICATION, ADVISING THE APPLICANT WHETHER THE CASE CAN BE ENTERTAINED OR NOT AND IDENTIFYING THE CASE OFFICER, WILL BE GIVEN WITHIN THREE WEEKS OF RECEIPT OF THE APPLICATION;
- \* IN STRAIGHTFORWARD CASES, A LETTER OF OFFER SETTING OUT THE BASIC TERMS INCLUDING THE PREMIUM PAYABLE, OR A LETTER REJECTING THE APPLICATION, WILL BE ISSUED WITHIN 26 WEEKS FROM RECEIPT OF THE APPLICATION; AND
- \* ONCE ACCEPTANCE OF AN OFFER HAD BEEN RECEIVED, THE LEGAL DOCUMENT IN RESPECT OF STRAIGHTFORWARD CASES WILL BE ISSUED FOR EXECUTION WITHIN 13 WEEKS OF ACCEPTANCE.

MR EASON STRESSED THAT THE DIRECTOR OF LANDS WAS DETERMINED TO ENSURE THAT THE ADDITIONAL STAFF WOULD HELP IMPROVE THE PROCESSING OF LAND TRANSACTIONS.

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TERRITORY-WIDE CONTROL ON BANNER DISPLAY UNDER CONSIDERATION

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THE ADMINISTRATION IS STILL CONSIDERING WHETHER THE PILOT SCHEME ON THE CONTROL OF DISPLAY OF BANNERS INTRODUCED IN WAN CHAI CAN BE APPLIED TO OTHER DISTRICTS, THE SECRETARY FOR PLANNING, ENVIRONMENT AND LANDS, MR TONY EASON, SAID TODAY (WEDNESDAY).

REPLYING TO A QUESTION FROM THE HON MRS PEGGY LAM IN THE LEGISLATIVE COUNCIL, MR EASON NOTED THAT THE STAFFING AND FINANCIAL IMPLICATIONS OF DOING SO WERE THAT UP TO 28 STAFF MEMBERS WOULD BE REQUIRED TO IMPLEMENT THE SCHEME THROUGHOUT HONG KONG AT AN ANNUAL COST OF \$5.8 MILLION.

/"BEFORE REACHING .....

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"BEFORE REACHING A DECISION ON WHETHER THE SCHEME CAN BE IMPLEMENTED TERRITORY-WIDE, WE NEED TO CONSIDER WHETHER IT CAN COMMAND PRIORITY FOR RESOURCES COMPARED WITH OTHER COMPETING DEMANDS," HE SAID.

"IF THE SCHEME IS TO BE EXTENDED, WE WILL CERTAINLY NEED TO CONSIDER THE TERMS ON WHICH IT WILL BE EXTENDED AND ANY RESTRICTIONS TO BE APPLIED."

HE NOTED THAT COMPARISONS WITH OTHER CITIES MIGHT BE RELEVANT ALTHOUGH WIDELY DIFFERING PRACTICES PROBABLY APPLIED.

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EMBARKATION FEE PAYABLE BY VESSEL OWNER  
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PASSENGERS LEAVING HONG KONG BY SEA ARE NOT REQUIRED TO PAY DEPARTURE TAX EQUIVALENT TO THE AIR PASSENGER DEPARTURE TAX, THE ACTING SECRETARY FOR THE TREASURY, MR KWONG KI-CHI, SAID TODAY (WEDNESDAY) IN THE LEGISLATIVE COUNCIL.

"THERE IS AN EMBARKATION FEE PAYABLE BY THE OWNER OF A FERRY VESSEL IN RESPECT OF EACH PASSENGER EMBARKING ON THE FERRY VESSEL AT A TERMINAL.

"IT IS A FEE BASED ON THE INVESTMENT IN PROVIDING AND OPERATING THE MARINE FERRY TERMINAL FACILITIES," HE SAID.

IN HIS WRITTEN REPLY TO A QUESTION BY THE HON TAM YIU-CHUNG, MR KWONG SAID THE ESTIMATED REVENUE FROM EMBARKATION FEES FOR 1994/95 WAS ABOUT \$288 MILLION.

HE ADDED THAT THERE WAS NO CASE TO REDUCE THE CURRENT FEE LEVEL WHICH HAD NOT BEEN ADJUSTED SINCE JANUARY 1993.

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42 ADVISORY BOARDS AND COMMITTEES SET UP: SHA  
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FORTY-TWO GOVERNMENT ADVISORY BOARDS AND COMMITTEES WERE SET UP IN THE PAST THREE YEARS BETWEEN APRIL 1, 1991 AND MARCH 31, 1994, THE SECRETARY FOR HOME AFFAIRS, MR MICHAEL SUEN, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

REPLYING TO A QUESTION FROM THE HON TIK CHI-YUEN, MR SUEN SAID THESE BOARDS AND COMMITTEES HAD A TOTAL OF 615 MEMBERS.

THE MAJORITY - 453 - ARE NON-OFFICIAL MEMBERS AND SIX PER CENT, OR 27, ARE ALSO ELECTED MEMBERS OF THE THREE-TIER REPRESENTATIVE GOVERNMENT, MR SUEN ADDED.

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CONCESSIONARY FARE SCHEMES FOR ELDERLY ENCOURAGED

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CONCESSIONARY FARE SCHEMES FOR THE ELDERLY ARE OFFERED BY PUBLIC TRANSPORT OPERATORS ON A VOLUNTARY BASIS.

THE ADMINISTRATION'S CONTRIBUTION IS THROUGH THE WAIVING OF ANNUAL LICENCE FEES AND RENTALS.

THIS WAS STATED BY THE SECRETARY FOR TRANSPORT, MR HAIDER BARMA, IN A WRITTEN REPLY TO A QUESTION BY THE HON MOSES CHENG IN THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

"WE HAVE NO INTENTION TO MAKE CONCESSIONARY FARE SCHEMES A CONDITION OF FRANCHISE RENEWAL SINCE THIS WOULD MAKE SUCH SCHEMES MANDATORY AND AS SUCH, COULD GIVE FRANCHISEES JUSTIFICATION TO SEEK HIGHER FARES SO AS TO RECOUP THE REVENUE FOREGONE," MR BARMA SAID.

WITH A FEW EXCEPTIONS, HE NOTED, CONCESSIONARY FARE SCHEMES PROVIDED BY PUBLIC TRANSPORT OPERATORS FOR THE ELDERLY HAD NO TIME OR ROUTE RESTRICTIONS.

"WE HAVE HELD DISCUSSIONS WITH THE OPERATORS, AND WILL CONTINUE TO ENCOURAGE THEM, TO ENHANCE THEIR CONCESSIONARY FARE SCHEMES AS FAR AS POSSIBLE," HE SAID.

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WORKING HOURS OF ELDERLY PEOPLE

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HONG KONG HAS FOLLOWED THE APPROACH OF THE INTERNATIONAL LABOUR ORGANISATION'S CONVENTION IN NOT REGULATING THE WORKING HOURS OF ELDERLY PEOPLE, THE ACTING SECRETARY FOR EDUCATION AND MANPOWER, MR W K LAM, TOLD THE LEGISLATIVE COUNCIL TODAY (WEDNESDAY).

ACCORDING TO THE RESULT OF THE GENERAL HOUSEHOLD SURVEY CONDUCTED BY THE CENSUS AND STATISTICS DEPARTMENT IN THE FIRST QUARTER OF 1993, 65.5 PER CENT OF THE EMPLOYED PERSONS AGED 60 AND OVER WORKED 45 OR MORE HOURS PER WEEK.

OF THESE, 67.8 PER CENT OF THE MALE EMPLOYED PERSONS AND 57.3 PER CENT OF THE FEMALE EMPLOYED PERSONS WORKED 45 OR MORE HOURS PER WEEK.

THIS WAS STATED BY MR LAM IN HIS WRITTEN REPLY TO A QUESTION BY DR THE HON CONRAD LAM.

HOWEVER, ALL FEMALE EMPLOYEES, IRRESPECTIVE OF AGE, IN INDUSTRIAL UNDERTAKINGS SHALL NOT WORK MORE THAN EIGHT HOURS IN A DAY AND 48 HOURS IN A WEEK UNDER THE WOMEN AND YOUNG PERSONS (INDUSTRY) REGULATIONS OF THE EMPLOYMENT ORDINANCE, ALTHOUGH RESTRICTED OVERTIME WORK IS PERMITTED.

EMPLOYERS OF INDUSTRIAL UNDERTAKINGS HAVE TO REPORT TO THE COMMISSIONER FOR LABOUR IF THE WORKING HOURS OF THEIR FEMALE EMPLOYEES EXCEED THE LIMIT PRESCRIBED BY THESE REGULATIONS.

"REGULAR INSPECTIONS TO INDUSTRIAL UNDERTAKINGS ARE CONDUCTED BY THE LABOUR INSPECTORATE TO ENSURE COMPLIANCE," MR LAM SAID.

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MOTION ON CANCELLATION  
OF THE AGREEMENT ON INTEREST RATES PASSED

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THE LEGISLATIVE COUNCIL PASSED A MOTION ON CANCELLATION OF THE AGREEMENT ON INTEREST RATES FOLLOWING A TWO-HOUR DEBATE DURING ITS SITTING TODAY (WEDNESDAY).

AFTER COUNCIL MEMBERS HAD SPOKEN ON THE MOTION WHICH WAS PROPOSED BY THE HON FREDERICK FUNG KIN-KEE, THE SECRETARY FOR FINANCIAL SERVICES, MR MICHAEL CARTLAND, REPLIED FOR THE GOVERNMENT.

ANOTHER MOTION PROPOSED BY THE HON MRS ELSIE TU ON PRACTICAL SCHOOLS FOR SECONDARY SCHOOL STUDENTS WAS ALSO PASSED. THIS FOLLOWED A DEBATE BY MEMBERS AND A REPLY GIVEN BY THE ACTING SECRETARY FOR EDUCATION AND MANPOWER, MR W K LAM.

DURING THE SITTING, FIVE BILLS - THE WASTE DISPOSAL (AMENDMENT) BILL 1993, PUBLIC HEALTH (ANIMALS AND BIRDS) (AMENDMENT) BILL 1993, BEDSPACE APARTMENTS BILL, INSURANCE COMPANIES (AMENDMENT) BILL 1993 AND INSURANCE COMPANIES (AMENDMENT) (NO. 2) BILL 1993 - WERE PASSED, THE LATTER THREE WITH AMENDMENTS.

IN ADDITION, 11 BILLS WERE INTRODUCED FOR FIRST AND SECOND READINGS. DEBATES ON THEM WERE ADJOURNED. THESE BILLS WERE THE INLAND REVENUE (AMENDMENT) BILL 1994, DUTIABLE COMMODITIES (AMENDMENT) BILL 1994, GAMBLING (AMENDMENT) BILL 1994, SALE OF GOODS (AMENDMENT) BILL 1994, SUPPLY OF SERVICES (IMPLIED TERMS) BILL, UNCONSCIONABLE CONTRACTS BILL, CIVIL AVIATION (AIRCRAFT NOISE) (AMENDMENT) BILL 1994, ESTATE DUTY (AMENDMENT) BILL 1994, STAMP DUTY (AMENDMENT) BILL 1994, BUSINESS REGISTRATION (AMENDMENT) BILL 1994, AND MOTOR VEHICLES (FIRST REGISTRATION TAX) (AMENDMENT) BILL 1994.

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