



DAILY INFORMATION BULLETIN

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HK's debt market - high-flyer in the services sector : FS

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The Financial Secretary, Mr Donald Tsang, said today (Tuesday) that the Government aimed to develop a world-class debt market infrastructure in Hong Kong to sustain the territory's attractive investment environment well in the next century.

Speaking at the Annual Dinner of the Hong Kong Institute of Investment Analysts, Mr Tsang pointed out that the thriving debt market in Hong Kong had built up within a relatively short period of time a critical mass for further development within a relatively short period of time.

Although the size of the debt market was small compared with the equity market and the banking sector, the total outstanding public and private sector debt issues had increased by eight-fold, from about \$27 billion at end 1989 to \$236 billion at end-September 1996, Mr Tsang said.

"In anticipation of these opportunities, the Government has done its part in paving the way for the take-off of our debt market," Mr Tsang said.

Actions taken to date included the launching of the first batch of 10-year Exchange Fund Notes; provision of an efficient central clearing and settlement system; upgrading of payment and settlement system; and lessening of the tax burden on the issue of high quality debt instruments.

The Financial Secretary emphasised that Hong Kong would continue to apply the philosophy of allowing the private sector initiatives to be the guiding force for the development of the market.

Mr Tsang said two new Government initiatives were in the pipeline. He told the audience that the Mandatory Provident Fund (MPF) System and the Mortgage Corporation would immensely benefit Hong Kong's debt market both on the demand and supply sides.

He said that the estimated annual contributions under the MPF System would amount to about \$30 - 40 billion.

"This large pool of reserves will filter into demand for various investment vehicles. In particular, there will be demand for instruments that can produce a steady stream of income over the medium to long term to match the underlying retirement liabilities."

"The MPF will inevitably spurs the development of a full variety of hedging instruments," he added.

On regulation and supervision of MPF investment managers, trustees and other service providers, Mr Tsang said the Government would seek to strike the right balance between protecting the MPF assets and allowing the investment managers sufficient flexibility to maximize the yield.

Turning to the Mortgage Corporation, Mr Tsang said that it would promote stability in the banking and monetary sectors, as well as facilitating home ownership."

Mr Tsang said the Corporation would initially be 100 per cent owned by the Government with a capital base of \$1 billion.

"The Corporation will be a wholesale financial intermediary, mainly purchasing residential mortgages from authorised institutions in accordance with a set of prudent criteria," Mr Tsang said.

In conclusion, Mr Tsang said that Hong Kong's debt market was geared up for further expansion in the coming years.

"Given our critical mass of financial institutions, excellent market infrastructure, advanced telecommunications, sound legal system and accounting and logistical support, Hong Kong can certainly play a leading role in financial intermediation in the region," he said.

"In particular, we are in an unrivalled position to carve a niche in arranging for China's debt issues," he added.

End

TAC endorses tram fare increase

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The Transport Advisory Committee (TAC), at a meeting today (Tuesday), endorsed a 40 cents increase in adult fares to \$1.60 for the Hongkong Tramways Ltd from January 1997. Monthly tickets will increase by \$35 to \$135.

In recommending the increase, members noted the company's plans to improve tram safety through upgrading of the electrical equipment of the tramcars, as well as better training and working conditions for its staff.

Members also took into account the company's financial performance, its past profit levels and the public acceptability of the new fares.

After the increase, 83.7 per cent of fare-box passengers will pay 40 cents more and 16.3 per cent (children and senior citizens) will pay 20 cents more.

Hongkong Tramways last revised its fares on February 6, 1994 from \$1.00 to \$1.20.

Consumer Price Index (CPI) (A) is forecast to have increased by 23.5 per cent between then and January 1997. The increase in tram fares will only contribute to a 0.0067 per cent increase in CPI(A).

After the increase, tram fares would still be relatively low when compared with those of the other modes of public transport.

End

More calls to transport complaints hotline

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The number of complaints and suggestions received by the Transport Complaints Unit (TCU) of the Transport Advisory Committee for the period between April 1, 1996 and June 30, 1996 increased by 1.7 per cent to 3,395 as compared with 3,338 in the previous quarter.

During the period, the major areas of complaint were related to public transport (74 per cent), road traffic conditions (11 per cent) and enforcement (9 per cent).

The number of complaints about public transport increased by 1.1 per cent from 2,474 in the previous quarter to 2,502.

Statistics indicated that there were increases in the number of complaints against taxi driver malpractices (up from 1,285 to 1,364), China Motor Bus (up from 171 to 186) and rail services (up from 72 to 89).

However, complaints about Kowloon Motor Bus dropped by 17.4 per cent from 321 to 265. There were also fewer complaints against Citybus (down from 95 to 81) and ferry services (down from 62 to 52).

Complaints about the malfunctioning of traffic signs and aids increased by 90.3 per cent from 31 to 59. There were also more complaints about road conditions (up from 69 to 91) and traffic congestion (up from 178 to 196).

During the same period, the number of suggestions for additional traffic signs and aids dropped from 93 to 89. Complaints about enforcement action also dropped from 338 to 322.

All suggestions and complaints received by TCU had been referred to the relevant authorities and government departments for investigation.

Members of the public are welcome to make suggestions and complaints directly by dialling the 24-hour Transport Complaints Unit hotline 2577 6866 or 2889 9999.

End

Concerted efforts to preserve and protect water sources

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Concerted effort of water bodies at regional, national and international levels is essential to preserve and protect the world's precious water resources.

The Secretary for Works, Mr Kwong Hon-sang, made the remarks when addressing the opening ceremony of the 10th International Water Supply Association (IWSA) - Asia Pacific (ASPAC) Group Regional Conference and Exhibition - Water Hong Kong '96 this (Tuesday) morning.

Mr Kwong said economic development and rapid growth of the global population had created an increasing demand of water supply and brought along pollution which posed severe threats to existing water sources.

"The search for new water sources and protection of existing water sources are therefore two of the major issues facing many water authorities in the world, especially in the developing countries," he said.

"The development and protection of water resources are often beyond the control of individual water authorities. It is not uncommon that the water supply to a large area covering a number of water authorities or even countries depends on one single water source.

"It would require the co-operation of the concerned bodies at regional, national or even international levels to preserve and protect our precious water sources."

Mr Kwong took the opportunity to congratulate the IWSA on its achievements in promoting mutual understanding and harmonious working relationship amongst national water bodies, which are vital for future collaboration.

The IWSA, of which Hong Kong is a corporate member, is the world's most renowned international organisation on water supply.

Also speaking at today's opening ceremony, Mr Hu Man-shiu, the Director of Water Supplies and Chairman of ASPAC Group of the IWSA, said local wisdom and foreign expertise had worked in harmony in Hong Kong to make the best use of the huge resources put in by the Government for the development of water supply infrastructure.

"Our ability to maintain an adequate, uninterrupted and high quality water supply has helped and sustained the rapid growing commercial and industrial developments in Hong Kong in the past two decades.

"Our success in overcoming our long-standing problem can be attributed to the steady and reliable supply of raw water from Guangdong, and the readiness of Hong Kong in adopting the latest experience and technology in the water supply industry developed locally and in other parts of the world," he said.

Other speakers at the opening ceremony included the President of the IWSA, Mr Pierre Giacasso; the President of the American Water Works Association, Mr Rocky Wiley; and the President of the Hong Kong Institution of Engineers, Mr B J Stubbings.

With the theme "Meeting the Challenges of the future - the Asian Perspective", the five-day conference had attracted over 400 delegates from 37 countries and cities in the world.

Programme of the conference, which is being held until Friday (November 15), includes technical meetings, a plenary session, technical visits and post conference tours.

Internationally-renowned speakers from over 20 countries and cities will present some 90 papers on topics including drinking water quality, treatment technology, maintenance and operation of water supply system, strategy for corrosion control, global planning for prevention of water pollution and effective water supply management.

In conjunction with the conference, an exhibition on the latest technology and products of the water supplies industry is being held on the fifth floor of the Hong Kong Convention and Exhibition Centre.

The exhibition is open to the public between 10 am and 6 pm until Thursday (November 14) and between 10 am and noon on Friday (November 15). Admission is free.

End

Together we develop our working abilities: Labour chief

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Twelve disabled employees and 10 employers were commended today (Tuesday) at the presentation of souvenirs ceremony of the Outstanding Disabled Employees Award (ODEA) 1996.

The employees were praised for their exemplary work performance while the employers were awarded for their open-mindedness in employing disabled persons.

Organised by the Selective Placement Division of the Labour Department, the ceremony was to pay tribute to employers who had made significant contribution in employing people with a disability.

It also commended disabled employees who had demonstrated outstanding performance at work.

Speaking at the presentation ceremony, the Commissioner for Labour, Miss Jacqueline Willis, said people with a disability could actualise their working potentials only if they were given equal opportunities.

"They all manage to overcome their physical or mental handicap and excel in their respective work position," said Miss Willis.

"Because of their good work attitude and their impressive work performance, they have won a positive vote from their employers."

The award-winning employers were selected because they had adopted a positive employment policy that gave equal opportunities to people with a disability.

"I sincerely hope that other employers can be inspired by the efforts made by these enlightened employers," said Miss Willis.

"In doing so, our working community will be providing more opportunities for our disabled counterparts. With our concerted efforts, I am sure we can achieve the goal of 'Together we develop our working abilities'," she added.

The ODEA is an annual event which aims at giving formal recognition and appreciation to disabled employees with outstanding achievements in employment.

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SME committee discusses human resources and financing

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The Small and Medium Enterprises Committee held its third meeting today (Tuesday) to discuss reports of the Task Groups on Human Resources Development (HRD) and Financing.

The task groups were set up by the committee in September to follow up on suggestions prioritised by the committee on providing support to SMEs in those areas.

The Task Group on HRD for SMEs held two meetings to deliberate on the issue. Its recommendations were discussed by the committee at today's meeting.

The committee agreed to accord priority to identifying practical measures to facilitate matching of the provision of training facilities and the demand of SMEs.

A number of proposals including a survey to ascertain the training needs of SMEs, and the establishment of short training courses at district level were raised. The Task Group on HRD will further develop these recommendations into detailed proposals.

On financing, the relevant task group put forward a number of recommendations.

"Of these, the committee decided that the group should examine in detail the feasibility of a pilot Credit Guarantee Scheme of limited scope, with a view to putting together a detailed proposal to the Committee for discussion as soon as possible," the chairman of the committee, Mr Denis Lee said.

The committee also decided to publish a directory on services and facilities available to SMEs jointly with major trade and industrial organisations to cover the various services provided to SMEs in Hong Kong.

End

245 VMs depart on orderly repatriation flights

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Two groups totalling 245 Vietnamese migrants (VMs) returned by air to Hanoi, Vietnam today (Tuesday) on the 73rd and 74th flights under the Orderly Repatriation Programme (ORP).

The majority of the returnees, comprising 122 men, 67 women, 29 boys and 27 girls, are from South and Central Vietnam. Twenty-two of the returnees are from North Vietnam.

Most of them arrived in Hong Kong in 1990, with the remaining in 1988, 1989, 1991, 1995 and 1996.

The two groups brought to 7,181 the total number repatriated on ORP flights since November 1991.

End

Monitors' report submitted to CS

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The monitors appointed to observe the Orderly Repatriation Programme operation this (Tuesday) morning have submitted their report to the Chief Secretary.

The two monitors comprised a non-official Justice of the Peace, Professor William Ian Rees Davies; and representative from a non-government organisation, Mr Tai Kie-ying from Christian Action.

End

Two lots of land up for auction

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The Lands Department will auction two lots of land in Yuen Long and Mui Wo tomorrow (Wednesday).

The public auction will begin at 2.30 pm in the Concert Hall of the Hong Kong Cultural Centre, Tsim Sha Tsui.

The first lot, located at the junction of Yuen Long Tai Yuk Road and Ma Tin Road, has an area of about 4,206 square metres. It is for non-industrial purposes, excluding petrol filling station, hotel and godown.

The basements may be used for residents' car parking and other purposes ancillary to private residential purposes. However, approval in writing from the Director of Lands is required.

The ground floor can be used for retail purposes and loading or unloading of goods and service vehicles, the first and second floors for fee-paying car park and the remaining floors for residential use.

Covering an area of about 720 square metres, the second lot is located in Mui Wo, Lantau Island. It is also for non-industrial purposes excluding residential, godown, hotel, guest house and service apartment.

End

Hong Kong Monetary Authority tender results

Tender date	12 Nov 1996
Paper on offer	EF bills
Issue number	Q646
Issue date	13 Nov 1996
Maturity date	12 Feb 1997
Coupon	-
Amount applied	HK\$14,176 MN
Amount allotted	HK\$2,000 MN
Average yield accepted	4.93 PCT
Highest yield accepted	4.94 PCT
Pro rata ratio	About 1 PCT
Average tender yield	4.96 PCT

Hong Kong Monetary Authority

Tenders to be held in the week beginning 18 Nov 1996

Tender date	19 Nov 1996	19 Nov 1996
Paper on offer	EF bills	EF bills
Issue number	Q647	H678
Issue date	20 Nov 1996	20 Nov 1996
Maturity date	19 Feb 1997	21 May 1997
Tenor	91 days	182 days
Amount on offer	HK\$2,000+500 MN	HK\$1,000+300 MN

End

Hong Kong Monetary Authority money market operations

	<u>\$million</u>	<u>Time (hours)</u>	<u>Cumulative change (\$million)</u>
Opening balance in the account	2,589	0930	+311
Closing balance in the account	2,577	1000	+311
Change attributable to:		1100	+311
Money market activity	+288	1200	+311
LAF today	- 300	1500	+311
		1600	+288

LAF rate 4.00% bid/6.00% offer TWI 124.2 *-0.1* 12.11.96

Hong Kong Monetary Authority

EF bills		EF notes/MTRC notes				
Terms	Yield	Term	Issue	Coupon	Price	Yield
1 week	4.87	2 years	2811	5.72	100.00	5.80
1 month	4.89	3 years	3910	6.28	100.59	6.15
3 months	4.95	5 years	5109	7.32	102.99	6.69
6 months	5.01	7 years	7308	7.24	101.99	6.98
12 months	5.27	10 years	1610	7.37	101.60	7.27
		5 years	M503	7.35	101.85	7.00

Total turnover of EF bills and notes - \$13,608 Million

Closed November 12, 1996

End